**Tompkins County Industrial Development Agency**

**Board of Directors Meeting Final Minutes**

**August 14, 2024 2:00 – 4:00 PM**

**TC Legislative Chambers**

**121 E. Court Street**

**Ithaca NY 14850**

**Present:** Rich John, Todd Bruer, Jeff Gorsky, Jerry Dietz, Ducson Nguyen, Anne Koreman, Deborah Dawson (remote)

**Admin:** Heather McDaniel, Kellea Bauda (IAED), Russ Gaenzle (Harris Beach, remote), Stephen Maier (Harris Beach, remote)

**Guests:** Robert Lewis, Sarah Barden (Shift Capital); David Lubin (L Enterprises, remote); Nnenna Lynch (Xylem, remote); Melissa Suchodolski (USC Builds), Brad Schwartz (Zarin & Steinmetz, remote)

**CALL TO ORDER**

Rich John called meeting to order at 2:05 pm.

Jerry Deitz was introduced. He has been appointed by the Tompkins County Legislature to fill out the term of John Guttridge who resigned effective July 31, 2024.

Board member Deborah Dawson is attending the August 13, 2024 meeting via videoconference due an extraordinary circumstance as outlined in section 4e of the Organization’s Public Meeting Videoconference Policy. This determination was made by IDA Chair Rich John. Deborah Dawson is attending at a location that is not open to the public and thus will not count towards quorum but will be able to vote on any motions on the floor.

**PRIVILEGE OF THE FLOOR**

**Theresa Alt** – 206 Eddy Street, Ithaca

You shouldn’t give tax breaks to everything in the Southworks project. Refurbished buildings, where locally existing profitable young companies move into grow, will be collecting rents very quickly and won’t need a long abatement. Probably won’t need any abatement at all. Also, market-rate housing should not be eligible for abatements. The fraction of affordable housing should get an abatement, but it is not a big enough fraction, given that Dave Lubin promised affordable housing at Southworks as a substitute for the 37 units he did not allow at Asteri; 20% plus 37 should be affordable. And if Vecino had been allowed to build those units, they would already be housing people, even after having to wait for the Conference Center, and we would not be talking about several years in the future, after businesses.

By the way, the Southworks project proposes quite a bit of office space. But Ithaca already has too much office space, and vacant offices are being converted into more useful apartments. Offices should only be those directly linked to manufacturing on the site. If these spaces are in existing buildings, maybe they could be directly converted into housing. Think of the fashionable industrial loft apartments in New York City.

**Peter Wissoker** – Ithaca, NY

Good afternoon. Permit me to follow up on some loose ends from the July 29 meeting and other discussions of the SouthWorks project.

First, I want to second Theresa Alt’s concern regarding the extra affordable units Mr. Lubin promised would be built on the site, replacing those that were lost when the Asteri project downsized. He is coming to the agency with a very big ask and any deal you reach with him should make him fulfill his promise.

Second, please rethink the idea of giving the extended abatement to every building proposed for SouthWorks. Some, I would argue, should receive no abatement—market rate housing, for instance. Obviously, non-profit spaces or spaces that truly involve risk might be considered for such abatements, but the proposed abatements in most cases are likely too long. My guess is that any investor or lender would understand why no abatements would be provided for market-rate housing (for instance) in a real estate market such as ours.

Is there a way to avoid cherry picking on the part of the developers who want to take advantage of the length of the project? One could easily imagine a developer or investor who starts their part of the development by building the market-rate housing and a few buildings for which they have tenants, and then stops, with a lot of their promised development left unbuilt. Could there be some kind of provision to guard against that?

Turning for a moment to the Camoin Associates impact analysis, it seems to me that we deserve something better, something that is able to incorporate the way the project takes place over time, and something that estimates the real costs to our communities of having a project like this here, what is sometimes called implementation costs. I recognize that a more detailed, sophisticated analysis would be an additional, probably unbudgeted expense and that it might slow the process. Given the magnitude of the project, in terms of cost and time, it seems worth the extra expense of both to get it right.

Just throwing this out there, but am I the only one who wonders if this could eventually turn into a kind of Collegetown for Ithaca College, with the market-rate housing being bought by parents and rented to students and the retail facilities mostly catering to that demographic as well? I don’t know that this would be a bad thing. It’s just a possibility.

Finally, I’ll say what I always say when folks come looking for an abatement:

• Once each element is completed, all jobs associated with it should pay a living wage. The agency should require that all workers who are attached to the project through the developers, the LLC, or the services they hire to do work such as janitorial services, security, etc., should be guaranteed a living wage.

• Prevailing wage/apprenticeship should be attended to: The agency should require that the developers use contractors who pay a prevailing wage as well as contractors who have an apprenticeship program. The developers should work with their contractors to meet these conditions.

• TCIDA/taxing entities should profit from the project’s sale: If the applicant resells any portion of the project, the state, city, county, and schools should be repaid for any taxes they have foregone plus interest.

• Finally, please ensure that the contractor purchases supplies locally: Where the contractor for this project is based remains unknown. Please build in language that forces the developers to try to secure materials for the project using local suppliers within the county first, as we do with labor. By materials, I mean both hard costs and soft costs. And this means local firms (not national firms like Home Depot) should be given a chance to speak with their suppliers and the opportunity to bid on supplying the job. It is likely necessary to see what kind of price-matching scheme would make this possible without making the cost of the building ending up prohibitively high, but the effort should be made. Maybe this will be the project that finally convinces someone to open a construction materials distributor locally.

**ADDITIONS TO THE AGENDA** – None

**BUSINESS**

SouthWorks – Discussion

The discussion focused on the proposed PILOT terms memo from Zarin & Steinmetz, LLC that was developed along with the IDA attorneys at Harris Beach, PLLC. The **memorandum outlines proposed terms regarding the PILOT and other IDA-related matters for the SouthWorks Project. These terms are intended to address the IDA’s feedback during the July 22 Special Meeting. The agreed upon terms would be memorialized in Project Agreements between the Applicant and IDA, which remain subject to review and approval by all parties.**

**Nnenna Lynch highlighted the two days of open house at Southworks. She also pointed out that they are moving forward with conviction on affordable housing and recently hosted the commissioner of Housing and Community Renewal (HCR).**

**As to the memo, it is meant to be responsive to the comments and concerns from the July 29th meeting.**

**Brad Schwartz reviewed the memo and outlined the proposed updated PILOT terms.**

* **A 10-year sitewide base PILOT with a 5-year extension option. The extension request will be reviewed based on benchmark outlined in the memo.**

**The benchmarks are intended to guide the extension process. Southworks may fall short or exceed depending on external factors. It was also noted that a public hearing should be part of the process.**

The lead time for requesting extensions was discussed. At least 6 months out, earlier if possible. There should also be the possibility of modifying the agreements based on the extension request.

It was noted that affordable housing credits are not a guarantee.

Protections for contractors and sub-contractors was discussed.

Currently funding for various parts of the project are being sought. There will be multiple financing sources for the different pieces of the whole project. The project is not being built on “spec.” Financing is sought when there is clear direction as to tenants. There is also significant financing from the developer partners.

Rich John noted that the third “party” to this agreement is a future IDA Board. He would like to include a statement of intent that we would like to see this project come to completion. He also noted that the developer does not need to wait for 6 months out to request an extension.

The developer will be submitting annual progress reports and those for the IDA Audit.

* 20-year PILOT for each sub-area with updates and extension/continuation of the PILOT to be reviewed every 5 years.
* Exceptions and Reporting and other IDA policy compliance are outlined in the memo.

The request to deviate from the workforce housing policy in terms of potentially selling a portion of property to a for profit affordable housing agency be considered was discussed.

Next steps:

* Attorney’s will revise memo based on today’s comments/discussion
* Receive more public comments
* Receive updated analysis from Camoin
* Looking to agreeing on updated memo and taking a straw vote on the overall project
* Contemplate sending to a public hearing at September meeting with final vote at October meeting

**CHAIRS REPORT**

Rich John thanked Southworks for the open house.

**STAFF REPORT**

Heather McDaniel reported that the TCDC closed on the forgivable loan to Block 14 for pre-development and the first $30,000 has been distributed. Future disbursements will be made based on reporting requirements.

The Hive property has been sold to another developer. This project never received incentives so any future requests to the IDA would have submit a new application.

Staff attended the Fall IDA Academy that was presented by the NYSEDC. Heather was on a panel and discussed community development and workforce housing efforts by the TCIDA.

The shared kitchen project is moving forward. They signed a lease at the former GreenStar (700 W. Buffalo St.).

Heather McDaniel reviewed the 2Q 2024 TCIDA financial report. It was noted that the audit fees have increased.

Labor waivers that were granted administratively to The Breeze were presented. It was requested that future waiver reports include the location of the contractor that received the final bid. Additional discussion as to why local contractors are not submitting bids was held.

A request was made for the attorney to report on the prompt payment act at the next meeting.

**MINUTES**

**Ducson Nguyen made a motion to approve the minutes from the July 10, 2024 and July 29, 2024 board meetings. Jeff Gorsky seconded the motion. The motion was approved (7-0).**

**EXECUTIVE SESSION**

**Anne Koreman made a motion to take the meeting into executive session to discuss a personal matter. Todd Bruer seconded the motion. The motion was approved (7-0).**

Meeting went into executive session at 3:36 pm.

**Minutes were approved at September 11, 2024 meeting.**

Action/Follow Up Items

* Report on other IDA Housing incentive information
* Recommended PILOT request modification - Southworks
* Southworks Consultant Reports: reasonability analysis and economic impact studies final drafts
* Prompt Pay memo from Counsel