

Chemung County Industrial Development Agency

June 27, 2017

AGENDA

1. Public Comment
2. Approval of Minutes – May 10, 2017
3. Audit Committee Report
4. Financial Report
5. Governance Committee Report
6. New Business – Discussion/Informational Items
 - A. Vecino Group – Former Jones Court Information
7. New Business – Action Items
 - A. Proposed Changes to CCIDA Procedures
 1. Modified Application
 2. Updated Recapture Policy
 3. Legal Fees
 4. Municipal Law Requirements
 5. Automated Reporting System
 - B. West Water Street
 1. Public Hearing Resolution
8. Old Business
 - A. First Arena Financial Review
 - B. CFA Application
9. Executive Session
 - A. Property disposition and potential litigation
10. Other Business
11. Adjournment

Chemung County Industrial Development Agency
Minutes of the Meeting
June 27, 2017

A meeting of the Chemung County Industrial Development Agency was held on Tuesday, June 27, 2017 at 8:40 Am at 203 Lake Street, 5th Floor Conference Room in Elmira, New York. The following members were present: Dawn Burlew, Donna Draxler, Michael Hosey, Donald Quick, Thomas Santulli and Alan Winston.

Also present were: Michael Krusen, Executive Director of the Agency; Susan Katzoff, Counsel to the Agency; Paul Carter, The Vecino Group; Richard Manzardo, The Vecino Group (via phone); Michael Collins, Elmira City Manager; Samantha Potter, Chemung County Director of Public Information; Robert Thomas, First Arena, and local labor and media representatives.

Mr. Winston called the meeting to order at 8:40 AM. He noted that the agenda and agenda items were sent out to the board ahead of time for review.

Public Comment: Ernest Hartman from the IBEW Local #139 Union presented a building trade's brochure for the Chemung County IDA board members to review. He met with Mr. Krusen and Mr. Winston about six months ago to discuss the creation of this brochure to encourage companies to use local labor. Mr. Winston stated that the IDA board would review the document and thanked Mr. Hartman for his work on the brochure.

On Motion No. 2017-49 by Mr. Hosey, seconded by Mrs. Draxler and unanimously carried, the minutes of the May 10, 2017 meeting were approved.

Mr. Quick stated there was no Audit report.

Mr. Quick reviewed the financial report through May. The IDA's net income is in a deficit but has picked up some through fees received. There is nothing unusual in income and expenses. There is no change in cash position and fixed assets. The IDA is current on everything. On Motion No. 2017-50 by Mr. Santulli, seconded by Mrs. Draxler and unanimously carried, the financial report was approved.

Mr. Hosey stated there was no Governance report as the group has not met recently. He commented that there were modified policies on the agenda under new business for today's meeting.

Mr. Krusen introduced Rick Manzardo and Paul Carter from The Vecino Group. The Vecino Group is looking at doing a major renovation of the Jones Court property. They are working through the State and are planning to proceed with the project early next year. The state is looking for support from the IDA for the project before it commits. Mr. Krusen stated that the property has been vacant for years and the renovation would complement the larger plan for mixed income housing. Jones Court is in a blighted neighborhood, next to the Economic Opportunity Program. The Group would promote affordable housing with market rate apartment finishes. Mr. Carter stated that the building has great potential. The board was encouraged to visit any of Vecino's projects in other communities. Vecino will engage local construction companies and work with the community to develop this property. R. Manzardo outlined the state funding. The Memorandum of Understanding is being held up at the State level. SHPO has approved application for historic tax credits. There were concerns with historic standards. Mr. Manzardo discussed several historic state and federal tax credits the project could receive. Historic tax credits in the amount of \$5.6 million and Federal credits of \$6 million with an \$8.8 million subsidy in the deal could be received. The total cost of this project is estimated at \$20.8 million. There will be 91 units, 20 of them being for formerly homeless veterans and an apartment for the maintenance supervisor. There will be \$400,000 for outside services such as those EOP delivers. Vecino

will offer housing at an affordable rate and offer the apartments to a wide variety of people based on their income. T. Santulli commented that we do not want to attract problematic tenants. We have an opportunity to have nice affordable housing. Some residents in other projects that they have done in other areas such as Troy and Utica are reliant on being close to local amenities and services such as job training, schools and parks. Economic Opportunity Program is next door to Jones Court where they offer the Head Start program, job training and other amenities. The Vecino Group will have partnerships with Community Arts and offer medical screening and barbers to come in once a week. The Vecino Group would like the IDA to consider a 30 year PILOT coterminous with a 30 year FHA mortgage. The PILOT abatement request would be \$36,400 for the first year which is \$400 per unit or 6% gross revenue per year which equals \$33,000. Both PILOT's would have a 2% yearly escalator. The Chemung Crossings project received a 17-year PILOT. The Administrative and Legal fees total about \$224,000. Mr. Collins commented that Jennifer Miller from the City's Community Development Department has visited other projects by Vecino and was very impressed.

Mrs. Kadar discussed changes that came from recent IDA legislation. These changes were made to achieve more uniformity for the IDA and make IDA's more transparent. Procedures and policies are being modified. Ms. Katzoff commented that these documents are a work in progress. As we go along we are making them better. The application is more user friendly. Appendixes and a SEQRA form have been added to the application. On Motion No. 2017-51 by Mr. Quick, seconded by Mr. Santulli and unanimously carried, the modified application was approved.

Mrs. Kadar discussed the updated recapture policy. The policy did not include a percentage for job creation. If a company does not create at least 60% of the jobs they said they would or the company did not reach its capital investment cost, then the IDA can recapture the New York State portion of the sales and use tax. This will provide more flexibility for project development. On Motion No. 2017-52 by Mr. Santulli, seconded by Mr. Hosey and unanimously carried, the modified Recapture Policy was approved.

Ms. Katzoff stated that when an applicant files an application a retainer with respect to the project with development costs will be retained even if the project doesn't happen. With this retainer in place, it will cause the developer to proceed with the project and will create a buffer for the IDA so we are not stuck with legal costs. On Motion No. 2017-53 by Mrs. Draxler, seconded by Mr. Santulli and unanimously carried, the legal fee retainer was approved.

Mrs. Kadar discussed changes to the municipal law regarding IDA's. IDA's need to be more transparent. Resolutions for projects will now be required to be on IDA's websites. On Motion No. 2017-54 by Mr. Quick, seconded by Mr. Hosey and unanimously carried, the addition of resolutions to be included in IDA websites was approved.

Mrs. Kadar discussed the use of an automated reporting system. Each year as part of PARIS reporting, the IDA is required to send out letters asking project companies for information on their PILOT and job creation. This new automated system will allow IDA staff to send out all letters electronically and require the company to return them in 7 days. If a company does not respond within the timeframe, they are in default. The initial cost of this reporting system is \$5,350. Ms. Katzoff commented that the state is challenging IDA's to be more transparent. Mr. Winston commented that this will be a big enhancement to the IDA. On Motion No. 2017-55 by Mr. Hosey, seconded by Mr. Quick and unanimously carried, the purchase of the automated reporting system program in the amount of \$5,350 was approved. A yearly hosting and domain registration fee of \$175 will be billed annually.

Mr. Krusen discussed the project for PG 100 West Water St. LLC. Park Grove Realty will be the developer for the West Water Street properties. There will be 51 market rate apartments with rents between \$900 - \$1,200 per month. Park Grove is still deciding how many one and two bedroom units there will be. The project will cost \$14.1 million. The PILOT request is attached to the application. A public hearing will be held. On Motion No. 2017-56 by Mr. Quick, seconded by Mrs. Draxler and

unanimously carried, the RESOLUTION DETERMINING THAT THE ACQUISITION, CONSTRUCTION, EQUIPPING AND COMPLETION OF A MIXED-USE COMMERCIAL FACILITY AT THE REQUEST OF THE COMPANY CONSTITUTES A PROJECT; DESCRIBING THE FINANCIAL ASSISTANCE IN CONNECTION THEREWITH; AND AUTHORIZING A PUBLIC HEARING, was approved.

Mr. Krusen reviewed other projects tied to the Downtown Revitalization Initiative. Jim Capriotti has filed for CFA and DRI funding for Baldwin Street and North Main Street. Mr. Capriotti also will be renovating the former Jackals headquarters on North Main Street into 20 apartments and first floor commercial space. One Clemens Square is part of the DRI. STEG is working on a project with Elmira Savings Bank on buildings they own on East Water Street to do upper story apartments.

Mr. Krusen asked R. Thomas from First Arena to execute a pro forma for the balance of 2017, which he presented. R. Thomas reported that he is working with promoters for events at the arena. The bottom line through 2017 is projected to be a negative \$130,000, but depending on how many events are booked, it could be less. Mr. Thomas is trying to increase the use of the main arena floor. Temporary personnel is covered by the event. Mr. Winston thanked R. Thomas for his work on the pro forma.

Mr. Krusen asked that the CFA application be pulled from the agenda due to recent events.

On Motion No. 2017-57 by Mr. Santulli, seconded by Mrs. Draxler and unanimously carried, Executive Session convened at 9:23 AM.

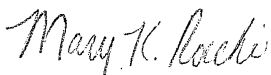
On Motion No. 2017-58 by Mr. Quick, seconded by Mr. Hosey and unanimously carried Executive Session adjourned at 10:28 AM.

Ms. Katzoff stated that after review of a conflict of interest concerning Mr. Krusen serving as Executive Director of the Chemung County Industrial Development Agency and serving on the Southern Tier Regional Economic Development Council (STREDC) board, there is no potential conflict of interest and found no wrongdoing, nor is the IDA board obligated to disclose its acquisition of the arena to STREDC. Ms. Katzoff will continue to analyze the issue, but everything to date indicates that there is no conflict of interest. That obligation lies with the entities, which signed the note and mortgage in favor of STREDC.

Mr. Santulli stated that the IDA is weighing its options regarding First Arena going forward. He assured the media that the IDA will have more to say at a later date. Director of Public Information for Chemung County, Samantha Potter handed out a press release.

On Motion No. 2017-59 by Mr. Quick, seconded by Mr. Hosey and unanimously carried, the meeting adjourned at 10:32 AM.

Respectfully submitted,



Mary K. Rocchi
Recording Secretary