

Onondaga County Industrial Development Agency
Special Meeting Minutes
February 3, 2009

The special meeting of the Onondaga County Industrial Development Agency was held on Tuesday, February 3, 2009 at the Greater Syracuse Business Center, 1201 E. Fayette Street, Syracuse, New York.

Chairperson Robert Baldwin called the meeting to order at 8:04a.m. with the following:

PRESENT:

Robert Baldwin
Joseph Scuderi
William Towsley
Karen Kitney
Gregg Kidd

ABSENT:

Russell Andrews
Dan Healy

ALSO PRESENT:

Mark Arbon, Agency Counsel, Devorsetz Law Firm
Mary Beth Primo, Executive Director, Agency
Greg Hitchin, Business Development Manager, Office of Economic Development
Kim Hall, Management Analyst, Office of Economic Development
Carolyn May, Sr. Economic Development Specialist, Office of Economic Development
Cheryl Menzel, Office of Economic Development
Karen Doster, Recording Secretary, Agency
Larry Bennett, Syracuse University
Lindsay Wickham, Syracuse University
Tim Frateschi, Harris Beach
Sean Griffen, Harris Beach
George Levelle, Harris Beach
Kathy Rapp, County Legislature
William Meyer, County Legislature
Sue Stanczyk, County Legislature

WISE SYMPOSIUM – SPONSORSHIP OPPORTUNITY

Larry Bennett thanked the Board for having them come to the meeting and for past IDA support. He stated that the WISE Symposium is a flagship that started seven years ago when they had hoped to get 200 people to attend. He stated that last year they had a little over 800 and this year they are shooting for between 900 and 1,000 women attending. He stated that the symposium is significant for a number of reasons. He stated that superficially it is important but as a motivation tool, networking tool where many participants have gained valuable resources within the central New York community as well as some nationally. He stated that it also piggy backs into the Women's Business Center and through that have had participants gone through the Entrepreneurial Boot camp. He stated that they have tracked and are beginning to track more

because the Symposium is getting so much attention that some of faculty have expressed research interests. He stated that in their tracking they have been thrilled to see what has happened and certainly hope that the IDA will continue to support the WISE event. He stated that the sponsorship is very important from a money aspect but as well as the credibility and power the IDA name has behind it.

Robert Baldwin stated that the WISE Symposium has done very well and in addition he noticed the entrepreneurial Boot Camp Two has a meeting coming up. He stated that the program continues to grow and sometimes the best growth comes from within.

Larry Bennett stated that the Entrepreneurial Boot Camp Two was a grassroots effort that was generated by participants of the Entrepreneurial Boot Camp in the fall. He stated that they decided they needed more and formed their own veteran's group which includes many of the women who first attended the WISE Center. He stated that there was a little help from the department with putting a program together for them and are now continuing by themselves.

Upon a motion by Gregg Kidd, seconded by Joseph Scuderi, the OCIDA Board approved a resolution to contribute \$5,000 to sponsor the WISE Symposium to be held on April 8, 2009 at the OnCenter with Robert Baldwin, William Towsley and Karen Kitney voting yes. Motion was carried.

BANK OF NEW YORK LEASE TRANSFER

Mark Arbon stated that the Bank of New York project closed in 2002 and he believes that VIP had built the building for Bank of New York. He stated that the IDA had an equipment deal with the Bank of New York and they leased the property. He stated that the Bank of New York subsequently purchased the building, financed through BNY Syracuse Owner Trust and are paying it off. He stated that the Agency is now considering taking an assignment of the lease. He stated that there is a ten year PILOT with Bank of New York and that will last until 2012.

Upon a motion by Joseph Scuderi, seconded by William Towsley, the OCIDA Board approved a resolution authorizing the signature by an officer of the Agency of the documents necessary for the lease reassignment between the Bank of New York Mellon and OCIDA with Robert Baldwin, Karen Kitney and Gregg Kidd voting yes. Motion was carried.

ULTRA DAIRY

Mark Arbon stated that the first project with Ultra Dairy was done in 2003, there was a subsequent addition in 2006 and most recently an addition in 2008. He stated that the cost of these projects is a little over \$15,000,000 and have paid the Agency fees on the three projects based upon a little over \$15,000,000. He stated that in a private situation they would probably consolidate the mortgages but because it is an existing IDA project they are requesting that the mortgage tax exemption be provided and they can do a new mortgage.

Upon a motion by William Towsley, seconded by Joseph Scuderi, the OCIDA Board approved a resolution authorizing the signature by an officer of the Agency of the necessary mortgage and related loan documents for the Ultra Dairy project with Robert Baldwin, Karen Kitney and Gregg Kidd voting yes. Motion was carried.

OCIDA CONTRACT

Robert Baldwin stated that the Agency has an annual contract with Onondaga County where the Agency provides funding to the Office of Economic Development.

Mary Beth Primo stated that the terms of the contract are the same as they have always been. She stated that in regard to the compensation this year, the Agency is agreeing to pay the County an amount not to exceed \$410,706 which is a little less than half of total budget.

Mary Beth Primo asked Greg Hitchin why the contract amount is less than half of the office budget. Greg Hitchin stated that it is less than half because it is anticipated that State assistance for the Empire Zone will be received which will come off the top and then it is half of the remainder.

Robert Baldwin stated that one of the things that has been discussed is the civic facility bonding being taken away as a source of revenue. He stated that the County fiscal year is on a different calendar. He stated that the terms of the agreement are that either party can terminate the contract with 30 days written notice and without cause. He stated that he believes that the Board really needs to sit down and review financially where the Agency is relative to the support of the office. He stated that he would like to adopt the contract today but at the same time look realistically at what the future finances are and determine how to move forward if there is a funding issue. He stated that he prefers to have an agreement with the County and does not want to be without one. He stated that the Agency is paying rent, supporting staff and sharing the costs with the County. He stated that his feelings are that the contract should be adopted but discussions need to be held with the County.

Mary Beth Primo stated she had a brief conversation with Bill Meyer to confirm that this is something the Agency would like to discuss. She stated that it is certainly difficult for the County with the way the economy is but given the forecast that Greg Hitchin was able to provide, with all things being equal and civic facilities authorization not being available, in three years there will be a zero balance for the Agency. She stated that this is something that needs to be looked at but the County's budget has already been passed and has included Agency funding.

Joseph Scuderi asked if this needs to be resolved by June. Robert Baldwin stated that he would like to have it done by June. He stated that he would like to look at it and have some realistic discussions with the County relative to the Office. He stated that we are all in tough times to begin with but it would be incumbent on the Agency, partly because of the difference in fiscal years, to sit down and look at the source of funding for the office, the costs involved and the Agency's sources of revenue. He stated that the history of the agreement and the funding has always been based on the revenue stream that the Agency has had. He stated that although the

Agency is considering adopting a contract that has a historical background, the revenue stream that the Agency has had has changed dramatically.

Karen Kitney asked if the terms are through December. Robert Baldwin stated that the Agency and the County are on different calendar years so the funding provided in the contract was actually part of the County budget that was adopted last year. He stated that he is suggesting that the contract be adopted but the contract needs to be discussed realistically.

Karen Kitney stated that the County's budget is from January to December. Mary Beth Primo stated that the County's budget is already in place and it would be hard for the County to get \$410,000 for their calendar year. She stated that when the County allocated funding to the Office of Economic Development, they contemplated OCIDA would be contributing \$410,000.

Karen Kitney asked if the contract is going to be modified to go through June of 2010. Mary Beth Primo stated that the discussions with the County Legislature will be for the budget year 2010.

Upon a motion by Gregg Kidd, seconded by William Towsley, the OCIDA Board approved a resolution approving the proposed contract between the Agency and the County for the support of the Office of Economic Development for the 2009 fiscal year with Robert Baldwin, Joseph Scuderi and Russell Andrews voting yes. Motion was carried.

IDA INFORMATINO CAMPAIGN

Mary Beth Primo stated that Brian McMahon, Executive Director for NYS Economic Development Council, asked the Agency to host a meeting in early January with a number of other IDAs in the five county region. She stated that the meeting was held and there was a representative from Cayuga County, Madison County, Herkimer County, City of Auburn, Cortland County, Oneida County, Oswego County and the City of Syracuse. She stated that the point of the meeting was for Brian McMahon to educate and discuss some of the challenges coming out of Albany directed at IDAs, particularly the Hoyt Bill and Civic Facilities authorization being restored. She stated that he is very worried that given this year's change in leadership in the Senate that there is a good chance that the Hoyt Bill is going to pass or something similar. She stated that he is also concerned that if the Civic Facilities authorization is not passed this year, then it will not be restored. She stated that his thought was that the good stories about the IDAs are not being told, only the negative. She stated that Brian McMahon would like on regional basis for the IDAs to come together and to work towards getting our good story out there. She stated that there were a couple different efforts that he suggested and one would be an Albany media campaign with an insert put into the Legislative Gazette over a series of 10 to 11 weeks and each week focusing on a different region of the State. She stated that the Legislative Gazette is a publication that is distributed in Albany weekly and many of the legislators and staff read it. She stated that the insert would showcase projects that the regions have done, statistics and the capital investments. She stated that the other effort would be a PR campaign. She stated that the Fingerlakes Region came together and committed over \$200,000 for a PR Campaign which included hiring a PR agency which put together television, radio and media publications for that region. She stated that ESD would like that to be the template for the

other regions to use. She stated that it would be a huge commitment of funds. She stated that they would also like the individual IDAs to draft resolutions supporting IDAs, request that the County legislatures enact the resolutions and send them to Albany. She stated that they would also like us to get involved in a lobbying day or perhaps an effort to meet with the State Legislators to explain to them the good that IDAs do and bring a representative from some of the companies that the Agency has worked with and benefitted from IDA programs. She stated that these are all the things Brian McMahon is hoping that the IDAs will do on a regional level. She stated that so far OCIDA staff has tried to get each of the IDAs in the five county region to commit funds for the legislative gazette effort. She stated that the cost for the four page insert is approximately \$17,500 and the eight page insert is just under \$24,000. She stated that so far she sees the funding being \$10,500 but she hasn't heard from the City of Syracuse. She stated that she had talked to Dave Michel of the City and he was going to see what he could do. She stated that Cayuga County committed \$2,000, Madison County \$2,000, Herkimer \$500, Auburn \$1,000, Cortland \$500, Oswego \$2,500 and Oneida \$2,000 who still needs board approval but looks positive. She stated that Onondaga County is the largest IDA. She stated that \$7,500 more is needed just to do the four page insert. She stated that given how difficult it was to raise the money for the insert, she thinks that the PR effort is going to be off the table. She stated that with regard to the insert effort, she thinks that this is a very worthwhile effort and the legislative leaders should be lobbied. She stated that she is hoping the Onondaga County IDA Board will consider contributing up to \$5,000 toward the Legislative Gazette insert but with \$5,000 from the IDA the funding would still be short and she would go back to the other counties to try to get more contributions. She stated that with this IDA contributing the most, she would expect that more space would be given to us. She stated that she is also requesting that the Board send a resolution over to the Legislature. She stated that there is a lobbying day on February 24th but the IDAs in the area do not think it would be an effective way to bring the message to the State Legislators. She stated that the thought was just to meet with our legislators at their district offices with representatives of companies the IDA has assisted and have Robert Baldwin attend as well.. She stated that SIDA would like to attend with OCIDA.

Gregg Kidd asked if Don Western would tell the Board what the argument is against the IDAs. Don Western stated that he understands that William Towsley has been active on this issue and may be a better person to answer this. He stated that he is not sure that there is an opposition to IDAs but the thought is IDAs should be competent, balance the benefits and achieve social outcomes that companies should be fulfilling. He stated that the structure of IDA boards are being altered to include representation from environmental groups, organized labor and school districts but interestingly they don't seek anyone with experience in economic development. He stated that there is an economic impact statement that is parallel to the environmental impact statement. He stated that there is a related expectation that tenants and occupants of IDA projects pay median wage of the community. He stated that he is referring to last summer's Hoyt Bill and maybe things have changed but there is a requirement that maintenance workers be covered under the prevailing projects. He stated that there is a forever recapture clause even after the project ends. He stated that there is an open complaint process where if someone files a complaint about the IDA, they have to listen to the complaint and if the complainant feels they are not satisfied they can take it to the attorney general. He stated that there could be some kind of cloud on the project that can not be cured by the open complaint process. He stated that he feels there would be no reason to go to an IDA because the cost with this legislation would exceed any benefit and the IDA becomes irrelevant when trying to assist.

William Towsley asked Mary Beth Primo who “they” represents in the letter regarding opposition to the Hoyt Bill. Mary Beth Primo stated that it represents the IDA Board.

William Towsley stated that he does not oppose in its entirety Assemblyman Hoyt’s Bill. He stated that there are many reasons that IDAs in New York State need to be reformed. He stated that if you don’t look at the bill in its entirety certain things may need to be removed and some added but the one of the basic missions of IDAs and economic development is for wage earners. He stated that there is system that forces people to use the social services of this County. He stated that having some of the requirements like prevailing wage or living wage is appropriate. He stated that he does not oppose the Hoyt Bill and will be writing a letter to Senator Valesky as an IDA Board member that he does not oppose the Bill in its entirety. He stated that he has some objections to some of the Bill but he does not recall the Board being asked if they oppose the bill. He stated that to represent the Board opposes the bill is incorrect.

Robert Baldwin stated that this is something that the Board should sit down and go over. He stated that there were discussions last year relative to this but when the Agency gets into civic facility bonding and the basic make up, some of things in that bill may cause a problem. He stated that he thinks that there is a misunderstanding among our State Legislators of exactly what IDAs do. He stated that the message needs to get out. He stated that the Agency can lobby to legislative and get the word out on the value of IDAs. He stated that if IDAs go away then the decision making process relative to funding economic benefits resides in Albany and there will be a lot less local concern. He stated that the economic future of the state is going to be drastically effected in a negative way. He stated that keeping local control is very important and would like to move forward on the effort. He stated that he would like to sit down and discuss the Hoyt Bill. He stated that this is a good opportunity to accomplish another goal which is to get the other IDAs together. He stated that the IDAs do not talk to each other the way we should and IDAs are not represented on the Regional Planning Board. He stated that he is in favor of funding the legislative insert and moving forward relative to the legislation in reviewing maybe in a work session.

William Towsley stated that he has no objection to promoting what IDAs are about and informing the public. He stated that he believes 100% that they don’t know what IDAs do and some of the politicians don’t know. He stated that he would not be in favor if this effort of education is opposing the Assembly Bill. He asked if the Legislative Gazette insert is opposing the Bill. Mary Beth Primo stated that she believes the Legislative Gazette will be highlighting what the IDA does and she is not aware of any language in the insert that will be directed to the Hoyt Bill or anything like that. She stated that it will basically state what IDAs have done.

Upon a motion by Joseph Scuderi, seconded by William Towsley, the OCIDA Board approved a resolution to contribute up to \$5,000 for a Legislative Gazette insert for ten to eleven weeks with Robert Baldwin, Russell Andrews and Gregg Kidd voting yes. Motion was carried.

Robert Baldwin asked if having the County Legislature adopt a resolution may specifically involve the Hoyt Bill. Mary Beth Primo stated that she will bring the resolution to the next meeting and can discuss it then.

Upon a motion by Gregg Kidd, seconded by Joseph Scuderi, the OCIDA Board adjourned the special agency meeting at 8:41 am with Robert Baldwin, William Towsley and Russell Andrews voting yes. Motion was carried.

Mary Beth Primo, Executive Director