

Onondaga County Industrial Development Agency
Regular Meeting Minutes
November 13, 2008

The regular meeting of the Onondaga County Industrial Development Agency was held on Thursday, November 13, 2008 at the Eastside Business Center, 1201 E. Fayette Street, Syracuse, New York.

Chairperson Robert Baldwin called the meeting to order at 8:01 a.m. with the following:

PRESENT:

Robert Baldwin
John Rizzo
William Towsley
Russell Andrews

ABSENT:

Gregg Kidd
Dan Healy
Joseph Scuderi

ALSO PRESENT:

Mark Arbon, Agency Counsel, Gilberti Law Firm
Carolyn May, Interim Executive Director
Greg Hitchin, Business Development Manager, Office of Economic Development
Kim Hall, Management Analyst, Office of Economic Development
Cheryl Menzel, Sr Economic Development Specialist, Office of Economic Development
Karen Doster, Recording Secretary, Agency
Ed Robicheau, FW Webb & Company
Vince Raymond, VIP Structures
Shelli Ryan, Gilberti Law Firm
William Meyer, County Legislature
Sue Stanczyk, County Legislature

APPROVAL OF REGULAR MEETING MINUTES – OCTOBER 9, 2008

Upon a motion by Russell Andrews, seconded by William Towsley, the OCIDA Board approved the minutes of October 9, 2008 regular meeting with Robert Baldwin and John Rizzo voting yes. Motion was carried.

APPROVAL OF SPECIAL MEETING MINUES – OCTOBER 23, 2008

Carolyn May noted that NYSERTA should be changed to NYSERDA.

Upon a motion by William Towsley, seconded by Russell Andrews, the OCIDA Board approved the minutes of October 23, 2008 special meeting with Robert Baldwin and John Rizzo voting yes. Motion was carried.

TREASURER'S REPORT

Greg Hitchin gave a brief review of the OCIDA investments and accounts for the month of October 2008.

John Rizzo asked what the final price per acre was on the property being purchased in Clay. Greg Hitchin stated that the final price is \$5,000 per acre. Mark Arbon stated that a resubdivision approval was submitted.

Upon a motion by William Towsley, seconded by Russell Andrews, the OCIDA Board approved the investments and accounting for the month of October 2008 with Robert Baldwin and John Rizzo voting yes. Motion was carried.

PAYMENT OF BILLS – SCHEDULE #315

Gregory Hitchin gave a brief review of the Payment of Bills, Schedule #315.

Russell Andrews asked what the outside world thinks of Syracuse. Greg Hitchin stated that he is not sure yet because the PR services with VOCUS are for 2009.

Robert Baldwin asked that a copy of the ads used be attached to the emailed meeting materials for the Board to see. Greg Hitchin stated that he would attach a copy and essentially he uses the same ad.

Upon a motion by Russell Andrews, seconded by William Towsley, the OCIDA Board approved the Payment of Bills, Schedule #315 with General Expenses being \$165,057.13, Marketing Expenses being \$23,914.16 with Robert Baldwin and John Rizzo voting yes. Motion was carried.

FW WEBB & COMPANY – PROJECT REVIEW & PUBLIC HEARING NOTICE
RATIFICATION

Ed Robicheau stated that FW Webb is located on Syracuse Street in Syracuse and they operate out of an approximately 40,000 square foot building. He stated that the company supplies plumbing, heating and pipe fitting material to the contracting trade. He stated that they have been operating there for 12 to 13 years and space has become rather difficult to deal with. He stated that they bought an additional piece of land to expand but were unable to develop. He stated that they need to expand. He stated that business is growing and they are roughly 30% ahead of last year. He stated that they had an acquisition this year and an additional facility that they feed in Brome County out of the Syracuse facility. He stated that they plan to start construction in the spring and do whatever they can over the winter. He stated that they are still working with the Town of DeWitt on some small issues and are being worked out. He stated that they hope to be completed by October 2009.

Carolyn May stated that she had a conversation with the contractor who is out of Massachusetts and he anticipates hiring all local labor and local contractors with the exception of anything that is difficult to find.

Robert Baldwin asked if this is going to be a regional distribution center in addition to the local business. Ed Robicheau stated that their plans are to supply pipe to all of their New York facilities out of Syracuse. He stated that this area is a good spot for them and it is by far the fastest growing area. He stated that there is a lot of focus on New York even with all the economic conditions. He stated that they have built 25 buildings in the past eight years.

John Rizzo asked if the showroom is primarily for the contractors. Ed Robicheau stated that the showroom is for the contractors and will be used with the homeowner in mind. He stated that it is set up for the homeowner to come in after they have chosen a contractor. He stated that they target large homebuilders. He stated that they are going to have a 2,500 square foot section for ADA fixtures and is something new for them.

Upon a motion by William Towsley, seconded by Russell Andrews, the OCIDA Board approved a resolution describing the proposed FW Webb Company project and the financial assistance the Agency may consider for the construction of the wholesale distribution center with Robert Baldwin and John Rizzo voting yes. Motion was carried.

Upon a motion by William Towsley, seconded by Russell Andrews, the OCIDA Board approved a resolution ratifying the public hearing notice scheduled for December 9, 2008 in the Town of DeWitt Town offices with Robert Baldwin and John Rizzo voting yes. Motion was carried.

UNIFORM TAX EXEMPTION POLICY

Mark Arbon stated that notice was given to all the taxing jurisdictions of the intent to amend the uniform tax exemption policy. He stated that two comments were received, one asking if they had to approve the green building credit and the other comment was some minor grammatical change requests from one of the school districts.

Carolyn May stated that she received one call from a town wanting to know how it will impact them but they were fine with it.

Mark Arbon stated that in addition to adding the green building credit, the uniform tax exemption policy has been modified. He stated that one change was the Agency's unstated policy of what benefits are provided to manufacturing and net wealth generating projects was added to the policy. He stated that it is equivalent of 485b exemption with a 3% increase per

year based upon an evaluation on the project determined by the hard costs of the project and translated to a fixed payment schedule. He stated that the second method of obtaining a PILOT agreement is consent of the tax jurisdiction. He stated that part of the new green building PILOT credit consists of the local contractor incentive, which adds an additional 20% credit. He stated that previously the Technical Assistance Group reviewed all PILOT agreements because there was not a written policy with the benefits being provided. He stated that now the Technical Assistance Group will only receive the proposed PILOTs where the taxing jurisdictions need to consent or the Agency deviates from the existing policy. He stated that the Chair of the County Legislative Planning and Economic Development Committee has been added to the membership of the Technical Assistance Group. He stated that the procedure for deviating from the PILOT was also added to the policy. He stated that the sales tax exemption certificate policy reads that the certificates are renewed on a one-year basis but the actual practice is a three-month basis subject to submission of the contract status report. He stated that if the policy was renewed all the taxing jurisdictions would be notified and allow them opportunity to make comments.

John Rizzo asked if the recapture has changed. Mark Arbon stated that it has stayed the same.

John Rizzo asked if there are any other IDAs that have adopted something similar to the Green policy that this IDA has just adopted. Carolyn May stated that she is not aware of any IDAs that have adopted this type of policy. She stated that Rochester has named a green policy but is quite convoluted. She stated that this is really a good attraction tool and it is something that is going to be promoted. She stated that it is not only promotes green but it will drive down the cost of energy which is one of the most non-competitive pieces of an attraction or expansion.

Vince Raymond stated that he would like to commend the Agency for being proactive as they are being. He stated that there are some programs on the west coast that are slightly different than this. He stated that he believes this is great for the area and hopes that people will take advantage of it.

Robert Baldwin stated that he would like to commend VIP Structures for the untold hours that they donated to putting this program together. He stated that the next step would be looking into reconstruction and redevelopment.

Upon a motion by William Towsley, seconded by Russell Andrews, the OCIDA Board approved a resolution adopting the amended Uniform Tax Exemption Policy with Robert Baldwin and John Rizzo voting yes. Motion was carried.

DISCUSSION ITEMS

2008 AUDIT OF THE AGENCY – ACTION STEPS

Greg Hitchin stated that the auditors came up with eight areas that would improve the accountability and record keeping. He reviewed the changes the office is making in response to the suggestions. He stated that counsel is looking at all the bylaws that are in the handbook and will be presented.

John Rizzo asked if every thing the Agency votes on will have a conflict of interest. Mark Arbon stated that as part of every project, the Agency signs a document stating that no member has a conflict and it is based upon the fact that now no one has come forward and specifically said they have a conflict. He stated that it will be changed so a document is circulated for the members to sign off on.

John Rizzo stated that if a conflict of interest is signed annually for the County, why does the Board have to sign the document for each project. Mark Arbon stated that they are two different documents. He stated that usually the director signs that there is no conflict of interest for that particular project and now he is seeking to provide additional documentation for the conflict of interest.

Robert Baldwin stated that if a conflict of interest is signed in the beginning of the year, there is no way to tell what projects will come before the Board in the coming months.

John Rizzo asked if there is a standing committee on the investment side. Mark Arbon stated that there is not a standing committee, just the audit and governance committee.

John Rizzo stated that a standing committee might be something the Board should think about to work with the treasurer and the audit. Robert Baldwin stated that there has been an ad hoc committee from time to time to review the investment but it would be worthwhile to look into forming a standing committee.

Robert Baldwin stated that the Agency's backup is on the County's system and in the event there is a problem, staff goes to the County IT department. He asked how difficult it would be to do a quick restore. He stated that external hard drives cost a couple hundred dollars and by backing it up to the hard drive, there wouldn't be a worry getting IT to assist. He stated that he believes having an external hard drive would be a good idea. Greg Hitchin stated that he can purchase an external hard drive but the County IT department is very good. He stated that if there is any issues with hard drive or software related issue, they are there within half a day to solve the problem.

2008 EMPLOYMENT SURVEY

Carolyn May stated that the primary outcome from the employment survey is that it shows that the IDAs do remarkable work and have a remarkable impact on the community. She stated that the concept is being challenged in many places including Albany. She stated that there are some concerns, with the fiscal conditions of the State, that the IDA legislation which is very restrictive of what the IDA does, would put an end to development in Upstate New York. She stated that the Agency can refute that legislation by using the facts generated by reports like this. She reviewed the 2008 survey. She stated that the data was compared to the data collected by the New York State Department of Labor for the Syracuse SMA and employment of private sector decreased by 8/10%, goods producing firms decreased by 6/10% and manufacturing jobs decreased by 1.5%. She stated that IDA project employment increased by 7% and employment in the IDA manufacturing firms increased by 4%. She stated that she is not exactly sure why that happened but perhaps projects going through the IDA essentially have more capital to reinvest into their business therefore being able to remain competitive. She stated that it is a very good story and a story to promote at legislation.

William Towsley asked if the study takes into consideration the level of jobs and wage sustainability. He asked if the jobs are just minimum wage jobs or high level paying with some type of benefit package. He asked if the employees are still on the Medicaid roles and having to work two jobs. He stated that increasing jobs is one thing but quality jobs are another. He stated that he commends the work that has been done and it looks and sounds impressive but would like to know if anything has been done to see what types of jobs are being created. Carolyn May stated that at the time of application, wages are looked at and tend not to provide incentives to minimum wage employers but there is not any follow up done on it. She stated that follow up can be done and should be looked at.

Robert Baldwin stated that Don Western has stated many times that the IDA helps with capital improvement and growth in the buildings ultimately helping the economy and helping the workforce. He stated that there is a great misunderstanding what the IDA actually does and what they have been doing.

AGENCY POLICY AND PROCEDURE CHANGES

Greg Hitchin stated that there has been discussions on cash flow and would like to look at increasing revenue while reducing expenses. He stated that one way to increase revenue is to look at the Agency fee. He stated that the Agency also wanted to look at how to further incentives for green projects . He reviewed the current fee structure, a recent survey of some New York IDAs fee structures and considerations based on the findings.

Robert Baldwin stated that he would like to remind our local state legislators, senators and assembly people that the legislation that is not revived relative to civic facility bonding through an IDA means that our local quality of life is going to be adversely affected because places like libraries, hospitals and colleges may never get off the ground.

Russell Andrews asked if he has talked to the City of Syracuse about green incentives because it would be a good idea to make a joint effort. Greg Hitchin stated that he has not talked to the City but can.

Robert Baldwin stated that the idea of consolidation is something that is being looked at and looking forward to it. He stated that he believes it would be better to decide on a policy, adopt it and then discuss it with the City of Syracuse. He stated that if the intent is to get a consensus on a policy, it may delay what the Agency wants to do.

John Rizzo asked if a major manufacturing deal was to be made, can the fees be negotiable in the deal or is the Agency stuck at the 1.25%. Mark Arbon stated that there is no legal regulatory restriction on the Agency to make an exception and it would be a policy decision. He stated that if it is a project of significance and a boost to the community, it can be distinguished different from other projects.

Mark Arbon stated that the Agency can receive the fee and give it back to the company in the form of the Employee Productivity Program or other benefits.

Carolyn May stated that a gentleman came into the office looking to get a plant up and running in the shortest amount of time. She stated that she is setting him up with some economic development providers that can provide intensive technical assistance in terms of HR assistance, set up assistance, evaluation assistance and training assistance so he can have a single point of contact that will help him get the plant up and running in the shortest amount of time. She stated that this is the second time that the office has had the opportunity to do this. She stated that the thought is that in order to respond to these requests quickly, she would like to formalize the program and have a preferred vendor that can essentially show us that they can do 360 degrees of assistance or have very quick access to it with very high quality and be reliable. She stated that it is in the thinking stages but it is a concept that she wants to bring to the table and have people think about. She stated that she has concerns about having a program in which we don't help control who the vendors are. She stated that this is a tool for the Agency to use. She stated that every project would be brought to the board and staff would need to develop some criteria flexible enough to make good judgments on when it should be used because it is an expensive tool. She stated that she is looking for observation and comment on how to do it.

Robert Baldwin stated that the concept of mentoring has been discussed in work sessions. He stated that it goes back to a proposal that came before the Agency years ago when Aldi's came before the Board. He stated that a representative of Aldi's came to the meeting and indicated that at the same time they were opening up a distribution center in Tully, they were opening one up in Kansas. He stated that the representative said that there was a significant difference between the way they were treated in the State of New York then the way they were treated in the State of Kansas. He stated that in Kansas the company was turned over to a mentor who was able to direct them and guide them through the process of constructing the plant. He stated that they felt like they were thrown to the wolves in New York with several levels of government that they had to go through. He stated that the representative said it in a nice way but was pointing out that perhaps there is a problem in New York State with how we deal with businesses that want to locate here. He stated that the mentoring program has stuck in his mind ever since. He stated that the mentoring program would be an important advantage. He stated that in connection with a meeting he went to a couple months ago, he reviewed economic development in Omaha Nebraska and they have an economic development partnership where they were able to obtain an open door policy from the local banks. He stated that if a company comes to the town through that partnership and wants to relocate there, the president of each local bank is guaranteed a meeting with the president and it has worked. He stated that he believes this type of program would work with the technical assistance and would be a tremendous tool to offer for someone coming in.

Carolyn May stated that the State has funded a program like this for many years and has fell crisis because of state cuts. She stated that there is no money in that program and probably won't be for several years.

John Rizzo asked if Carolyn May is talking about having an approved vendor list for mentoring or having an approved vendor for safety programs, supervisor training etc under the Technical Assistance Program. Carolyn May stated that she is currently envisioning there is a vendor that submits an RFP that will show us that they have access and relationships with all work that needs to be done when establishing or expanding in Central New York. She stated that she is not looking at having specific vendors because for each of the tools because she thinks the strength is in the single point of contact.

Robert Baldwin stated that because the Agency would be offering this program and working with the vendor as an incentive package, we would also have backup opportunity to see what they are doing and if there is a problem, correct it.

Carolyn May stated that she does not believe that a survey has ever been done on prevailing wage. She stated that she would like to know what the hourly average rate is in Central New York. She stated that in other parts of the State the survey was done often to get a sense of what the proposal is offering versus what other parts of the state are charging.

John Rizzo asked if the program manager would be funded out of the technical assistance grant. Carolyn May stated that there will be a pool of money available but she is not sure where it is specifically going to come out of at this point.

John Rizzo stated that the existing Technical Assistance is for already existing businesses and the money would be used to pay a program manager to get a project off the ground that may or may not happen. Carolyn May stated that the only money used for this type of program is the EPP. She stated that she is not looking at something that can possibly occur but will occur. She stated that this is an attraction benefit.

Robert Baldwin stated that the money will not be spent until the company commits to locating here.

John Rizzo stated that the program will benefit a project that has been approved and as part of the approval they would receive a project manager that would be funded out of another pool of money to help them through the process. He asked if they need the project manager after approval or before. Carolyn May stated that once the company gets here in Central New York, there will be a program to assist them and won't be wondering which way to turn.

Robert Baldwin stated that in order for the area to be competitive we need to do something a little different. He stated that between the green incentives and the technical assistance program, he believes that this region or this Agency can stand out as one that not only throws the normal

benefits but also to help the company and mean it. He stated that a couple success stories will get the word out around the country. He stated that this is something that can set us apart from the other agencies.

Greg Hitchin stated that a national organization did a survey of what is least most favorable state to do business in with California being #1 and New York is #2. He stated that the three reasons listed are taxes, regulatory environment and anti-business. He stated that for us to use this type of program would be a huge advantage to get over that hump.

John Rizzo asked where would the funding come from. Carolyn May stated that it would come out of the general budget. She stated that a lot of decisions need to be made.

Robert Baldwin stated that it opens up whole new funding opportunities as well. He stated that there have been very successful relationships between public and private. He stated that the Agency can look at local foundations as well to help.

Carolyn May stated that she welcomes questions and asked the board to email her any thoughts they have. She stated that it is important to see all prospective before developing the program or otherwise it may not work.

William Meyer stated that he wanted to make sure that the Agency is up to date on the director position and that he is optimistic that it will be settled very soon. He stated that he knows that the members have been interested and concerned. He thanked the Board for their patience.

Robert Baldwin stated that it is a difficult process because that position requires someone with experience in this particular area. He stated that with respect to some of the matters that have been considered at the legislature, specifically Legislator Buckle's proposed amendments, it seems that there isn't as much of a knowledge on how the Agency requires local contractors and the agreements in the application process and perhaps there should be. He stated that maybe it is

a communication problem on the Agency's part but as part of the application that comes in and forms required to be signed by someone who requests and accepts benefits from the IDA, there is a requirement for a local contractor. He stated that he would like to send a copy over to the County Legislature so they understand what the Agency is doing.

William Meyer stated that if the policy is sent to him he will provide it to all the Legislative Board Members.

Robert Baldwin stated that the Board looks at the use of local labor and they are conscious of it. He stated that he does not want a misunderstanding at the legislative level that the Agency is not doing this. He stated that a copy will be sent over to the legislature. He stated that he wants to make sure that the lines of communication are open. He stated that the Agency is trying to do a lot more than just pass out benefits but trying to be proactive to the community. He stated that the message gets back to the legislature and to Albany. He stated that it would be a shame and a sad day in New York if all local efforts got pulled back to Albany.

William Meyer stated that he agrees with Russell Andrews that we need a united approach with the County and the City. He stated that people that come to this area don't know the boundaries.

Robert Baldwin stated that he believes it would be more appropriate to determine what the Agency would like to do then move forward with the City. He stated that there is an open communication between the County IDA staff and the city staff.

William Meyer stated that he agrees that the open door approach is a very valuable step and will help to market ourselves in an aggressive way.

STAFF ACTIVITIES

No comments.

Upon a motion by William Towsley, seconded by Russell Andrews, the OCIDA Board adjourned the regular Agency meeting at 9:14 am with Robert Baldwin and John Rizzo voting yes. Motion was carried.

Carolyn May