

City of Troy

Industrial Development Authority

March 23rd, 2007
8:30 AM
Mayors Conference Room
Second Floor
City Hall
Meeting Minutes

Attendance: James Walsh, David Stackrow, Andrew Ross, James Sullivan, Hilary McGrath, Paul Carroll, Carolyn Collier-Skiptshak, David Mitchell, Sondra Little, Deborah Witkowski, Mark Wojcik

Absent: Reverend Cornelius Clark

I. Approval of the minutes from the October 24th and 26th, 2006 board meetings

Mark Wojick made the motion to approve the minutes
James Sullivan seconded the motion

II. Review of existing PILOT Agreement for the John Scanlon Market Block

Sondra Little: Introduced the agreement

David Mitchell: Clarified the agreement, spoke of Mr. Hedley's commendable record and proposed the IDA move forward at the current assessed value.

John Hedley: Spoke briefly about his situation, was comfortable with the agreement.

Consensus: Agreed that a new appraisal was not necessary, PILOT would continue for remaining four years at the current assessed value.

David Mitchell: Didn't feel a resolution was necessary. Stated the board could consent to a PILOT extension without a resolution.

Dave Stackrow made the motion to approve the minutes
Carolyn Collier-Skiptshak seconded the motion

III. Financial Report

Deborah Witkowski: Stated that the Troy Local Development Corp. has begun reimbursing the IDA for the Brownfield redevelopment work

Andrew Ross: Asked if the Troy Local Development Corporation was the purchaser of the Portec and King Fuels sites.

David Mitchell: Responded yes, the TLDC would soon own both properties. Also noted that the TLDC was working with Chevron for the purchase of the adjacent property.

Andrew Ross: Asked if the County IDA fees owed to the IDA were coming from the new RPI project on 8th Street or from the initial campus expansion project.

Sondra Little: Stated the funds were coming from a new bond issuance in support of the initial campus expansion project.

Deborah Witkowski: Asked if the board needed a resolution to approve the annual financial report.

Sondra Little: Stated that no resolution was needed.

IV. Review of request for PILOT amendment for Troy Living, LLC

Sondra Little: Noted that Jeff Pfeil was not able to be in attendance. Chris Betts from the Community Preservation Corporation was to represent him. Also noted that Bob Ryan of Harris Beach was in attendance.

Chris Betts: Introduced the Community Preservation Corporation and provided relevant information on the company's background - CPC is a non-profit mortgage lender that encourages investment in upcoming areas and invests in higher risk projects in these areas.

Sondra Little: Briefly described the proposed amendments to the PILOT Agreement.

Chris Betts: Compared the project to other similar projects the CPC had worked on. Stated that based on the projected income, the project would become unfeasible in the later years of the agreement due to high taxes. Stated that CPC could not commit to financing the project under the current agreement.

Andrew Ross: Asked what occupancy rate the projections were based on.

Chris Betts: Noted that projections were based on 95% occupancy.

Jim Walsh: Asked Chris to further clarify the problem with the agreement.

Chris Betts: Noted that the agreement started out advantageously but becomes a problem in the later years, particularly at year fourteen. Noted that the per-unit taxes were very high in comparison the similar projects.

Sondra Little: Asked if Chris had been working with Jeff Pfeil to come up with the new payment structure.

Chris Betts: Responded no, not directly, but that the proposed new rates reflected the advisement of the CPC.

David Mitchell: Requested copies of the pro-formas and a credit facility letter that were used to do the financial analysis.

Sondra Little: Asked Chris if the issue was time sensitive.

Chris Betts: Noted that the project would be at a standstill without a financing commitment. Said that given the suggested alterations in the PILOT Agreement, CPC can immediately commit to financing the project.

Andrew Ross: Noted a similar personal experience of his own where the construction financing and permanent financing had been separated, which led to a severe understatement of projected project costs.

Jim Walsh: Stated that it seemed like a very dire situation and that the board should respond appropriately.

Sondra Little: Noted that the new PILOT request was a complete deviation from the existing agreement and was not tied to an assessed value.

Andrew Ross: Asked for clarification that the tax payments returned to full value in year twenty-one.

Sondra Little: Noted that yes, they did and that that presented a huge increase.

Hilary McGrath: Asked why in year fourteen did the agreement become a financing issue.

Chris Betts: Stated that the first years are very important and the rates for those years seem adequate, however around the suggested year in the agreement the taxes begin to exceed the \$50,000-\$60,000 in revenue available for payment of taxes

Andrew Ross: Raised the point of the sales tax revenue that would be generated from the sales in the ground floor retail space as well as the additional spending power of its future residents. Suggested that the increased sales tax revenue may offset the money projected to be lost under the restructured PILOT Agreement

James Sullivan: Asked how the lost tax revenue would affect school taxes.

Deborah Witkowski: Stated that the school taxes are paid out of PILOT payments.

Chris Betts: Stated that it would help to extend the PILOT over thirty years rather than twenty.

Hilary McGrath: Asked if the change to thirty years would require a new agreement.

Sondra Little: Responded that no new application process would be necessary, that the application could be amended.

Jim Walsh: Called upon Bob Ryan to introduce himself.

Bob Ryan: Introduced himself and discussed his relevant experience.

Jim Walsh: Said that he felt everyone was tremendously supportive of the project, appreciate of the investment, but that they also had an obligation to the taxpayers of the City.

Chris Betts: Acknowledged that CPC was also excited about the project and was looking forward to working in Troy.

Jim Walsh: Thanked Chris and Bob for coming to the meeting.

Andrew Ross: Noted the huge tax increase in year twenty-one, just after the agreement is exhausted.

Hilary McGrath: Agreed with his concerns, felt the increase should be more gradual

Carolyn Collier-Skiptshak: Also agreed

Hilary McGrath: Stated that she feels they are hoping for the PILOT to be restructured to a thirty-year agreement

Mark Wojcik: Made comparison between the Pfeil agreement and the Market Block agreement, specifically between the assessed values of the projects.

Carolyn Collier-Skiptshak: Noted that the situation in Troy was a lot different when the Market Block PILOT was issued.

Dave Stackrow: Stated that he was somewhat uncomfortable about the situation because the board had been provided with few numbers and details all along. Believed that there were good intentions behind the project, but is skeptical that a seasoned developed is acting so inexperienced.

Andrew Ross: Questioned why the financing is being done through the Community Preservation Corporation.

Sondra Little: Noted that CPC finances untraditional, higher risk projects, and are sensitive to historic preservation.

Carolyn Collier-Skiptshak: Suggested that the project may bust if the PILOT is not restructured.

Dave Mitchell: Noted that Troy is changing, that ten years from now downtown could be completely different, extremely vibrant. Noted all of the interest from developers looking to acquire property within the city. Suggested that the PILOT be tied to the retail tax revenue in the later years of the project.

Jim Walsh: Stated that he would be more comfortable tying the PILOT to the tax revenue and success of the project.

Carolyn Collier-Skiptshak: Agreed

Jim Walsh: Asked if Sondra was clear of everyone's feelings regarding the Pfeil PILOT. Asked how she thought Jeff would receive the news that the Board did not act on his resolution.

Sondra: Responded that she felt comfortable telling Jeff that more information was needed before the Board could respond to his request. She also stated that Jeff felt very strongly that the project might be temporarily suspended if the Board did not act.

Carolyn Collier-Skiptshak: Stated that the developer may be in over his head.

Dave Mitchell: Noted that Jeff is an established businessman.

Jim Walsh: Noted the letter Jeff submitted to the Board was indeed very uncharacteristic of someone in his position, very strongly worded.

V. Resolution #1 – authorizing final payments to Community Initiatives Development Corporation.

Deborah Witkowski: Noted that said work had been completed accordingly and the IDA should allocate payment.

Jim Walsh: Noted that the City was introduced to an outside developer by CIDC.

Mark Wojcik: Stated the developer is still involved with South Troy.

Deborah Witkowski: Stated that the city could not get HUD to agree on BEDI other than in South Troy.

Andrew Ross made the motion to approve
Mark Wojcik seconded the motion

VI. Resolution #2 – authorizing Fiscal Year 2006 Reimbursement to the City of Troy

Hilary McGrath: Asked about the IDA picking up a percentage of the staff's salaries. Asked why the IDA only pay's fifty percent of Sondra's salary.

Sondra Little: Noted that while she worked for the City of Troy, many other IDA's generally have their own staff.

Hilary McGrath: Stated that she was unaware that Sondra was also a city employee

Jim Sullivan: Asked for clarification.

Sondra Little: Explained her various positions with the City of Troy.

Deborah Witkowski: Stated that the IDA would be reimbursing the City of Troy for a percentage of the salaries

Hilary McGrath: Asked if David Mitchell's payment was also allocated as a portion of his salary.

Deborah Witkowski: Stated that, no, the IDA pays him directly as a consultant.

Hilary McGrath made the motion to approve
Jim Sullivan seconded the motion

VII. Resolution #3 – authorizing renewal of membership to the New York State Economic Development Council

Jim Sullivan: Asked how much the fee is annually.

Sondra Little: Replied \$750.00

Dave Stackrow made the motion to approve
Hilary McGrath seconded the motion

VIII. Resolution #4 – authorizing the implementation of various administrative policies

Dave Stackrow: Stated his concern with Section #1 regarding internal auditors. Felt that everyone should look carefully at the specific requirements of that section. Questioned whether an independent auditor was necessary or required.

Dave Mitchell: Stated that with the incoming revenue it was his opinion that the IDA would have the resources to hire someone.

Hilary McGrath: Added that the fee would be nominal, only a few hours work would be necessary.

Dave Stackrow: Noted that he would have a hard time adopting the resolution with little thought put into the issue.

Hilary McGrath: Asked if the resolution could wait until the next meeting.

Mark Wojcik: Asked if the resolution could be passed and amended at a later date.

Deb Witkowski: Raised the issue of using the City auditor.

Jim Walsh: Felt that it would be best to pass the resolution and work out the details later, that New York State law required the passage regardless.

Andrew Ross made the motion to approve
Carolyn Collier-Skiptshak seconded the motion

IX. Resolution #5 – authorizing the creation of a “Contracting Officer”

Andrew Ross made the motion to approve
Hilary McGrath seconded the motion

X. Resolution #6 – authorizing amendments to the By-Laws relating to the incorporation of new administrative policies

Jim Sullivan made the motion to approve
Paul Carroll seconded the motion

XI. Review of proposal to amend the standard PILOT agreement in relation to transfers an assignment of title

Sondra Little: Explained the proposal

Carolyn Collier-Skiptshak: Noted that PILOT transfer becomes an issue when the building is sold to a new owner.

Sondra Little: Elaborated using the example of the Flannigan Square PILOT.

Hilary McGrath: Noted she had assumed that the PILOT would be nullified when it transferred ownership.

Carolyn Collier-Skiptshak: Stated her feeling that the IDA needs a review policy to make that determination.

Hilary McGrath: Agreed that the new owner should come before the board.

Andrew Ross: Asked what other IDA's do under the circumstances.

Carolyn Collier-Skiptshak: Posed the issue of a developer "flipping" a building after a short period.

Hilary McGrath: Stated that so long as it promotes economic development and growth, why would it be an issue.

David Mitchell: Posed the question of how much control is necessary, raised the idea of a free market.

Hilary McGrath: Suggested that it was in the best interests of the city to conduct a review in the event of a building sale.

Carolyn Collier-Skiptshak: Suggested that there should be something in writing.

Andrew Ross: Stated he was not ready to make a determination.

Mark Wojcik: Posed how to address the issue of communicating the new requirement with the owner.

Sondra Little: Stated that would take place when the deed changed hands.

Jim Walsh: Suggested that David M. and Sondra review and put together suggestions for the next meeting, that everyone else think about it and weigh both sides of the issue.

XII. Meeting adjourned