

BROOME COUNTY INDUSTRIAL DEVELOPMENT AGENCY

IDA Governance Committee Meeting Transcript

Held telephonically, December 15, 2021, commencing at
11:01 a.m. Adjourned at 11:33 a.m.

[See attendees at end of Transcript.]

REPORTED BY:

Ria Jara

Reporters Transcription Center

PO Box 903

Binghamton, NY 13903

Chairman Bucci: Good morning. We're going to call the Governance Committee meeting to order. Our first item on the agenda is to accept the November 15, 2021 meeting transcript. That was forwarded to all members. They had an opportunity to review and make any revisions, so we'll accept that for the record.

The next order of business is public comment. If there is anyone who wishes to address the meeting either in person or virtually, I ask that you state your name and your address. You'll have five minutes to address the committee. So at this time we'll open the meeting to any possible public comment.

Okay. Hearing none, we'll close that portion of the meeting and move on to our agenda items.

First item on the agenda is a reviewed discussion or recommendation to approve an extension of the December 1, 2020 sales and use tax exemption with One North Depot LLC from December 1, 2022 through and including December 1, 2022 the total of which will not exceed \$360,000. Stacey?

Ms. Duncan: Yes. As has sort of been the theme of a lot of our projects requiring sales tax exemptions this year, I think the continued labor shortage and supply chain shortage and issues related

to increase in costs, some of these projects have necessitated the need for extension of sales tax exemption. So this is a similar request from One North Depot. That's the development for loft apartments, market rate loft apartments. It's a project we approved a few years ago. It has taken longer.

There is a note from Josh, a letter from Josh Bishop in here as to outlining the reason for the delays in this project. The request is for specifically an exemption - excuse me - extension of the sales tax exemption for the project through the end of 2022. So there's no request for increase in the amount of funds or no sense that the project will not continue. Just continued time related to delays and cost increases.

Chairman Bucci: Any questions for Stacey or any comments? Okay. I want to entertain a motion.

Mr. Peduto: I motion.

Ms. Sacco: I'll second.

Chairman: Motion by Jim, second by Cheryl.

All in favor?

Unknown: [Aye -- in unison.]

Chairman Bucci: Any opposed? The motion is carried.

Next item on the agenda is a review/discussion/recommendation to accept an application from UB Family, LLC - a special purpose entity established by The Company - for a lease/leaseback transaction to facilitate the financing of the construction and development of 549-plus parking spaces within the five-level municipal parking garage located at 183 Water Street in the City of Binghamton to be owned by the Binghamton Local Development Corporation;

And the acquisition, construction, development, renovation and equipping of approximately 123 new apartments to be constructed on five floors above the aforementioned municipal parking garage;

To provide for state and local sales and use tax exemption benefit in the amount not to exceed \$905,680;

To provide for a mortgage tax exemption in an amount not to exceed \$187,000;

To provide for real property tax exemption in the amount not to exceed \$18,452,086 pursuant to the PILOT schedule attached hereto as Exhibit A; including a deviation from the Agency's uniform tax

exemption policy and authorizing the agency to set and conduct a public hearing with respect thereto.

So, Stacey, before I ask you to explain all this, let me put this question on the table first. My understanding is at this point we're accepting the application and we are not going to schedule a public hearing until we have a further opportunity to delve into this deeper. Is that correct?

Ms. Duncan: That's correct. So really essentially the first step in this. To accept the application, it really sets the deliberation period. It does not assign or assume any approval or, you know, withdraw any benefits that are sought. It simply opens up really the deliberation period. The reason I say that is because, you know, at this point in time once an application is accepted, it becomes part of the public record. So the application goes to the website and then, you know, becomes part of the public deliberation. So without that action of accepting, we, you know, really don't have a formal project for the board to deliberate on.

So the purposes of today are to accept the application and, yes, within our purview we could set

that public hearing date at which time the board feels ready to move further with it.

Chairman Bucci: Okay. Oh, go ahead. Somebody have a question?

Unknown: I did. Are we contemplating, as part of the analysis, use of new analytical tools?

Ms. Duncan: We do. Yes, we do have a cost benefit using ours. And then as well it will be reviewed through a third party with the national -- NDC will also provide review before the board does any further action on this. Yeah, so that's in process.

Chairman Bucci: My question, Stacey, then is so we're going to basically move forward and whether it be in the January meeting actually start? Or whenever all the data that you're getting assembled is ready, we will then start to deliberate this where we will look at the PILOT, look at the financing and all that. So my point is I don't want to make you go through an intense explanation on this right now because it's not really missed.

Ms. Duncan: Yeah. So what we'll do is -- this is the application. I have to say if all applications are complete and thorough at this one, our lives would be probably a lot easier. And you do

have a cost benefit tool using our new software with MRB Group. It does provide you a deeper dive. But we also will

Chairman Bucci: All right. Provide you that third party analysis from NDC. That will get sent to the board and then, from there, we can determine if and when a public hearing date would be scheduled. So that will be kind of the new process moving forward on this.

Okay. All right. So then what we'll do today and one of the other factors too when we review this is, well, probably have the developers. I like to also have someone from Boscov's board, too, because this obviously is impacting and will be impacting them as well. Because I know, for example, the second floor of the parking ramp goes over the men's department in Boscov's. So I would be interested in how all that's going to play into the store and so forth. So that's all things we can, you know, see how things play out because some of this will probably be starting even before we meet again.

So at this point, I guess unless there are a preliminary questions for Stacey and on what we're

doing out, I'll entertain a motion to accept the application.

Ms. Sacco: I motion.

Chairman Bucci: Is there a second?

Mr. Rose: I second. Brian.

Chairman Bucci: All in favor?

Unknown: [Aye -- in unison.]

Chairman Bucci: Okay. Motion is carried.

Next item on the agenda is a review/discussion/recommendation to accept an application from PM Property Matters, LLC, and authorizing a sales and use tax exemption in an amount not to exceed \$13,720 consistent with the policies of The Agency in connection with the acquisition, expansion, renovation and equipping of the property and building located at 21 Emma Street in the City of Binghamton. Stacey?

Ms. Duncan: Yes. Thank you. So you do have an application from PM Property Matters, LLC, located in Ithaca, New York. Is Andrew on the call? We do have Andrew Pragacz - I don't want to mispronounce your last name there, Andrew, my apologies if I did - to answer additional questions. But I can give you a

summary of this project seeking a small business incentive or a sales tax incentive exemption from us.

PM Press is transitioning its global distribution center event space and headquarters from Oakland California to Upstate New York, 21 Emma Street in the City of Binghamton will be the new shipping receiving center processing over \$1 million in book orders annually, and event in book fair space. PM Press is also acquiring Autumn Leaves on the Ithaca Commons as a retail outlet.

We anticipate the full cost of the transition to be approximately \$1 million including building acquisition, new construction and improvements, and equipment purchase. An associated cost total of \$853,500. Remainder on shipping costs, added employee costs, and accommodations.

With regard to the facility that they are purchasing at 21 Emma Street, upgrades and additions are needed on the property to create a safe and attractive environment for their core operations. Also doing some safety upgrades, minor repairs, and extensive cleaning as the facility was vacant for almost a decade. And as well they will need to

purchase equipment for warehouse operations and maintenance in addition to office equipment.

PM Press expects to have at least three full-time employees to operate the facility. Two will be at the facility full-time and another will be within PM to assist with core operations during busy peak times of the operations. And at least one other FTE will be located in Ithaca. As part of their transition, they will need to purchase equipment to operate the warehouse and office facilities and install new software such as phone systems and Wi-Fi networks.

So with regard to details of the project, after taking possession of the building, PM Press will work with the City of Binghamton, New York State, and private contractors to repair, improve, or remove the concrete wall and as well they will have expenditures related to removing this dangerous eyesore. They're committed to working with the government partners and arriving at a positive solution for the neighborhood and improving the neighborhood.

Further anticipated costs include shipping inventory from Oakland to Binghamton, new employee

costs, and paying employees to come to Binghamton for assistance during setup process.

With regard to total project costs, as was noted, it's just shy of about \$1,944,500 of which they are eligible for a sales tax exemption totaling \$171,500. Any questions from the board. From the Governance Committee, I'm sorry.

Unknown: The actual exemption is only \$13,720. Thank you, ma'am. Their expenditures are the ones that --

Ms. Duncan: Sorry. I read the wrong line. Thank you.

Unknown: That's okay.

[Cross-talking]

Ms. Duncan: No. I just read up a line. That was right above, yeah.

Chairman Bucci: Andy was popping champagne corks when he saw that one.

Ms. Duncan: I know. I said I don't know that it's getting that much. Thank you for that clarification.

Chairman Bucci: Okay. And, Andy, just a point of information. You're always welcome to open a

retail establishment in the City of Binghamton as well.

Mr. Pragacz: Actually, to that point, one of the things that we're trying to do with the new warehouse is to have at least annual book sales.

Chairman Bucci: I would agree.

Mr. Pragacz: You know, like remember Penguin Putnam do book sales?

Chairman Bucci: I do very well, yeah.

Mr. Pragacz: Yeah. So we're hoping to do something very similar to that and also attract. You know, to make it more attractive, invite vendors from around the country to participate in that. Book vendors but also, you know, food vendors and what have you to make it more of a festive atmosphere. And eventually, we're not sure we're going to get to it this year, but we're going to work to build a venue space for author talks. That can also function for other, you know, like small gatherings and things like that as part of the warehouse. So that's something that we're working on doing as well. And I've already been in conversation with the City of Binghamton about that. We did include all that in.

I include part of that in this, but not the full thing just because there's a lot of unknowns. As you can see, I'm actually in Oakland right now at our old warehouse, which is why I'm a little -- which is why I have my hat on. Because it's not as warm out here as I was anticipating coming from Binghamton, I have to write to someone about that.

Unknown: Comfortably warmer than Binghamton I know. Yeah.

Mr. Pragacz: Yeah. It might be actually right now. I have my thermals on.

Chairman Bucci: All right. Very good. That's good news. That's good to hear. Are there any questions for either Andy or Stacey regarding this resolution? Okay. Hearing none, I'll entertain a motion.

Ms. Sacco: I motion.

Chairman Bucci: Motion, Cheryl. Is there a second?

Mr. Rose: Second. Brian.

Chairman Bucci: Second, Brian. All in favor?

Unknown: [Aye -- in unison.]

Chairman Bucci: Any opposed? Motion is carried. Okay. Good luck, Andy.

Mr. Pragacz: I'll see you all at noon, yes?

Chairman Bucci: Yes.

Mr. Pragacz: Okay. Thank you. I'll see you at noon.

Unknown: Thank you.

Chairman Bucci: The next item on the agenda is review/discussion/recommendation to approve an extension of the December 20, 2019 sales and use tax exemption agreement with Canopy Growth USA, LLC and HIP New York Developments, LLC from December 31, 2021 through and including December 31, 2022. The total of which shall not exceed \$3,200,000. Stacey?

Ms. Duncan: Yes. Again I mean this sort of follows the theme of just delayed project timelines with regard to cost increases, supply chain delays, and labor shortages. However, this one is a little more unique in that it's also connected with regard to state regulations. On the processing of hemp, there was a lot of progress to move this forward in 2020. But COVID sort of made that a backburner priority.

We have had extensive conversations with Canopy Growth. They are still very committed to their facility in the Town of Kirkwood. They still have LeChase on board to do the fit out at the appropriate

time they're ready to go. They are just seeking a little extra time on this as well through the end of next year.

Chairman Bucci: Have they started the project?

Ms. Duncan: They did start. They did do some fit out. What they're waiting on, my understanding, is continued I guess clarification on New York State regulations with regard to what type of products can and cannot be processed within New York State. I mean I know they've always noted, I think, and disclosed from day one that they do have interest in getting into adult use. Now that it's been legalized in New York State, that's certainly something they're tracking. But since they are publicly traded, they really can't do anything with that if and when it becomes legal at the federal level.

So their focus is still on doing hemp-based product. They're just still in the process of going through regulations with the state to ensure their product line. It's taking them a good deal longer than they wanted.

Chairman Bucci: Okay. Any other questions for Stacey or comments?

Unknown: Well, I guess I'm just trying to understand. I mean I get everything you've explained. Is there any downside? Let's just say for the sake of argument that this goes on not for another year but for, you know, four years. Is there any downside to us?

Ms. Duncan: I think it's a great question. I think there does become that, but I do think that we're still seeing a lot of fallout related to COVID. So I think, you know, another full year is reasonable to accommodate. But after that, I would suggest that anything that comes in in 2022, similar requests, that we take maybe a much deeper look at. You know we're seeing this across the board with construction costs increases, delays on timing of materials, and labor. We're just seeing and it's a common theme. If it was sort of one or two, then maybe. So I do feel like we're still sort of in that fallout from COVID, but I think after next year we may want to revisit in a little more deeper detail some of these.

Unknown: I mean their motivation seems to be also about regulatory issues, you know.

Ms. Duncan: Yeah.

Unknown: I'm more skeptical if they resolve themselves in that year timeframe. All I'm trying to do is understand if there's any real downside. I mean your point is if we take a harder look at a year, we'd know the response.

Ms. Duncan: Yeah. I mean we're seeing this even just, you know, kind of wearing the other hat. As we talked to businesses within the chamber, we knew there was immediate impact in 2020 with businesses. From a financial perspective and a planned expansion or anything like that, we knew 2020 was hard hitting. But we really saw a lot more fallout of that financial impact in 2021 than we even did in 2020. So that's why I think after this, like if many of these come back to us, again I would probably be more skeptical. But I do think to set them up for success this year does make sense.

Unknown: Thank you.

Chairman Bucci: I agree. I also think, you know, they do come back again. We ought to look at the job projections also and make sure those are consistent with what they originally committed to when they first filed the application. But, yeah, it has

been a crazy year with all the things you've outlined. So at this point, for a lot of us it does make sense to give them the benefit of the doubt. I think so. Any other comments or questions? Okay, I'll entertain a motion.

Ms. Sacco: I motion.

Mr. Peduto: Cheryl, you got it.

Chairman Bucci: Is there a second?

Mr. Peduto: Jim.

Chairman Bucci: Jim on second. All in favor?

Unknown: [Aye -- in unison.]

Chairman Bucci: Any opposed? Okay. Motion is carried.

Okay. Next I think we have review/discussion/recommendation regarding the conflict of interest policy.

Ms. Duncan: Yeah. This just came out every year, staff attempts. New York State Economic Development Council hosts two per year. They call them IDA Academies. This is just general information and education sessions for IDA and the Local Development Corporation. There is always a session or two with the authority's budget office, which is our oversight if you will. Our oversight office has a public authority

within New York State. I just wanted to kind of revisit this and per John's request that we do this as well during session.

I sent this to you previously, on the authority's budget office, the recommended practice or conflict of interest policy for public authorities. They spent a lot of time encouraging public authorities to revisit and make sure the practices are in place. I don't know what the, you know, impetus for that was specifically. But we thought it was a good time to revisit, so I'm looking at this. I provided materials. I think one point of recommendation would be to strengthen our processes.

One of the things that was, to be quite frank, new to me was including your governance committee in the notification of conflicts. Typically, we will get a no from a board member if there is a potential conflict some time therein within the structure of a meeting. So one of the things that was new to us was that we recommend that governance -- so i.e. the chair of the Governance Committee and the director and council being notified of any conflicts of interest there. So council can review and advise if

there is any reason. You know, if it is a conflict or not.

So we wanted to just have a discussion on that. If there were questions or points of clarification on our process, what we're recommending internally as staff is that when we do send out agenda typically a week prior, if any board members could notify myself, Joe Mayer, and Rich Bucci as chair of the Governance Committee of that conflict, we can then make that determination - because sometimes there are questions - if it is in fact a conflict or not. And that is Joe's time to review if necessary. So really it's more just a modification of our process and making sure we're, you know, adhering to those recommended practices and putting more of I think a regular structure in place with regard to that.

Unknown: Just so I'm clear, what you're asking for is a motion to accept the document that's titled Conflicts of Interest?

Ms. Duncan: Yes, yes. This would be -- I'm sorry. This is a summary more or less of the ABO's document. So I included it in this sort of short form.

Unknown: But that would be our policy.

Ms. Duncan: Yes. That would be the practice in place, yeah.

Chairman Bucci: I just have one question. So, Stacey, if a member contacts us and says they believe that they have a conflict, is Joe going to make a determination then if the conflict is valid or not?

Ms. Duncan: Yes.

Chairman Bucci: Okay.

Unknown: Thank you.

Ms. Duncan: You're welcome.

Unknown: Assuming it is, I want to make sure I understand this.

Ms. Duncan: Yeah. Absolutely.

Unknown: So if I have a conflict, I notify Joe, on the governance, can you have a conflict? You tell me that it's legitimate conflict. The topic comes up. I need to step out while the topic is being discussed or I step back in after it happens?

Mr. Meagher: Well, it depends on the degree of [inaudible]. Okay? We brought them to this before. There's what is known as a prohibited conflict, which is one where you're getting a direct financial benefit from the agency.

Unknown: Okay.

Mr. Meagher: If that's the case, you have to resign.

Unknown: Okay.

Mr. Meagher: Because we had it. Years ago we didn't follow the practice that everyone - this my point of view - announce your conflict. You recuse yourself. Go back in after the vote. And ABO criticized us.

Unknown: Okay.

Mr. Meagher: Okay. So in any event --

Unknown: Other than a prohibited contract.

Mr. Meagher: -- it would be that process.

Unknown: That process.

Mr. Meagher: Yeah.

Unknown: I guess what they're getting is we usually get issues regarding a conflict right at the board, you know. And there is a time to really kind of absorb it, contemplate it, and give some direction.

Unknown: Okay.

Ms. Duncan: A big part of this is ABO's desire. This coming through the state association is standardizing a lot. You know, among IDAs, all the practices and procedures. Even on things like cost

benefits and, you know, all the processes which can be challenging to do. But I'm assuming this as part of that effort of a standardized process. So maybe they're not getting so much coming back at them and then they're -- yeah.

So there's been a lot of things, a lot of processes with IDAs and LDCs that they want basically a uniform statewide process. They don't want any IDAs to kind of vary on how they implement and, you know, do some of their processes. So that's I think where this is stemming from. Any questions?

Chairman Bucci: So at the meeting with the person and for the record, we have to state for the record that that particular person has a conflict of interest?

Ms. Duncan: We're saying is prior to. So yeah. So when the agenda is out, yeah, a notification prior too to myself and to you as governance chair and to Joe.

Chairman Bucci: Right. But then at the meeting, do we have to say anything at the meeting? Let's say at the Governance Committee meeting a member has a conflict and is leaving the room. Should we state that for the record?

Ms. Duncan: That has to be on the record.

Thank you.

Chairman Bucci: Yeah. Okay. I just want to make sure that we would state for the record person X is leaving because of a conflict. Okay. Any additional questions or comments?

Unknown: One comment. The conflict of interest is defined kind of right in the lots. It's really kind of more narrow. So I know people abstain even though it may not be truly a conflict, but there might be an appearance. Is the thought process that we want those sent as well even though it's not a conflict but there's an uncomfortableness on resending those as well?

Mr. Meagher: I think it's a self-determination. Once you review it, you may have either a direct conflict or you may have just an appearance and you would feel more comfortable abstaining and recusing. But we should know about it in advance.

Ms. Duncan: Yeah.

Unknown: Okay.

Chairman Bucci: Is the process then the same though?

Mr. Meagher: Yeah.

Chairman Bucci: I mean if I feel like I kind of have a conflict -- or at least it's an appearance in prior --

Mr. Meagher: It's an appearance.

Chairman Bucci: Right. So I still need to recuse and step out.

Mr. Meagher: Right.

Chairman Bucci: Okay.

Mr. Meagher: You shouldn't for example if you're going to declare -- I guess what we've had in the past is --

Chairman Bucci: It's simply --

Mr. Meagher: I'm not faulting anybody, but they'll stay. Discuss it. State their point of view. When it gets down to vote, guys, I got to leave the room. You know, forget about that contract.

Unknown: But they need to stay during the training. If you have that feeling, that maybe we should probably just be doing best practice, so then they have to deal with you at the time and then you know.

Unknown: Okay. That makes sense.

Chairman Bucci: Joe, one other quick question. So if someone said I believe I have the

appearance of a conflict and they state it, would you ever say, you know what, I think you should vote because that really doesn't rise to the level of a conflict?

Mr. Meagher: Oh, yeah. I would. I mean a lot of people have asked in different circumstances --

[Cross talking]

Mr. Meagher: You know at any number of different organizations that one could belong to we've said, no, it really isn't a conflict. But again, even though we may say it's not a conflict, people may say, well, it's an appearance and I would like to avoid that. So you follow the procedure.

Chairman Bucci: Okay. Any other questions? I'll entertain a motion.

Mr. Rose: I'll move it. Brian.

Chairman Bucci: Is there a second?

Mr. Peduto: Jim.

Chairman Bucci: Second, Jim. All in favor?

Unknown: [Aye -- in unison.]

Chairman Bucci: Any opposed? Motion carries. Are we moving into the executive session, Stacey?

Ms. Duncan: I don't believe so. We do have one plan, a project update for regular board meeting.

So I think there's -- really I don't see any need to go into executive at this point in time.

Chairman Bucci: Okay.

Unknown: Can I make one comment on the conflict of interest more tangential? Since we're going into a formalized process here, can we kind of make sure that we avoid especially in open meetings a law change or revising the agenda so late and closer to board meetings? Because it does have an issue for some of us that actually do run conflict searches. So, you know, really getting that agenda that week in advance and not revising it. That does cause issues.

Ms. Duncan: Okay. That's, yeah, well noted. Yeah, absolutely.

Unknown: Thank you.

Ms. Duncan: Thank you.

Chairman Bucci: Okay. I don't think there's any new business. At this time I'll entertain a motion to adjourn.

Ms. Sacco: I motion.

Chairman Bucci: Motion, Cheryl's. Second?

Mr. Rose: Second. Brian.

Chairman Bucci: Second, Brian. All in favor?

Unknown: [Aye -- in unison.]

Chairman Bucci: Okay. We're adjourned. So do we have to end? Stacey, we have to end this meeting and restart it for LDC?

Ms. Duncan: One second. Yes, we do.

[The meeting was adjourned on a motion by Ms. Bucci, seconded by Mr. Rose at 11:33 p.m.]

[Attendees: Rich Bucci, Jim Peduto, Brian Rose, Cheryl Sacco, Dan Crocker, Stacey Duncan, Tom Gray, Natalie Abbadessa, Carrie Hornbeck, Brendan O'Bryan, Theresa Ryan, Amy Williamson, Joe Meagher, Andy Pragacz]

C E R T I F I C A T I O N

I, Ria Jara, certify that the foregoing transcript of the Broome County Industrial Development Agency was prepared using digital transcription software and is a true and accurate record of the proceedings.



Signature: _____

Date: December 20, 2021