



Auburn Industrial
Development Authority

MEETING MINUTES
AUBURN INDUSTRIAL DEVELOPMENT AUTHORITY
Monday, December 16, 2013 @ 5:00 PM
Third Floor Training Room
Memorial City Hall

Board Present: Sue Chandler, (Member of Labor); Frank DeRosa (At-Large Member); Amanda Sigona (School Board Member) ; William Graney (Council Member); Matthew Smith (Council Member)

Excused: Laurie Piccolo (At- Large Member); Michael Kane (Member of Industry); James Dacey (Chair & Member of Business)

Staff: Jennifer Haines, AIDA Executive Director; Alicia McKeen, Secretary

Counsel: Rick Cook, Hancock and Estabrook

Guests: Peter Maciulewicz, Mack Studios via phone

Jenny Haines: Peter Maciulewicz is on the phone. Peter, there's nobody here to speak about your project.

Peter Maciulewicz: That's too bad

Jim Dacey: The Auburn Industrial Development Authority public hearing will open and discussion will be Mack Studios, Peter Mack realty, 38 Allen St. Start off, do we have the right people for the minutes?

Jenny Haines: do the public hearing first, close it then do the regular meeting

Jim Dacey: Okay. The floor is open and if you would like to make a brief presentation, Peter, we'd appreciate it.

Peter Maciulewicz: I wasn't prepared to make one but I believe everyone knows what I'm up to. We're expanding. [inaudible] I started at the location next to us but I think everyone knows what happened there. It didn't work. So I went to AIDA and they had the property across the street and so far it's been [inaudible]. Looking for PILOT for 67,000 square foot of building. I've been a good tax payer, I've paid more than my share of taxes as you all know. I'm also in a park that really isn't very well put together because there's no street lights, there's no storm sewers, roads are pretty

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haphazard. It really wasn't well thought out. I bought into the City in the last 20 years I've been there, we stayed in Auburn, we built in Auburn. [inaudible]. I told her we would be hiring more people. I've already hired ten people and I haven't done the expansion yet so you can see where it's going. We are hiring and we are growing. Any help we can get would certainly be appreciated.

Jim Dacey: Does anybody have any questions of Peter?

Jenny Haines: Let's close the ph.

Rick Cook: No, any questions are part of the hearing.

Jenny Haines: Does any of the board have any questions for Peter?

Frank DeRosa: I don't have questions for Peter, I have questions for you.

Jim Dacey: If nobody has questions of Peter. Thank you very much Peter and we will be moving forward and working on this. We have a meeting again Thursday.

Jenny Haines: Peter, what we're going to do is close the public hearing, we'll keep you on the phone so you can hear the board discussion and then we'll hang up with you and I'll call you later.

Peter Maciulewicz: I appreciate it. I appreciate all the time and effort you've all put into this.

Jim Dacey: Is there a motion on the floor to close the public hearing? Motion made by Sue Chandler, seconded by Frank DeRosa. Carried.

Discussion? Frank, you said you had a question.

Jenny Haines: Open the meeting, do the minutes.

Jim Dacey: Do I have enough for all three of these? Is everybody at those present?

Jenny Haines: Yes, you should be good for all three sets of minutes.

Jim Dacey: I'd like to ask for a motion to include the minutes from October 7, October 29 and December 2 as a group to approve. Motion? So moved by Mike Kane, seconded by Amanda Grover. Carried.

Moving on, Mack Studios, Peter Mack Realty. You have a spread sheet that outlines the proposed Payment in Lieu of Taxes which includes the sales tax exemption and mortgage tax exemption as requested in the schedule E for Peter that was sent out previously via e-mail.

Are there any questions or discussion? Frank?

Frank DeRosa: I just need to be brought up to speed here in regard to what I'm looking at. Are we essentially doing two things here? Like refinancing the existing building?

Jenny Haines: No. What I did on this spread sheet is I showed you both the existing building staying at current taxes and then the new building with the PILOT. So that 2.3 million dollar total that you see if both of those added together. The piece of the spreadsheet you would be discussing is the middle part there where it has the \$900,000 value and the exemption percentages. What Peter's requesting is those values for the 15 years be set at those numbers. The tax rate will float based on the tax rate of the taxing jurisdiction set each of those years; city, county and school, and then exemption percentages which is basically a straight 15 year PILOT is what he's requesting for the exemptions.

Frank DeRosa: I understand that part. What I'm still caught up on is that on this piece of paper here in the middle column it says 'total project cost building cost 2 million 100 thousand' and then over here on the projected PILOT assessment it says \$900,000 on the other page.

Jenny Haines: Right. The cost doesn't necessarily equal value so that's Peter's request, 18\$ per square foot. His construction cost is 2.1 that included all the site work, it includes soft costs, it includes all the other things that go along with that. Peter, jump in if I'm missing anything here.

Peter Maciulewicz: My current bldg. is assessed for 21 and change square foot right now. And I have grieved my taxes to get it there as I was grossly overtaxed. The fair assessment for the current bldg. I'm in is 21.67 per square foot. If I requested we go to 18\$ as the new bldg. is void of any office structure, any air conditioning, it's basically an open box. It's not the amenities of the bldg. that 21\$ does so I don't think it should be assessed at the same value as it's not the same bldg.. It's lesser of a bldg.

Jenny Haines: One thing for us to remember is the assessor is going to assess this bldg.

Sue Chandler: This assessment is for PILOT purposes only.

Jenny Haines: The assessor will assess the bldg. but what Peter is requesting is that his PILOT be based on this value. So that valuation will happen apart from your decision but he's requesting the value be set at 900 for the first five years then increased by 1% each year for the next 10 then he would be at full taxes at year 16 at whatever assessed value the bldg. is at that time.

Frank DeRosa: So we wait until the 16th year for the full assessment to kick in?

Jenny Haines: Yes, that's the request.

Frank DeRosa: So let's say that the assessor assesses the bldg. at 1.5million year 1 out.

Sue Chandler: Then it would be assessed at year 16 at 1.5 and he would pay taxes based on the 1.5 mill. We wouldn't be going backward.

Jenny Haines: The incentive he is requesting is that these values be set so he knows them and that exemption percentages are set at those places. Remember that this property is generating no tax revenue right now as it's owned by AIDA.

Frank DeRosa: I completely understand that. I just would like to completely understand the calculations because the same thing with, like the land and I'm sure at some point in time we'll get somebody making this comparison

Peter Maciulewicz: I would, if we have to go through this, I'll hire the same professional organization I hired to value my current bldg. because the city had grossly over charged me for taxes. They didn't even have my bldg. valued for the type of bldg. it was. They didn't have it set up correctly at all. The valuation was all over the board and nonsensical. We could always share that with you. It really kind of set me back that the work wasn't done by the city to do a proper valuation on my property. I in turn wound up paying over 20% more in taxes and the city had set that for over 18 years. That also increased my school and county taxes. I calculated that I paid almost 280,000\$ more in taxes than I should have over those years. If we're going to go thru that then I'm definitely getting a private organization to come in and do that because the city certainly did not do their due diligence.

Jim Dacey: That's a case of, at the end of the PILOT, whatever that time frame is, the assessor is going to make a judgment as to what the value of the property is and at that time you would have to either challenge it or accept it.

Peter Maciulewicz: That's in 15 years from now. I won't be around in 15 years so I don't care anyway.

Jenny Haines: Frank, are your questions answered?

Frank DeRosa: Yes, I think I understand what's going on.

Jim Dacey: Anybody else have anything they wish to ask?

Jenny Haines: I'm going to be requesting an executive session.

Rick Cook: I have a question about the mortgage tax. Is the mortgage financing going to cover both properties or just the property being acquired.

Jenny Haines: Just the new property.

Peter Maciulewicz: Mortgage is only for this building, it's not being coupled into the other mortgage I have, it's separate.

Jim Dacey: If no further questions is there a motion to go in to executive session? So moved by Sue Chandler, seconded by Frank DeRosa. Carried

****Executive session ends, meeting resumes.****

Jenny Haines: I have one more piece of business related to Mack Studios. In the planning board meeting which was the day after you last met, remember we talked about the fact that the Planning Board was lead agency for SEQR and that they were going to be taking care of that the next night? We had Rob at the meeting. I was sitting with Counsel Andy Fusco at the meeting and he stated I should really have the AIDA board reaffirm their vote on the land sale because the Planning Board is doing SEQR the day after, just have them reaffirm their vote on the land sale when you meet with them again on the 16th and then there will be absolutely no questions about SEQR. So he was advising that we should do that, Rob said fine, Rick says good idea, so I request that you take a look at that.

Jim Dacey: Just to refresh your memory when we voted on that, we voted to have me negotiate starting at 50 and he accepted 50 so that, we didn't really have a lengthy discussion on that. I was surprised.

Is there a motion to, how do we want to word this.

Rick Cook: We can say that the board re-adopts and reaffirms the resolution of December 2nd relative to the land sale.

Jim Dacey: Using those words is there a motion? So moved by Mike Kane, seconded by Amanda Grover. Carried.

Is there any further business?

Jenny Haines: I mentioned this to Jim at the beginning of the meeting. We received a letter from John Rossi on October 7th, a request by a member of Council that the AIDA board vote on City Council having oversight and approval of any vote on any PILOT agreements. My boss, Doug Selby, asked me today if the AIDA board had voted on that. We had discussed it last, at the time you'd asked us to research whether the AIDA board had voted on that, you have not. There's been a ton of discussion on it and a big lean towards 'no' but there was no vote on it. I'm not sure what you would like me to do with that. This member of Council was asking my boss where that was. I just wanted to bring it up again.

Matt Smith: If that member of Council is so concerned he should sit on the AIDA board.

Jim Dacey: If there's a desire to vote on it tonight I would need a motion. The wording would be to not accept, is that the way?

Rick Cook: I would say the resolution would be; Shall AIDA adopt a policy requiring that any PILOT agreements approved by AIDA be approved by the Auburn City Council before becoming effective. Right now we have the UTEP so there would just be a clause added to the UTEP to say that prior to any PILOT agreement becoming effective would require approval of Auburn City Council.

Sue Chandler: So we are prepared to vote on it at this time.

Mike Kane: Absolutely.

Frank DeRosa: I'm not. Something I was curious as to, we have a member from the school board on the board, I don't know about anyone from the county.

Jim Dacey: No, we only deal with the City.

Jenny: As far as the taxing jurisdiction you're saying. The general statute that set up AIDA did not require a member of the county legislature. It did require two members of Council and a member of the school board. It's an interesting point.

Frank DeRosa: I don't know, I don't think that we really discussed it adequately. I can see whether it would be Mr. Camardo or any of the council members, I could see them wanting to understand what's going on here and if the members of Council sitting on this board aren't bringing information back maybe that communication needs to be enhanced. But it appears that with recent articles that have been in the paper there is concern on the part of City Councils and I think County boards with regards to issuance of PILOTs. I wouldn't be, personally I'm not ready to vote on it. I would abstain today.

Amanda Grover: Not AIDA is a separate entity, we're not part of the City?

Jenny Haines: Right. You're appointed by City Council so you're considered a city board but a separate entity from the City of Auburn.

Amanda Grover: I'm ready to vote on it.

Jim Dacy: Read the motion again please.

Jenny Haines: Re-reads motion.

Matt Smith: I have no problem voting on this tonight. We have two new council members coming in. Do you want to have those council members to have the opportunity to vote on this, whoever they may be?

Jim Dacey: Mr. Camardo asked for this group to vote on it. He's chosen to follow up on it. It was my opinion and I think it was the opinion of most of the people on this board that we did vote on it but apparently we didn't. There was a tremendous amount of discussion on it but apparently we did not vote on it and we were under the assumption that we had so Mr. Camardo has requested again this board, this existing board, vote on it.

Matt Smith: It's my opinion that we're all concerned with PILOTs, how they do affect the bottom line. I think, as Frank's mentioned, that the AIDA boards, that AIDA see what we see as far as our budget, our finances. I think that's something that can and should be done in the future of having a comptroller, when we get one, have the comptroller as part of this process. When we finish a PILOT have the comptroller show us the bottom line, what effect it's going to have on us. I think more of that can be done, should be done along with members of Council informing you and City Council when, in this case, Councilor Camardo, my point I said to him is if you have Council doing what AIDA should be doing then what is the purpose of this board. That's my concern and this is a volunteer board. You're not going to have anyone want to volunteer. I do think though that we could do a better job of including our financial people and educating the rest of the AIDA board members as far as the big picture is and connecting the dots financially for the City as well as Council being updated with what AIDA is doing.

Jim Dacey: I would agree. The more information this board has the better we can served the community. I would note that I cannot remember in my tenure a PILOT that had a negative impact on the City budget. Because the existing taxes were met and in several cases more than the original taxing was in the PILOT. A good example is Calamar, where there was \$4,000.00 a year on that property where City, County and Schools were getting, it's now starting at 21,000. If anything there's impact from every PILOT toward the budget of the schools, the county and the city.

Sue Chandler: Rick, you had gone through the PILOTs at one time you said, and when you went through them you found only one PILOT that was maybe not in the positive and that was NUCOR, I think. That was a big one. I think we are more mindful of at least being tax neutral right off the bat and I think that's a good step.

Jim Dacey: I would agree with Matt, the more information we have the better we can serve.

Sue Chandler: Definitely.

Rick Cook: For what it's worth, NUCOR was based upon, that was the backup PILOT for the Empire Zone, they changed the Empire Zone and NUCOR ended up on the wrong end of it. We had to renegotiate that PILOT with them to avoid taking a big hit on the schedule B.

Sue Chandler: The city was getting some 1.7 million from the State and paying their taxes for them and then when that went away...

Rick Cook: They were very cooperative in that situation.

Jenny Haines: Anyone want to take up the motion?

Bill Graney: We've had a request not to vote on this issue tonight, he needs more time, so I'm going to honor his request.

Sue Chandler: Matt, how do you feel?

Matt Smith: I would vote that we keep it as is but I'd like to see the two new councilors have that opportunity, whoever they may be. I think they should weigh in on this.

Jim Dacey: Anybody else? Would you feel comfortable in voting on this Thursday?

Matt Smith: I was going to suggest that.

Frank DeRosa: That would give me some more time.

Jim Dacey: The point is that we have been insisting that we voted on it and come to find out we didn't.

Mike Kane: I think it was just a straw vote. Nothing official.

Rick Cook: In reality if nobody moves the resolution it never even comes before the board, it's more or less voted down. There wasn't anyone in any of the meetings that wanted to move that resolution so it never even comes to a vote.

Jim Dacey: Is there anything else? Motion to adjourn?

Frank DeRosa: One further comment. I believe when John Camardo made the initial request he really wasn't even able to be at the meeting personally. The request was in writing.

Jenny Haines: He was at one.

Jim Dacey: He made an official request through John Rossi in writing.

Jenny Haines: I can make sure he's aware that the boards is going to be voting on it on Thursday.

Frank DeRosa: I would think he would want to be here and give us his explanation.

Jim Dacey: Okay, now, is there a motion? Michael. Second? Amanda.

Meeting adjourned.