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TIOGA COUNTY PROPERTY DEVELOPMENT CORPORATION

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**Tioga County Property Development Corporation
Board of Directors Special Meeting Minutes
Thursday, September 24, 2020
5:30 p.m.**

**Ronald E. Dougherty County Office Building
Hubbard Auditorium
56 Main Street, Owego, NY 13827**

1. Call to Order: Chair Sauerbrey called the meeting to order at 5:32 p.m.
2. Attendance:
 - a. Board of Directors: Chair, Martha Sauerbrey, Vice-Chair, Patrick Ayres (arrived @ 5:35 p.m.), Treasurer, Ralph Kelsey, Secretary, Michael Baratta (phone) Christina Brown, Stuart Yetter, Lesley Pelotte, George Williams, and Dave Astorina (phone)
 - b. Staff: Teresa Saraceno, Cathy Haskell
 - c. Excused: None
 - d. Absent: None
 - e. Guests: Attorney Joe Meagher (phone), Keeley Ann Hines, The Bonadio Group (phone) Chris Roland, Edgemere Group (phone), and LeeAnn Tinney (arrived @ 5:33 p.m. and departed @ 5:52 p.m.)
3. **Old Business**
 - a. **Approval of September 3, 2020 Board of Directors Meeting Minutes – Motion to approve the minutes of the September 3, 2020 Board of Directors Meeting.**

**R. Kelsey/S. Yetter/Carried
None Opposed
Abstentions – None**

Chair Sauerbrey announced the re-ordering of tonight's agenda with discussion of the Owego Gardens II, LLC resolution under heading #4. New Business, c. to be the first agenda topic.

4. **New Business**
 - c. **Review Resolution to participate with Owego Gardens II, LLC** – Ms. Saraceno reported, based on Board agreement at the last meeting, the amendment for the Certificate of Incorporation is being processed and the Board engaged The Bonadio Group to review this issue for an amount not to exceed \$500.00.

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Treasurer Ralph Kelsey provided an update on Home Leasing's request for the Tioga County Property Development to serve as the non-profit pass through for tax credits needed for the equity injection of the Owego Gardens II project.

Mr. Kelsey reported tax credits are used regularly to provide affordable housing and non-profits are the vehicles used to pass them through. Normally, or in most cases, the developer using tax credits is a non-profit, such as Ithaca Housing, whom many of us are now familiar with because of upcoming potential projects.

In this case, Home Leasing is a developer and is classified as a for-profit organization. Home Leasing needs a non-profit to pass tax credits through for the Owego Gardens II project and has asked the Tioga County Property Development Corporation (Land Bank) to be the pass through or seller of the tax credits.

M&T Affordable Housing Fund is the purchaser or the aggregator (collector of these tax credits). To act as a pass through, the Tioga County Property Development Corporation will be compensated in the amount of \$25,000 plus any and all expenses pertaining to this transaction.

Tioga County Property Development Corporation will serve as the pass through and receive funds from M&T Affordable Housing Fund, the purchaser, into its account as a grant, and in turn will technically loan to Owego Gardens II for \$4,423,850 without recourse. This note will accrue interest at the rate of 1.93%, but only be paid if there is excess cash flow from the operation of Owego Gardens II, which most likely will not occur. Not because they do not want to, but because that is not the way the debt servicing is structured. In order for the project to work, tools such as tax credits must be used. This transaction will cause the Land Bank's revenue and balance sheet statements to look very odd the year this transaction is processed, but will be footnoted well on our annual audit. We do not expect the cost or the nature of the annual audit to significantly change due to this transaction nor do we expect the transaction to have any impact on the Land Bank's ability to obtain grants in the future.

A question was posed concerning this transaction if it could somehow or some way compromise the Land Bank's non-profit status. Based on discussions with the various accountants, lawyers, and developers involved in this transaction, as well as the historical use of tax credits in this manner by other non-profits, we do not believe we would jeopardize in any way the Land Bank's non-profit status.

Based on the Land Bank's mission of enhancing our community with affordable housing, Mr. Kelsey proposed, as one Board member, to move forward with this transaction.

Mr. Kelsey further reported this transaction is not going to happen for another 1 ½ – 2 years, but they need the resolution at this point to begin the process.

Chair Sauerbrey thanked Mr. Kelsey for doing the research, interpreting the complex information, and taking the lead. Chair Sauerbrey reported she is in favor of the Land Bank proceeding with this request.

Mr. Williams inquired as to whether the Land Bank is receiving the money on loan and acting as a pass through to Home Leasing. Mr. Kelsey reported the Land Bank would receive this as a grant, who in turn, will grant the funds to Home Leasing.

In the event Home Leasing were to sell Owego Gardens II complex for a profit, Mr. Roland, Edgemere Group, reported the following:

1. If the project itself were sold, any sale proceeds would go to pay any outstanding debt. We have three other State resources that would be paid first if there were sale proceeds and, in theory, if there was cash left over, sale proceeds would go to pay back this note, if possible. However, there is \$13 million dollars of other loans in position ahead of this note, so they would be paid first out of any sale proceeds of Owego Gardens II.
2. If Home Leasing were to be sold, that transaction would not affect Owego Gardens II because the project and partnership would still exist.

Mr. Roland reported this is a 30-year note, but typically, these types of projects are re-financed after 15 years. If it were to go the full 30 years, there could be a balloon payment at the end, but more likely, would be re-financed as part of the re-financing of the overall project.

Mr. Kelsey reported the Tioga County Land Bank would have two reserve accounts on the books; normal operation reserve and reserve from this transaction. When the note matures, if unpaid, the Tioga County Land Bank will write the note off and take it from the reserve that we received as a grant. This is the purpose of the Tioga County Land Bank acting as the non-profit pass through organization. The Tioga County Land Bank will not be obligated.

In addition to the major benefit of new housing, Ms. Tinney reported there is the \$25,000 administration fee payable to the Tioga County Land Bank to use for future projects.

Mr. Ayres inquired as to whether there is any downside, negative recourse, or liability for acting in this capacity. Mr. Kelsey reported he has been assured through our own attorney, Mr. Roland, Edgmere Group, and Ms. Hines, The Bonadio Group, that there is not. Mr. Roland reported this was one of the major reasons for the amendment of the certification of incorporation to clearly state this as a mission of the Land Bank.

Attorney Meagher concurred wholeheartedly with Mr. Kelsey in regards to potential obligation.

Mr. Yetter reported the process itself seems very convoluted, but as long as he is assured the Board has done their due diligence and that we are not putting ourselves in a position to be liable then he is in favor of moving forward.

Motion to adopt the resolution for the Tioga County Property Development Corporation (Land Bank) to act as the non-profit pass through organization for Home Leasing's request for tax credits for Owego Gardens II project.

**S. Yetter/R. Kelsey/Carried
None Opposed
Abstentions – None**

ED&P Director LeeAnn Tinney thanked the Board for moving this request forward. This is very helpful in moving this much needed working family housing project forward in Tioga County. Thank you for this type of partnership to continue working for the same goal.

On behalf of the development team, Mr. Roland seconded Ms. Tinney's comments. Mr. Roland stated he really appreciates the Tioga County Land Bank working with us and it is going to be a great project.

Ms. Tinney, Mr. Roland and Ms. Hines exited the phone conference at 5:52 p.m.

- a. Resolution #2-2020 – Acquisition of 112 Liberty Street, Owego, NY from Tioga County** – Ms. Saraceno reported Tioga County agreed to transfer the property to the Land Bank for \$1.00, as they have done in the past with other properties. It is a property that will be demolished for future development.
Motion to adopt Resolution #2-2020 for the acquisition of 112 Liberty Street, Owego, NY from Tioga County for \$1.00.

**R. Kelsey/L. Pelotte/Carried
None Opposed
Abstentions – None**

Mr. Astorina exited the phone conference at 5:55 p.m.

- b. Approval of Acquisition of Liberty Street and Central Avenue, Owego, NY properties** – This topic was moved to Executive Session based on potential acquisition and sale contracts.

Motion to move into Executive Session at 5:54 p.m.

**S. Yetter/G. Williams/Carried
None Opposed
Abstentions**

Mr. Ayres motioned to adjourn Executive Session at 6:14 p.m.

Motion to authorize Ms. Saraceno to continue negotiations for identified properties, as discussed.

**L. Pelotte/P. Ayres/Carried
None Opposed
Abstentions – None**

d. Discussion of filling vacancy on Board of Directors as of December 31, 2020 –

Ms. Saraceno reported Mr. Astorina agreed to serve another term; therefore, no vacancy exists. In addition, Ms. Saraceno reported Ms. Pelotte and Mr. Yetter also agreed to serve another term.

ACTION: Ms. Saraceno will prepare resolutions for the two-year re-appointments of Mr. Astorina, Ms. Pelotte, and Mr. Yetter for Legislature consideration at the October 13, Legislature meeting.

Ms. Saraceno reported the addition of the following agenda topics:

e. Letters of Support – Ms. Saraceno reported there has been a request for the Tioga County Property Development Corporation to outreach to Congressman Reed for his support of the following federal Bills:

- **National Land Bank Act of 2020 –** Ms. Saraceno reported the Land Bank Association has asked for participation and support collectively through our respective Congressman as a Southern Tier group. This Bill will provide \$10 million dollars nationwide for creation of a non-profit Land Bank network. This will allow Tioga County Land Bank to be part of a nationwide network noting the problems identified in New York State are the same across the country. It will also include an additional \$5 million annual nationwide competitive funding source at the federal level. They are requesting we endorse this legislation through Congressman Reed for a total of \$15 million dollars nationwide.
- **Neighborhood Home Reinvestment Act –** This letter of support is acknowledging the absence of quality homes and the need for an opportunity for families to build wealth and home ownership. This provides a tax credit to cover the portion of the construction and rehabilitation for owner-occupied homes. There is no federal tax policy specifically addressing this issue. There is low income housing tax credits, but that is for private capital for affordable rental housing, but not home ownership. There is tax-exempt bonds that reduce home mortgage payments, but does not address the development cost gap. Tax credits will not be claimed until the construction is completed and home is owner-occupied. This will support the development and rehabilitation of homes for 500,000 first-time minority homebuyers over the course of ten years and generate \$100 billion in new investment, 800,000 jobs paying \$43 billion in wages, higher nearby property taxes in \$29 billion tax revenue. This will help communities retain and attract the working families needed to thrive, which is one of our major goals in Tioga County's Housing Study. This is a nationwide effort requesting all the Land Banks to support this with their respective congressman. Ms. Saraceno reported the Land Banks located in Congressman Reed's district have been asked to do this collectively as a group.

Chair Sauerbrey stated Ms. Saraceno approached her to send letters of support to Congressman Reed for these two Bills. If the Board is inclined to send these letters of support, Chair Sauerbrey will sign.

ACTION: Ms. Saraceno will email the two documents to the Board for review and will take an email poll vote whether to proceed with letters of support for Chair Sauerbrey's signature.

Mr. Baratta exited the phone conference at 6:21 p.m.

5. **Other –**

- **Media Coverage** - Mr. Yetter reported, as project construction and progress is occurring, the Board needs to engage the media through press releases to let the community know what is happening.

ACTION: Ms. Saraceno will do a press release on the recent demolitions and projects in Owego and Waverly, NY once the final property is closed.

6. **Chairman's Remarks –**

- **Slate of Officers** – Chair Sauerbrey reported a new slate of officers would be presented for Board vote at the January 2021 annual meeting. Chair Sauerbrey reported she prefers to step down as Chair because of other County involvement and commitments, especially with COVID-19. Chair Sauerbrey proposed the Board consider Mr. Kelsey to serve as the Chairman, who is currently serving as Treasurer, and Ms. Brown to serve as the Treasurer.

7. **Next Regular Meeting** – Wednesday, October 28, 2020.

8. **Adjournment** – Mr. Yetter motioned to adjourn at 6:33 p.m.

Respectfully submitted,

Cathy Haskell