## JAMESTOWN DEVELOPMENT COMPANY IV, LLC

PUBLIC HEARING
COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT
AGENCY (CCIDA)
BOARD ROOM
200 HARRISON STREET
CITY OF JAMESTOWN
STATE OF NEW YORK
COUNTY OF CHAUTAUQUA

## PRESENT:

Carol Rasmussen, CCIDA Project Manager William J. Daly, CCIDA Administrative Director/CEO Richard Dixon, CCIDA Chief Financial Officer Jamestown Development Co. IV, LLC July 29, 2009

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CCIDA

CCIDA

Good morning. My name is Carol Rasmussen. I am the Project Manager of the County of Chautauqua Industrial Development Agency (hereafter, the "Agency") and I have been directed by the members of the Agency to hold a public hearing. Today is July 29, 2009 and the time is now 10:00 a.m. We are at the offices of the Agency located at 200 Harrison Street, in the City of Jamestown, County of Chautauqua, and State of New York.

This is a public hearing pursuant to section 859-a of the New York General Municipal Law, as amended. The Agency has received an application for financial assistance in connection with the following matter:

Jamestown Development Company IV, LLC, a limited liability company organized and existing under the laws of the State of New York (the "Applicant"), presented an application (the "Application") to the Agency, which Application requested that the Agency consider undertaking a project (the "Project") consisting of the following: (A) (1) the acquisition of an interest in an approximately 0.21 acre parcel of land located at 101-103 West Third Street, City of Jamestown, County of Chautauqua, New York (collectively, the "Land"), (2) the renovation of an existing approximately 55,099 square foot, 6-story building located on the Land (collectively, the "Building"), together with parking and related improvements to the Land, and (3) the acquisition and installation therein and thereon of certain furniture, fixtures, machinery and equipment (the "Equipment"), all of the foregoing for use by the Applicant as a mixed-use commercial and market rate rental housing facility (collectively, the "Project Facility"); (B) the granting of certain "financial assistance" (within the meaning of Section 854(14) of the Act) with respect to the foregoing, including potential exemptions or partial exemptions from sales and use taxes, mortgage recording taxes and real property taxes (but not including special assessments and ad valorem levies) (collectively, the "Financial Assistance"); and (C) the lease (with an obligation to purchase) or sale of the Project Facility to the Applicant or such other entity as may be designated by the Applicant and agreed upon by the Agency. The Project Facility would be initially owned, operated and/or managed by the Applicant.

Notice of this public hearing was published in *The Jamestown Post-Journal* on June 26, 2009, and provided to the Chief Executive Officer of each affected tax jurisdiction.

The purpose of this hearing is to provide an opportunity for all interested parties to present their views, both orally and in writing, with respect to the Project.

Is there anyone wishing to be heard with respect to the Project?

We have received three letters in regard to this project (Exhibit A), which I will attach to the minutes for the record. The following correspondence will be attached:

- Dated, June 18, 2009; Department of Development Director, Steven Centi
- Dated July 27, 2009; Gebbie Foundation, John C. Merino, Executive Director
- Dated July 28, 2009; Jamestown Renaissance Corporation, Maclain Berhaup, Director,
   Urban Design Plan

It is now 10:07 a.m. Let the record show that no members of the public are in attendance. No one has indicated a desire to comment with respect to the Project. I therefore call this hearing to a close.

The County of Chautauqua Industrial Development staff continued to assemble in the board room until 10:30 a.m.

10:30 a.m. - I now call this an official close to the Public Hearing.

10:30 a.m. Officially Closed

Respectfully,

Carol Rasmussen, Project Manager

Exhibit A

Attachments:

Doc # 03-108297.1

## DEPARTMENT OF DEVELOPMENT



STEVEN CENTI DIRECTOR OF DEVELOPMENT

(716) 483-7541 • FAX (716) 483-7772

CITY OF JAMESTOWN

June 18, 2009

Mr. William Daly, Director Chautauqua County Industrial Development Agency 200 Harrison Street Jamestown, New York 14701

Dear Bill:

It has come to the City of Jamestown's attention that Jamestown Development Corporation IV, LLC has submitted an application to the Chautauqua County Industrial Development Agency (CCIDA) for a Payment in Lieu of Taxes (PILOT) relative to their housing/commercial project at the Wellman Building in Downtown Jamestown. As I am sure you realize, the proposed Wellman Building project is largely residential in nature. It is the City's understanding that this PILOT request is for a waiver of mortgage tax, a waiver of local sales tax on construction materials, and a real property tax abatement to be structured to pay taxes at a locked-in rate of 50% of property valuation, applied to the year one property tax rate frozen for a ten (10) year period.

Please be advised that the City of Jamestown has actively worked on behalf of Jamestown Development Corporation IV, LLC to secure nearly \$1.6 million in Federal, New York State, and local grant inducements to minimize project development expenses. Included among the assistance arranged by the City is the following:

- Applied for \$1.5 million and was approved for a \$1.2 million RestoreNY
   Communities Initiative grant for the Wellman Building project.
- Pledged \$85,000 in Community Development Block Grant *Downtown Greenlining Façade Program* funding administered by the Jamestown Urban Renewal Agency (JURA), which was matched by an \$85,000 grant from the Gebbie Foundation that will serve as the project's required match and which will flow through the City of Jamestown.
- Pledged \$60,000 in Community Development Block Grant Downtown Handicapped Accessibility Program funds administered by JURA.
- Applied for a \$200,000 NYS Main Street grant that will secure an additional \$150,000 in grant funding for the Wellman Building project.
- City and Empire Zone staff introduced the developer to the concept of
  pursuing New Markets Tax Credits and Federal and New York State
  Historic Tax Credits and coordinated their contact with the appropriate
  entities to pursue such financing.

MUNICIPAL BUILDING

JAMESTOWN, NY 14701

City and Empire Zone staff also recommended to Jamestown Development Corporation IV, LLC that if they placed the Wellman Building project under the ownership of the existing and Empire Zone-certified Jamestown Development Corporation III, LLC, they would be able to take advantage of the real proprety tax abatement already available to that certified LLC and ride out the benefit period currently in place to receive close to 100% tax abatement without reducing the revenue stream to Chautauqua County, the City of Jamestown, and the Jamestown Public School District Other local businesses have utilized this strategy successfully in the past.

Given our efforts to secure and advance the aforementioned grant inducements the City of Jamestown is fundamentally opposed to granting Jamestown Development Corporation IV, LLC a real property tax abatement at the level requested. This project, pursuant to New York State Real Property Law, would be eligible for a NYS 485 (b) tax abatement that would provide real property relief on 50% of the incremental increase in property valuation for a ten-year period that is increased by 5% each year until full taxes would be due in year 11. In addition, the aforementioned scenario involving the developer's EZ-certified LLC provides another avenue for tax abatement without adversely affecting revenue to County, City, or JPS taxpayers.

The City also cautions the CCIDA that granting a real property PILOT for residential and/or commercial projects sets a precedent that could be either challenged or replicated in the future by other commercial projects seeking tax relief. It is our understanding that the intent of the PILOT program was to assist and encourage manufacturing projects and other ventures bringing "new money" into the local economy, which produced significant new job creation opportunities for local residents..

We urge the members of the CCIDA Board of Directors to review this matter carefully, consider all of the potentially adverse ramifications, and proceed according to past practice and the true intent of the IDA's PILOT Program. If you have any questions regarding this matter please feel free to contact me.

Sincerely,

Steven Centi

Director of Development

Cc: S

Samuel Teresi, Mayor
Jamestown City Council Members
Robert Kenyon, Economic Development Coordinator
Richard Dixon, Chief Financial Officer - CCIDA
Carol Rasmussen, Project Coordinator/Loan Officer - CCIDA



19 West Third Street Jamestown, New York 14701

July 28, 2009

Mr. Bill Daly County of Chautauqua Industrial Development Agency 200 Harrison Street Jamestown, New York 14701

Dear Bill:

On behalf of the Jamestown Renaissance Corporation (JRC), please consider this letter support for the special tax structure application submitted by developers of the Wellman Building project in downtown Jamestown.

Since 2006, the JRC has worked in a strategic manner with the City and the other downtown stakeholders to aid in the redevelopment of downtown Jamestown. Over the past 5 years, the City, through strong public-private partnerships, has experienced over \$35 million in new development in the West End alone, and this past year, the work has continued into the downtown core with the JRC continuing the momentum with over \$750,000 invested in new façade improvements, streetscape enhancements and alley restorations.

The mission of the JRC is to work in a collaborative manner with all downtown stakeholders to help implement the urban design plan and create a strong urban core. The JRC has been aggressive in its efforts to help entice further private development in order to stimulate the downtown economy and has been strategic in its efforts to advance the recommendations of the plan. One of the key recommendations of the Urban Design Plan is to aid in the development of market rate residential units in downtown.

Currently, only limited residential development exists in downtown today, primarily subsidized housing for seniors and some rental properties. Yet, downtown contains many of the same amenities that are drawing new residents and new life to resurgent city centers across the country. Attracting new residential development represents one of the most important strategies for securing downtown revitalization because it does so many things at the same time:

- it provides a new use for underutilized downtown properties;
- it expands the customer base for existing and potential businesses and cultural activities, increasing the probability for their success; and
- it adds a human presence downtown at all time periods, which builds new momentum for still more initiatives.

It is critical that this first multi-unit market rate residential project be successful from the beginning to ensure its viability into the future and for the long term. Therefore, it is JRC's position that cooperation between the private and public sectors to make this project feasible is critical for the revitalization of downtown Jamestown and we respectfully ask for a favorable consideration of the developer's request.

Thank you in advance for your time and consideration of this very important project to aid in the redevelopment of downtown Jamestown.

Sincerely,

Maclain Berhaupt

Director, Urban Design Plan



111 West Second Street, Suite 1100, Jamestown, NY 14701 Telephone 716-487-1062 • Fax 716-484-6401 • www.gebbie.org

July 27, 2009

Mr. William Daly, Director Chautauqua County IDA 200 Harrison Street Jamestown, NY 14701

Dear Bill,

I am writing to express support for the special tax structure application submitted by developers of the Wellman Building project and to urge your board to consider favorably, their request.

While it is always difficult to evaluate what a fair contribution to taxes should be in new developments, consideration has to be given to the historical contribution of the property.

For better than two decades the subject property contributed no more than \$2,000.00 annually toward taxes while falling into disrepair affecting the value of surrounding property, the curb appeal of downtown and the hopes of a great many working to reverse Jamestown's decline.

While the special request is certainly less then what a 485B might garner for the city, school board and county the fact remains that the developers are signing for and borrowing in excess of \$4 million.

If the numbers are carefully reviewed, it is clear that without special tax consideration the project will not pay for itself. The community's ability to continue to attract quality developers hinges on the sustainability of the Wellman Apartments.

Jamestown has endured what most North Eastern cities have experienced since the 1970's...aging populations, declining industry and head of household jobs, ever increasing costs to run government, and provide services to its citizenry.

While this might sound like rationales to receive as much in taxes as possible from every project, it is in fact the reasons that development has been slow in coming.

The ten year special tax structure will exceed current receipts by \$10,000.00 annually. From my perspective, making us the friendliest development community in WNY now means that in the next ten to fifteen years when other projects have been successfully

completed, our downtown will have a quality base of real estate whose value will far exceed what it will be if no "new" development takes place.

It is only logical to build an infrastructure of quality development today which will benefit our children and future generations.

Jamestown's decline occurred over at least 30 years. New development can cut the Renaissance of Jamestown to half that time. This "first of its kind" project must succeand the consideration of your board is crucial in helping us take that first step.

Thank you for your consideration.

John C. Merina 14. C. C.

John C. Merino Executive Director

cc: Samuel Teresi, Mayor

Gregory Edwards, County Executive

Daniel Kathman, Jamestown Public Schools Superintendent