

Tompkins County
Industrial Development Agency
Industrial Application for Incentives

Applicant Information

Date: 10/8/13

Name of Company/Applicant: Holiday Inn Ithaca	
Owner: Lenroc, LP	
Address: 222 S. Cayuga Street	
City/State/ZIP: Ithaca, New York 14850	
Primary Contact: David Hart	
Phone: 716-893-6551	Fax: 716-893-6517
Email: Dhart@harthotels.com	

Will a separate company hold title to/own the property in question that is separate from the operating company/applicant? If yes, please provide the name and contact information for that entity.	
Name:	
Address:	
City/State/Zip:	
Contact:	
Phone:	Fax:
Email:	
Owner:	
Describe the terms and conditions of the lease between the applicant and the owner of the property.	

Applicant Attorney: Lipsitz, Green, Scime, Cambria LLP	
Address: 42 Delaware Ave Suite 120 Buffalo, New York 14202-3942	
City/State/ZIP: Buffalo, New York 14202-3942	
Primary Contact: Mike Schiavone	
Phone: 716-849-1333	Fax: 716-854-3013
Email: Mschiavone@lglaw.com	

Applicant Accountant: Dopkins & Company, LLP	
Address: 200 International Drive	
City/State/ZIP: Buffalo, NY 14221	
Primary Contact: Bart McGloin	
Phone: 716-634-8800	Fax: 716- 634-8987
Email: dopkins@dopkins.com	

Applicant Engineer/Architect (if known): RSB Architects	
Address: 66 Cayuga Street	
City/State/ZIP: Cheektowaga NY 14225	
Primary Contact: James Boy	
Phone: 716-656-0722	Fax:
Email: jeb0209@aol.com	
Applicant Contractor (if known): Krog Corp	
Address: 4 Centre Drive	
City/State/ZIP: Orchard Park NY 14127	
Primary Contact: Paul Neureuter	
Phone: 716-667-1234	Fax:
Email: pneureuter@krogcorp.com	

Business History

Year Company was Founded: 1992 Type of Ownership (LLC)
 NAICS Code: 721110

Product or Service: Hotel, conferences, meetings, banquets, restaurant

Major Customers: various departments of Cornell University and Ithaca College. DL Instruments. Borg Warner. IMR. Independent business and leisure travelers

Major Suppliers: US Foods, Sysco Foods, American Hotel Register, Guest Supply, Home Depot, Maines food and paper. Local produce companies, wineries, brewers, and cheese producers
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Who are your major competitors in Tompkins County? Statler Hotel, Hilton Garden Inn, Hampton Inn, Ramada Inn, Best Western, Marriott Courtyard.

Has your business ever received incentives tied to job creation from local governments in New York State?

Yes No

If Yes, please describe.

Were the goals met? Yes No

If No, why were goals not met?

After expansion:

Annual Sales to customers in Tompkins County \$ _____ Percent subject to sales tax _____

Annual purchases of operating items subject to local sales tax \$ 100%

Business profit history. Please supply in spreadsheet format five (5) years of Past History and Three (3) years future projections.

Years	Historical					Projected		
	1	2	3	4	5	1	2	3
Revenues	\$5.356M	\$5.028M	\$5.264M	\$5.744M	\$5.978M	\$6.400M	\$6.720M	\$7.056M
Cash Flow	\$127K	\$386K	\$552K	\$640K	\$1.019M	\$955,000	\$1.025M	\$1.115M

Project Description

Please give a brief narrative description of the project.

Attached Exhibit A

Location: 222 S Cayuga Street between Greene and Clinton

Property size (acres) – both existing and proposed: +/- 2.7 acres no change

Building size (square feet) – both existing and proposed: Existing 100,000

Proposed project start and completion dates: 11/1/13 – 4/30/14

What types of green building practices do you plan to use, if any? Accepted into the NYSERDA new construction technical assistance program

Do you certify that the project will not result in the relocation of all or part of any business or jobs from within New York State to Tompkins County? X Yes No

Will this project result in a regular increase in overnight visitors to your facility X Yes

If Yes, number of visitors per year 2350 Average duration of stay (days) 2

Occupancy

List the name(s), nature of business of proposed tenant(s), and percentage of total square footage to be used for each tenant (Additional sheets may be attached if necessary).

All 181 guestrooms, all of the restaurant space in Max's Grill and meeting space will be available for public use and rental.

Guestrooms	65,000	(65%)
Conference	4,000	(4%)
Restaurant	16,000	(16%)
Other	15,000	(15%)

Total Project Costs

	<u>Amount</u>	<u>% subject to sales tax</u>
Value of land to be acquired (if any):	<u>0</u>	N/A
Value of building to be acquired (if any):	<u>0</u>	N/A
Cost of new construction:	<u>0</u>	<u>N/A</u>
Value of improvements to existing building:	<u>\$2,565,000</u>	<u>50%</u>
Value of equipment to be acquired:	<u>\$1,315,080</u>	<u>100%</u>
Other:	<u>\$418,050</u>	<u>N/A</u>
TOTAL:	<u>\$4,298,130</u>	

For IDA to fill out

Estimated reimbursement of soft costs based on project cost: _____

Agency Fee: _____

Agency Counsel Fee: _____

Agency Bond Counsel Fee: _____

Financing

Amount of anticipated financing from a lending institution	\$ 7.0M	existing debt
	\$ 2.0M	new debt
	\$ 9.0M	total debt

Value of sales tax abatement: \$207,806

Estimated length of sales tax abatement (years): 1 year

Estimated value of abatement for facility construction including information on assumptions used in calculations: 50% of estimated \$2,565,000 construction and renovation costs x 8% sales tax = \$102,600

Estimated value of furniture, fixtures and equipment including information on assumptions used in calculations: 100% of estimated \$1,315,080 furniture, fixtures and equipment costs x 8% sales tax = \$105,206

Mortgage Recording tax abatement: \$5,000

Other government incentives or support include summary of program, name of contact person and terms and conditions of program: Application approved for incentives for energy efficiency improvements from the New York State Energy Research and Development Authority (NYSERDA)

Need for Incentives

Are you asking for a schedule of incentives that deviates from the IDA's Standard property tax abatement (as listed below)?

X Yes _____ No

<u>Year</u>	<u>Abatement</u>
1	90%
2	77%
3	64%
4	51%
5	39%
6	26%
7	13%

If the applicant is requesting incentives that are greater than the IDA's Standard Policies, please include a detailed description and justification for this request.

The Holiday Inn Ithaca has experienced a strong business performance coming out of the recent recession. This performance has established the highest collection of transactional sales and occupancy tax revenues in property's history in addition to the highest annual real property tax payments.

However the hotel is very much in need of significant renovations that must be undertaken before the property falls into functional obsolescence. The urgency for the renovations is heightened due the hotel location in the core of the central business district and the role the hotel plays in supporting commerce in downtown Ithaca. Ownership is prepared to make a substantial private investment in the hotel immediately.

The planned renovation will address the functional obsolescence of the existing hotel. It will allow the hotel to remain competitive in the current market, but will not significantly increase the value of the property. If the renovation is not completed the local community will experience a significant drop in employment, occupancy and sales tax receipts and real property tax as a result.

We are not seeking property tax abatement. Participation in the IDA program that abates sales tax and mortgage recording tax will create maximum leverage for our private investment. This thoughtful and well timed plan to reinvest in and reposition our hotel will generate quantifiable community benefits well into the future and allow us to maintain and build upon our market position in Ithaca with a much improved and highly competitive facility.

Employment Information (please note that during the course of the abatement you will be required to provide detailed employment information annually.)

Please provide a description of the benefits that you offer to your employees.

401K program with employer match
Paid vacation week(s) that increase with employee tenure
Paid holidays
Paid sick leave
Paid personal leave
Health care
Dental care
Employee travel program with deeply discounted hotel rates
Subsidized employee meal program
Employee of the month luncheon with recognitions
Employee of the year luncheon with recognitions
Annual holiday dinner with employee gift
Bereavement pay
Jury duty pay
Life Insurance with employer paid premium
Weekly payroll

Please provide a description of internal training and advancement opportunities offered to your employees.

ORIENTATION

All associates who join up with our hotel will receive an orientation to their job as well as their property. It is our desire to help a new employee understand the basics of their job so as to enable them to be successful. We believe it is equally important to understand the various jobs and functions of each department in order to become a valuable member of our business.

CAREER DEVELOPMENT AND ADVANCEMENT

"*Promotion from Within*" is something we firmly believe in our business. We believe the individuals who are working with us should be considered first when a possibility for a promotion exists. Providing opportunity for employees to move ahead has been our hallmark since inception. In order to be promotable, an associate must possess the skills necessary to perform the job. Our objective is to support employees in defining their advancement path and assisting them to develop those skills needed to secure advancement.

ONGOING TRAINING

We continue to train new employees after their initial orientation. Developing employees to become skilled at their job is very important to us. We believe a well trained employee with the tools to perform their job allows us to differentiate ourselves in a competitive marketplace and offers the employee the best opportunity for career advancement. In addition, we believe training employees for other positions and skills outside their immediate job are important to personal growth and the growth of our company.

OPEN DOOR POLICY

Managers at all levels in our business are trained to respond to the associates' needs. Managers will always take time to discuss issues the employee views as important. Employees are encouraged to seek an audience with their immediate supervisor if they have questions or a problem. If their manager does not come up with a fair solution to the problem, employees are encouraged to discuss the issue with the property General Manager.

PERFORMANCE EVALUATIONS

All associates working in our business will have an opportunity to engage in a formal performance evaluation meeting with their manager.

During this evaluation process, the employee will have the opportunity to sit and discuss their progress. As a part of this process each employee will have the opportunity to review their evaluation and discuss their professional goals and objectives.

What percentages of your current positions do women occupy? 63%

What percentages of your current positions do minorities occupy? 25%

Are you willing to pay a livable wage as defined by the Alternatives Federal Credit Union (AFCU) of Ithaca, NY (<http://www.alternatives.org/2013livingwagechart.html>) to all employees for the duration of the abatements?

 Yes x No

What percent of current workforce and management are in:

Tompkins County?	<u>98%</u>
In New York State?	<u>100%</u>
Out of New York State?	<u>0%</u>

Do you have a strategy for ensuring diversity in hiring? x Yes No

If yes, please describe.

The Holiday Inn in Ithaca has a diverse group of employees we believe reflects the demographic makeup of Tompkins County. Our employee roster currently consists of 63% female employees and 25% minority.

We train our managers and supervisors to recognize the qualities needed for a successful career in the hospitality industry. During the interview and evaluation process we encourage managers to look beyond the dominant demographic and provide opportunities to those outside the dominant group. We believe a multicultural workforce provides value through diversity of thought and individual perspectives. We believe a diverse workforce puts us in a position to best deliver the expected services to our customers that are part of a global marketplace

In addition, we are an *Equal Employment Opportunity Employer*. We strive to provide a work place free of discrimination and harassment on any basis, including, but not limited to the following:

- ◆ Race
- ◆ Religion
- ◆ National Origin
- ◆ Gender
- ◆ Age
- ◆ Marital Status
- ◆ Handicaps
- ◆ Sexual Orientation

Will you allow your building to be used as a polling facility? Yes x No

Please provide your Employment Plan

Permanent Occupations in Company	Current Permanent Full-Time Jobs by Occupation		Projection of New Permanent Full-Time Jobs			
	Average Annual Salary Ranges/ Hourly Wage	Number of Employees	New Jobs Added in Year 1	New Jobs Added in Year 2	New Jobs Added in Year 3	Total New Jobs
General Manager	\$80,000	1				
Hotel Managers	\$28,000 - \$50,000	10				
Administrative	\$36,000 - \$40,000	2				
Sales	\$34,000 - \$44,000	4				
Hotel Services	\$8.00 - \$12.00	35				
F&B Management	\$30,000 - \$50,000	4				
Kitchen	\$10.00 - \$12.00	10				
Restaurant Servers	\$5.00 - \$8.00	12				
Banquet Management	\$36,000	1				
Banquet servers	\$5.00	8				
Porters	\$7.50 - \$9.50	2				
Total:		89				

Estimated percentage of new hires who would be unemployed at time of hire _____

Construction Labor

Will you use contractors who:

Have a certified apprenticeship program _____ Yes X No
 Pay a prevailing wage _____ Yes X No
 Use Local Labor X Yes _____ No

Environmental Review

Environmental Assessment Form – short

Submitted to: Joann Cornish

Agency name: Department of planning & development

Agency address: 108 East Green Street

Date of submission:

Status of submission:

December 9, 2011

Approved March 27, 2012

Permits

Describe other permits required and status of approval process.

Final Site Plan Approval granted July 24, 2012
Building permit application submitted September 4, 2013 pending review and approval

Other

Do you have anything else you would like to tell TCIDA regarding this project?

CERTIFICATION

DAVID HART deposes that she/he is the PRESIDENT & CEO
(Name of chief executive officer of company submitting application) (Title)

of LENROC LP, the corporation named in the attached application; that
(Company Name)

he has read the foregoing application and knows the contents thereof; that the same is true to his knowledge.

Deponent further says that the reason this verification is made by the deponent and not by

_____ is because the said company is a corporation.
(Company Name)

The grounds of deponent's belief relative to all matters in the said application which are not stated upon his own personal knowledge, are investigations which deponent has caused to be made concerning the subject matter of this application as well as information acquired by deponent in the course of his duties as an officer of and from the books and papers of said corporation.

As an officer of said corporation (hereinafter referred to as the "Applicant"), deponent acknowledges and agrees that applicant shall be and is responsible for all costs incurred by the nonprofit Tompkins County Industrial Development Agency (hereinafter referred to as the "Agency") acting in behalf of the attached application whether or not the application, the project it describes, the attendant negotiations and ultimately the necessary issue of bonds or transfer of title are ever carried to successful conclusion. If, for any reason whatsoever, the Applicant fails to conclude or consummate necessary negotiations or fails to act within a reasonable or specified period of time to take reasonable, proper, or requested action, or withdraws, abandons, cancels, or neglects the application or if the Agency or Applicant are unable to find buyers willing to purchase the total bond issue required or financing for the project, then upon presentation of invoice, the Applicant shall pay to the Agency, its agents, or assigns all actual costs involved in conduct of the application, up to that date and time, including but not limited to fees of bond counsel for the Agency and fees of general counsel for the Agency. Upon successful conclusion and sale of the required bond issue or transfer of title the Applicant shall pay to the Agency an administrative fee set by the Agency, not to exceed an amount equal to 1% of the total project cost. The cost incurred by the Agency and paid by the Applicant, including bond counsel, the Agency's general counsel's fees and the Agency's administrative fees, may be considered as a cost of the project and included as part of the resultant bond issue.

Applicant hereby understands and agrees, in accordance with Section 875(3) of the New York General Municipal Law, that any New York State and local sales and use tax exemption claimed by Applicant and approved by the Agency in connection with the Project may be subject to recapture by the Agency under such terms and conditions as will be set forth in the Agent Agreement to be entered into by and between the Agency and the Applicant. The Applicant further represents and warrants that the information contained in this Application, including without limitation information regarding the amount of New York State and local sales and use tax exemption benefits, is true, accurate and complete.

SIGNATURE PAGE FOLLOWS ON SEPARATE PAGE

CERTIFICATION
SIGNATURE PAGE



Signature of chief officer of company submitting application

NOTARY

Sworn to before me this

10th day of October, 2013



DEBRA A. HERMAN
NOTARY PUBLIC, STATE OF NEW YORK
REGISTRATION No. 01MB0172277
QUALIFIED IN ERIE COUNTY
My Commission Expires Aug. 6, 2015