

RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019
(Unaudited)

Budgetary Analysis:

This section will discuss the significant budget to actual variances in 2019.

The charges for services line in the 2019 budget was established at \$252,164. During 2019, project closings came under the estimated budget.

Advertising expenses are approximately \$9,500 lower than budget in 2019 as a result of costs below expectations.

Professional fees are approximately \$10,500 lower than budget in 2019 as a result of costs below expectations.

The aggregate variance in all other budget lines was immaterial and individual explanation of each line is deemed unnecessary for this report.

Economic Condition and Outlook:

The Agency has analyzed the year ended December 31, 2019 financial statements, which had a decrease in net position, as a result of the decrease in the revenue, expenditures were same as prior year. Overall, there remains a stable outlook for the Agency.

COMPLETED PROJECTS

The following is a summary of the Agency's projects which closed during 2019:

Island International Exterior Fabricators, LLC

The Agency received an application for financial assistance from Island International Exterior Fabricators, LLC, a company qualified to do business in the State of New York (the Project), with respect to the retention and expansion of an existing manufacturing facility located in several buildings on three tax map parcels at the Enterprise Park at Calverton.

The Project (formerly known as Cal 81 Realty) began service as a single building leased from the Town of Riverhead Community Development Agency in early 2000. The Agency Bond issue Series 2001 \$3,500,000 provided the financing for the acquisition of 27 acres, the repurpose of an existing aircraft manufacturing facility and renovations sufficient for use as a building wall systems manufacturing facility. The Bonds, Series 2001 were refinanced in 2006 and Agency Bonds Series 2006 were additionally issued in the amount of \$1,500,000 to permit additional improvements to the manufacturing facilities. In 2013, the acquisition and construction of additional manufacturing facilities were authorized by the Agency at 400 Burman Boulevard comprising a manufacturing facility for the production of steel studs and related steel components from raw steel coils. Thereafter in March of 2018 upon notice to the Agency additional manufacturing space of 68,816 square feet was leased at 393/347 Burman Boulevard. Three parcels comprise the Project Retention Facility which have a full market assessed value of \$12,693,389. The project includes the expansion of the 400 Burman Boulevard site through construction with an approximate 25,000 square foot addition and Phase II of the project includes the expansion of the Cal 81 Realty site through construction of a 60,000 square foot addition

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or comparable additional space at a building located within EPCAL. The total Phase I project cost is \$3,942,209 of which \$1,242,209 was the cost to retrofit and equip the leased facility at Building 347 and the new construction costs of \$2,700,000 at 400 Burman Boulevard. The assessed market value of Project Facilities retained and new construction Phase I totals \$16,635,598. A Public Hearing was held in December 2018. The project was authorized and closed in February 2019.

Atlantis Marine World Phase I & II aka Long Island Aquarium & Exhibition Center

The Agency received an application for financial assistance from Atlantis Holding Company, LLC, Co-Applicant, and Atlantis Marine World, LLC, Co-Applicant, on behalf of themselves and HP East End Riverhead, LLC, seeking relief in the form of provision of an exemption from Sales and Compensating Use Taxes with no other new additional benefits on certain property, including tangible personal property, with respect to improvements, rehabilitation, and purchase of certain necessary equipment, at the Long Island Aquarium and Exhibition Center operated by Atlantis Marine World, LLC and Hyatt Place East End operated by HP East End Riverhead, LLC of all located at 431 East Main Street, Riverhead, New York. A presentation was made to the board in December 2018. A Public Hearing was held in January 2019. The project received authorization and closed in January 2019.

Calverton Addiction and Treatment Center aka Peconic Care

In December of 2019, the Agency authorized a project cost increase from \$59,062,000 to \$89,639,494 with no change to the financial assistance granted by the Agency. This project was originally authorized and closed in 2018.

CLOSED PROCEEDING/WITHDRAWN PROJECT

Cal 81 Realty bond redemption \$1,500,000

REFINANCES/BOND MODIFICATIONS

During 2019, the following projects were refinanced or had bond modifications.

- Browning Properties refinanced in the amount of \$16,000,000 for Phase I and \$19,000,000 for Phase II.

RETIRED PROJECTS

All Star/Main Road Holdings
CAV 896 (formerly Theriac)

THE AGENCY MARKETING

The Agency works closely with local economic development organizations, such as the Town of Riverhead Community Development Agency, the Riverhead Chamber of Commerce, Suffolk County Economic Development and Empire State Development agencies to market the Town of Riverhead as a business location. Cooperative meetings are arranged to provide incentive proposals to potential companies. Co-sponsored seminars/events are both cost effective and effectual means from a public relations standpoint as well as marketing and general business assistance. Last year the Agency was instrumental in securing the Federal Opportunity Zone designation and again collaboratively hosted an informational program with the

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Town of Riverhead CDA. The Agency also works closely with regional and national economic development organizations such as, the Stony Brook Small Business Development Center, municipal economic development departments on Long Island, LIBDC (Long Island Business Development Council) and the Long Island Association (LIA). The Agency participates in the LIA's IDA Long Island Coalition to boost the cooperative efforts and marketing of the region. This year the Agency worked collaboratively with the eight other Agencies on Long Island and Discover LI to create the Long Island Economic Development Collaborative launching the first ever collaborative, proactive business marketing campaign to spur Long Island business attraction. Thanks to a matching economic development grant funded by National Grid, the partners have developed the materials and strategy that will spur awareness and perception of Long Island to key business decision makers.

Memberships to the New York State Economic Development Council and the International Economic Development Council not only provide exposure, but are resources for leads and networking. The Agency participated on panels such as the New York State Economic Development Council (NYSEDC) manufacturing consortium on Long Island. The goal of this event was to leverage the membership and relationships of the NYSEDC to bring manufacturers from across Long Island together and introduce them to the various resources that exist through NYSTAR. These resources include the Manufacturing Extension Partnership (MEP), the Centers for Advanced Technology (CATS), the Centers of Excellence (COEs), among others. The Agency meets regularly with the Suffolk County IDA's to corroborate on improving regulatory compliance as well as cooperative marketing ideas.

Efforts are ongoing with in-house marketing using electronic media, such as the Agency website and social networks, editorials submitted to economic development periodicals, such as NY Real Estate Journal. An approved grant to recreate and update the Agency website was authorized to begin enhancing use. Press coverage and articles in local media outlets are also forms of inexpensive marketing. Cold calls, editorials, and general public relations are all part of the grassroots approach to the Agency's marketing efforts. The Agency meetings are also now viewed on a local TV channel, live streamed and available on video.

GENERAL BUSINESS ASSISTANCE

The Agency fields calls from real estate brokers, attorneys, and companies interested in establishing a presence in the Town of Riverhead who are seeking direction as to location, permitting processes and information regarding benefits and incentives. This year the Agency played a more active role in town planning and zoning to encourage business growth by supporting a joint TOD study and plan.

In addition, the current Executive Director has the experience and knowledge to handle inquiries for assistance programs offered outside those of the Agency; providing a one stop service for businesses. The newly designated Opportunity Zone has cultivated significant interest in the area. Other resources include low cost financing options, State and Federal incentive programs, grants, business planning, employment and housing assistance. The Agency staff assists businesses through the government and financial maze and helps interested parties find suitable sites and provides contact information to resources. The Director works with the local Chambers of Commerce forging cooperative relationships locally and now sits on the Town of Riverhead Small Business Advisory Board.

The Agency Executive Director participates on the CTEA (Career & Technical Education Act 2009) Local Advisory Council for Suffolk County Community College to assist with the grant planning process toward workforce development efforts. The Agency continues to host its annual East End Employment Expo providing necessary human resource and public relations opportunities.

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The Agency administers the Suffolk County/Town of Riverhead SC/TOR Empire Zone Program. The Empire Zone Program is a New York State Tax Credit program that has goals consistent with that of the Industrial Development Agency in regard to business attraction, expansion and retention. Although the program has sunset to new certifications, continued service to the zone certified entities and reporting is mandated by the State of New York for the life of the certified entity's benefit period. The SC/TOR Zone currently services 9 businesses. The Agency receives an annual fee for the administration of the zone.

This financial report is designed to provide a general overview of the Agency's finances. If you have any questions about this report or need additional information, contact the following:

Riverhead Industrial Development Agency
200 Howell Avenue
Riverhead, NY 11901