

**MINUTES OF A REGULAR MEETING OF
THE RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY
April 15, 2013**

Meeting was called to order by Chairman Tom Cruso at 5:02 p.m.

Present: Tom Cruso, Chairman
Elias (Lou) Kalogeras, Vice Chairman
Dawn Thomas, Asst. Treasurer/Secretary
Paul Thompson, Treasurer
Carl Gabrielsen, Secretary

Others in Attendance: Tracy James, Executive Director
Richard Ehlers, Agency Counsel

Absent:

Lou Kalogeras motioned to approve the agenda. Paul Thompson seconded. The Agenda was approved.

MINUTES: The Board moved to dispense with the reading of and voted on the March 11 and March 25th, 2013 meeting minutes.

#27 -13 RESOLUTION APPROVES MINUTES OF ANNUAL MEETING MINUTES OF MARCH 11, 2013 AND THE REGULAR MEETING OF MARCH 25TH, 2013.

Paul Thompson offered the following resolution, which was seconded by Lou Kalogeras.

RESOLVED, the minutes of the annual meeting of March 11, 2013 as prepared and e-mailed be and are hereby approved and the minutes of the regular meeting of March 25, 2013 as prepared and e-mailed be and are hereby approved, and

BE IT FURTHER RESOLVED, that a copy of said minutes be maintained in the files of the Agency and become a part of the record of the Agency.

Vote: 5 Yes

PUBLIC HEARINGS:

The Chairman closed the regular meeting and moved to open the first public hearing at 5:05pm, noting that correspondence was received from Mr. Lawrence Simms and that he would like to make that correspondence part of the public record.

Peter Danowski, counsel for JeJope, LLC the applicant, and Mr. John Stype approached the podium to present their request for approval to refinance a pre-existing IDA project (Neefus Stype). Mr. Danowski explained that the current benefits expire in another year and the project will be fully on the tax rolls, however they are seeking to refinance a greater amount than the original induced project and are requesting relief from mortgage recording tax on the increase in the loan amount. The original loan amount was \$1,050,000. The new loan amount will be 1,200,000 for 20 years. There were no questions from the board. Anne Cotton DeGrasse spoke during the hearing and asked if there was any impact to the real property tax. Counsel informed her that there is no change.

The hearing was closed at 5:09pm

At 5:10pm, the Chairman moved to open the second public hearing on behalf of Theriac Enterprises of Riverhead, LLC., noting that correspondence was received from Mr. Lawrence Simms and that he would like to make that correspondence part of the public record.

Mr Bruce Ferguson, consultant to the applicant and Mr. Norton Travis, VP of Real Estate approached the podium to request financial assistance to renovate and retrofit the former PC Richards Building into a world reknowned oncology program for radiation therapy. It is their intent to occupy 7-8,000 sq feet of the 21,000 sq ft building making a capital investment of over \$8 million. They are seeking to attract a breast surgeon, which is currently not available in Riverhead as well as a colon rectal surgeon of which services are currently limited in Riverhead. The applicant is requesting mortgage recording tax, sales tax exemption and an enhanced real property tax abatement that is consistent with the agency's UTEP for existing vacant buildings. The applicant explained that they do not collect sales tax and that they will be offering two types of services that are not currently available in the area: stereotactic radiation therapy (which supplies a high targeted dose of radiation over a much shorter time frame then conventional radiation) and a gamma function (a proprietary analytic software that reconstructs doses after each treatment). The board inquired as to the necessity of the enhanced abatement. Mr. Travis explained that this project is intended to be an integrated cancer care center in which they would like to recruit a broad range of physicians that are not currently available. The integrated model affords expanded, all encompassing services such as a nurse navigator. Mr Ferguson added that with the unanticipated and significant expense of the sewer connection increasing the project cost by over \$560,000, it would make it difficult to add the expanded services as well as attract the higher end personnel.

Answering to further questions from the board, Mr. Ferguson explained that the applicant has closed on the project already, but it is currently stalled due to the sewer situation. The applicant is trying to negotiate with Mercy High School to access an easement, but to date that has been unsuccessful. He continued that they began the IDA process approximately 8 months

ago after discovering that the county would not let them dig up Route 58 to gain sewer access for at least 5 more years and that the added expense drove up the project cost over another half of a million dollars. Further delays in applying included the headquarters being in Florida, the storms and meeting dates of the IDA. Mr. Travis added that there are significant anticipated cuts to medicare and Medicaid reimbursements as a result of the new healthcare laws. Dawn Thomas asked about the timing of the sewer discovery and percentage of project costs pre-issues and post. The sewer expense is about 10% of the project cost. Originally they projected \$250,000 expense. It may now be well over \$560,000.

Ms. Anne Cotton DeGrasse made comment during the hearing that there is a breast surgeon in Mattituck that is associated with Southampton Hospital. Mr. Travis responded that there is not one affiliated with Riverhead and that the radiological oncologist will be on site in the new building. He also noted that they will be approximately 40 new jobs with an annual payroll over \$3 million.

The Chairman closed the public hearing at 5:44pm

PRESENTATIONS: Island Green/400 Burman Boulevard

Mr. Tim Stevens and Mr. Larry Menaker came before the board to introduce a proposal for a new business at EPCAL and to request financial assistance.

They explained that 400 Burman Boulevard is a holding company created to purchase property at the Enterprise Park in Calverton on behalf of Island Green Steel, LLC. The property is located at 400 Burman Boulevard and consists of 11 acres and 3 buildings. Two of the buildings are approximately 22,500 sq ft and the other is 27,500. One building currently houses F14 Soccer. They plan on occupying all the buildings and there are no plans for subtenants at this time. The vacant property is currently owned by Doug Dey of South Bay Apparel.

Island Green Steel is a new company formed by Timothy Stevens and Edward Harms. Tim Stevens is a current beneficiary of RIDA incentives through sister companies Cal 81, Island International and Northeast Steel Fabricators all located within the Enterprise Park in Calverton. Those companies listed are in compliance with the IDA. He came to Riverhead in 1999 and has continued to grow his business through the assistance of the IDA. He currently employs over 300 people in Calverton (700 in NYS) and has done such projects as the new world trade center memorial.

Island Green Steel was created to manufacture metal studs used as a framing component of Island's International's exterior panel systems. Island currently imports these studs from out of state. The creation of this company would eliminate the need for out of state vendors and it projects up to 75 new employees in 5 years, 35 within the first 2 years. He has attracted about ½ dozen employees from out of state, but the bulk of his employees are local. The project consists of an estimated \$5.3 million dollar investment (acquisition inclusive) and will necessitate the renovation, retrofitting and equipping of the building. He intends to market his product to local suppliers such as RBS, Kamco and Florence, but approximately 50% of his business will be for his own in house use.

Additionally, use of rail is part of a longer term goal for the new location. The company principals are diligently working on a collaborative effort with other EPCAL businesses to extend the rail through and around to this property.

The board inquired as to the environmental impact this might have during the processing of the material. Mr. Stevens explained that the galvanization is done elsewhere and that 30% of the material is recycled. He also explained that he would like to make this a natural energy roll forming plant.

Most importantly, they are seeking an SBA loan and it was suggested that Industrial Development Agency partnership would be helpful in securing necessary financing. Mr. Stevens requested assistance with mortgage recording tax, sales tax exemption and a real property tax abatement applicable to the building in order to make the project viable and compete with the out of state market.

CORRESPONDENCE: The Chairman noted that correspondence received from Mr. L. Simms was distributed to the board and made part of the public record.

The Chairman took New Business out of order to consider a transfer of deed for John Wesley Village II. Counsel advised the board that the Agency had received notice from Jane Kratz, Attorney for John Wesley Village II that they would like to exercise their right to terminate their sale agreement with the IDA despite having several years of benefits outstanding. He explained that this is not an elective decision of the board, but felt it necessary to have a formal paper trail terminating the agreement. Due to the timing of the title transfer however, JWII will have one more pilot payment next year. Additionally, the project will maintain the affordable housing agreement that was previously stipulated. Mr. Tom Moore representing the project informed the board that the property will now be locally controlled and on be back on the tax rolls earlier than anticipated. ED noted that this is another good IDA success story.

RESOLUTION #28-13 AUTHORIZES CHAIRMAN TO EXECUTE DEED AND CLOSING DOCUMENTS REGARDING JOHN WESLEY VILLAGE II, L.P.

Lou Kalogeras offered the following resolution, which was seconded by Paul Thompson

WHEREAS, Jane Kratz, as attorney for John Wesley Village II, L.P. has advised the Agency by letter dated February 13, 2013 that John Wesley Village II, L.P. will exercise its right of termination of the Sale Agreement dated September 1, 1997 pursuant to Article V thereof, and

WHEREAS, the Agency is not aware of any event of default or other event of default or other legal impediment preventing the Agency from permitting such termination.

NOW, THEREFORE, BE IT RESOLVED, that the Chairman be and hereby is authorized to execute and deliver a deed and other recording documents necessary to terminate the Sale Agreement dated September 1, 1997 by and between the Agency and John Wesley Village II, L.P. upon the tender of a formal notice of Termination and to do all other such acts contemplated under the terms of said Sale Agreement.

Vote: 5 Yes

The board then considered consent to a guarantee substitution for John Wesley Village III. Counsel reminded the board that there are three John Wesley projects JW I was built in the 70's and is not an IDA project. JW II has 218 units and JW III has 92 units and they were both IDA induced. What has precipitated this recent activity with the villages is that Alvin Benjamin, a personal guarantor for the two projects has passed away. The estate does not want to be a guarantee, so the lender on JW III is allowing Debra Benjamin to be the guarantee.

RESOLUTION #29-13 AUTHORIZES EXECUTION OF ASSUMPTION, REAFFIRMATION AND RELEASE OF GUARANTY RE: JOHN WESLEY VILLAGE III

Lou Kalogeras offered the following resolution, which was seconded by Carl Gabrielsen

WHEREAS, John Wesley Village III, LP and Benjamin Development Co., Inc. entered into agreements and obligations to cause the construction of 92 residential housing units for occupancy by qualified low income senior citizens as more particularly set forth in closing documents dated as of December 1, 2003 with North Fork Bank and the Riverhead Industrial Development Agency, and

WHEREAS, it was required by the Bank and the Agency that the obligations be guaranteed individually by John Wesley Village III, L.P., Benjamin Development Co., Inc. and Alvin Benjamin, and

WHEREAS, Alvin Benjamin is deceased and Debra Benjamin will assume the obligation of individual guarantor in the place and stead of Alvin Benjamin, and

WHEREAS, the Agency has no notice of any event of default of the principals or guarantors under the terms of the December 2003 documents regarding the construction or occupancy of the 92 senior rental housing units.

NOW, THEREFORE, BE IT RESOLVED, that the Riverhead Industrial Development Agency hereby consents to the release of the Estate of Alvin Benjamin and the Substitution of Debra Benjamin of that certain Guaranty above referenced and authorizes the Chairman or Vice Chair to execute the Assumption, Reaffirmation and Release of Guaranty attached to this resolution on behalf of the Riverhead Industrial Development Agency.

Vote: 5 Yes

TREASURER'S REPORT: The Treasurer reported that the Agency's

Cash Balance as of March 31, 2013	\$100,253.61
Revenue for March (Theriac)	\$4,000.00
Profit and Loss (March)	\$-10,823.78
Total Year	\$88,369.44
Accounts Receivable	\$12,765.76
Total Bills Paid for December	\$20,791.24

#30-13 RESOLUTION ACCEPTS REPORT OF EXPENSES AND AUTHORIZES PAYMENT OF BILLS AS OF MARCH 31, 2013

WHEREAS, Denise Cooper, CPA and Tracy Stark-James, Executive Director, submitted a monthly financial report, including a report of expenses, to the Riverhead Industrial Development Agency for the period of March 1 to March 31, 2013 **as attached**,

NOW, THEREFORE, BE IT RESOLVED, that said monthly financial report dated April 2, 2013 covering the month of March, be and are hereby accepted and expenses as listed are authorized for payment.

Lou Kalogeras made a motion to accept Treasurer's Report, which was seconded by Dawn Thomas. **Motion approved.**

Vote: 5 Yes

COMMITTEE REPORTS:

There was no audit committee report.

Governance Committee – the ED reviewed the report and proposed resolution from the proposed by the committee that was tabled during the last meeting where the board had requested additional information. The ED distributed a schedule of fees charged and outstanding fees for the annual compliance reports. After a brief discussion, the board decided to adopt the new annual compliance fee schedule with Lou Kalogeras the dissenting vote.

#22-13 A RESOLUTION RETROACTIVELY ADJUSTS FEE SCHEDULE AND AUTHORIZES REIMBURSEMENT FOR OVERPAYMENTS

The following resolution was offered by Dawn Thomas

And seconded by Carl Gabrielsen

WHEREAS, RESOLUTION #52-13 established the Riverhead Industrial Agency schedule of fees, and

WHEREAS, the Governance Committee performed an annual review of policies and makes recommendation to amend and reduce the annual compliance and reporting fee, and

WHEREAS, it is the first year of implementation of this fee, and

WHEREAS, the committee recommends retroactively adjusting the schedule and refunding any overpayments of same, and

RESOLVED, that the following is established as the fee schedule structure of the Riverhead Industrial Development Agency for the Annual Reporting/Compliance section of the Agency Fee Schedule and authorizes the implementation as retroactive with reimbursement for any overpayments for the 2012 reporting year.

Annual Reporting/Compliance Fee: payable with pilot until the end of the benefit period

For Lease Projects Only - \$250 annually

For Projects requiring bond reporting - \$300 annually

Vot e: 4 Yes

1 No

The Board moved on to discussing requests for fee waivers. Counsel suggested that the Agency notify all the companies of the reduced fees and monitor that response before acting on any requests. The board agreed. ED to send out notification and new invoices and applicable refunds.

There will be a personnel committee meeting on Monday, April 22 at 12pm .

There was no finance committee report.

NEW BUSINESS

The board decided to consider the request of JeJope, LLC.

#31-13 RESOLUTION APPROVING THE PROVISION OF FINANCIAL ASSISTANCE BY THE TOWN OF RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY REGARDING REFINANCING BY JEJOPE, LLC.

Dawn Thomas made the following motion, which was seconded by Paul Thompson.

WHEREAS, the Town of Riverhead Industrial Development Agency was created by Chapter 624 of the Laws of 1980 and is a public benefit corporation and an industrial

development agency of the State of New York (the "Agency") having those powers set forth in, and subject to the requirements of, Article 18-A of the General Municipal Law; and

WHEREAS, by proceedings previously held by the Agency regarding the application of JEJOPE, LLC ("JEJOPE") financial assistance was granted for the construction and equipping of a building located at the northwest corner of NYS Route 25 and Union Avenue, Aquebogue, New York, for use by JEJOPE and, or Neefus-Stype Agency, Inc. ("Neefus-Stype") as an insurance agency building, and

WHEREAS, such facility was duly constructed and is currently occupied and used by JEJOPE and, or Neefus-Stype for the purpose of an insurance agency building, and

WHEREAS, JEJOPE has made application to refinance the property mortgage as previously authorized by this Agency, and

WHEREAS, there will be no change in the Payment in Lieu of Tax Agreement ("PILOT") which will terminate by its terms as currently provided, and

WHEREAS, Section 859-a of the General Municipal Law, being part of Article 18-A of the General Municipal Law, provides that, prior to providing financial assistance to any applicant with respect to any project, industrial development agencies, including the Agency, must hold a public hearing with respect to the proposed financial assistance being contemplated to be provided by the agency; and

WHEREAS, a public hearing was held on April 15, 2013 with respect to the refinancing by JEJOPE of mortgage on property located at the northwest corner of NYS Route 25 and Union Avenue, Aquebogue, New York, for continued use by JEJOPE and, or Neefus-Stype as an insurance agency office and the granting of a mortgage tax abatement on the value of the mortgage, a continuation of the PILOT under its existing terms and conditions, and sales and compensating use tax exemption as may be applicable.

NOW, THEREFORE, BE IT

RESOLVED, by the Members of the Town of Riverhead Industrial Development Agency, Suffolk County, New York, as follows:

Section 1. That the refinancing by JEJOPE of mortgage on property located at the northwest corner of NYS Route 25 and Union Avenue, Aquebogue, New York, for continued use by JEJOPE and, or Neefus-Stype as an insurance agency office and the granting of a mortgage tax abatement on the value of the mortgage, a continuation of the PILOT under its existing terms and conditions, and sales and compensating use tax exemption as may be applicable be and is hereby approved.

Section 2. The Agency has declared itself "lead agency", in accordance with the provisions of the State Environmental Quality Review Act with respect to the Agency's providing financial assistance to JEJOPE as described in Section 3 of this Resolution and as authorized pursuant to Article 18-A of the General Municipal Law, and has determined that the provision of said financial assistance will not have a significant effect on the environment.

Section 3. The Chairperson or the Vice Chairperson of the Agency are hereby authorized, on behalf of the Agency, to execute and deliver all documents and all recording forms and authorizations thereto including a mortgage and all other documents necessary to complete the financial assistance as described in Section 1 of this Resolution upon full payment of all Agency fees and costs, and the Secretary or Assistant Secretary of the Agency is hereby authorized to affix the seal of the Agency thereto and to attest the same, all in substantially the forms thereof presented to this meeting with such changes and, variations, omissions and

insertions as the Chairperson or the Vice Chairperson shall approve. The execution thereof by the Chairperson or Vice Chairperson shall constitute conclusive evidence of such approval.

Section 4. A copy of this resolution, together with the documents attached hereto, shall be placed on file in the office of the Agency where the same shall be available for public inspection.

Section 5. This resolution shall take effect immediately.

Vote: 5 Yes

The board discussed the 21st Century application, noting the benefit to the community is that the abatement would foster enhanced integrated cancer care services currently not readily available to the community and it would bring the sewer service to the north side of Route 58 increasing infrastructure not currently available to the pre-existing businesses.

It was also noted by Carl Gabrielsen that this parcel is prime real estate on Route 58. Dawn Thomas expressed concern over the abatement and that should be carefully examined. The board discussed the likelihood of the project being built regardless of RPA and at what level. They discussed the timing of the application, the impediment of sewer to the project's viability, as well as the benefit of bringing the infrastructure to the north side of route 58. Lou Kalogeras would like to see shorter term of RPTA. The ED reminded the board that the applicant could seek greater benefits through the SCIDA, whose standard is now eroding the tax base. The board concluded that they would like more information and the cost benefit analysis on the property taxes before rendering a decision.

The Ed then gave her report on current projects, new projects and upcoming events. The ED advised the board that she had been appointed to the Suffolk County Small Business Advisory Council and is now President of the Riverhead Chamber of Commerce.


The ED informed the board that she had been advised by her IT that the CFO's computer could crash at any time and the Agency should invest in new equipment. She was quoted approximately \$6-700. The board approved the purchase of a new computer.

The Chairman introduced the prospect of expanding the board to seven members. He noted that he had spoken to several town board members who seem to be in agreement. He has several recommendations that he would like to forward to the town board for consideration. Further discussion was tabled until the next meeting.

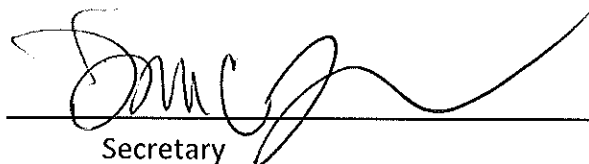
Date for the next meeting is the next meeting is May 6, 2013

Carl Gabrielsen motioned to adjourn the meeting, Dawn Thomas seconded.

There being no further business, the meeting was adjourned at 7:15pm



Date


Secretary