

**MINUTES OF A REGULAR MEETING
RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY
June 1, 2015**

Meeting was called to order by Chairman Thomas Cruso at 5:01p.m.

Present: Tom Cruso, Chairman
Elias (Lou) Kalogeras, Vice Chairman
Bob Kern
Lori Ann Pipczynski

Absent: Dawn Thomas, Secretary

Others in Attendance:

Tracy James, Executive Director

Richard Ehlers, Counsel

Lou Kalogeras moved to approve the proposed agenda. Bob Kern seconded. Motion approved.

The Chairman recessed the regular meeting and opened the Public Hearing at 5:02pm, by motion of Lou Kalogeras and second by Bob Kern.

PUBLIC HEARING: The Chairman called open the public hearing on behalf of **Riveredge, LLC** at 5:02pm by motion of Lou Kalogeras and second by Bob Kern.

Stacy Yakaboski, Counsel for Riveredge LLC and Riverhead Building Supply, requested the need to amend the company's application. She explained that in February of 2014 Riveredge applied for assistance from the IDA for phase II of their project for a 123,000 sq ft warehouse, millwork distribution facility which was approved in March of 2014.

(Lori Pipczynski joined meeting)

The estimate for construction, which was completed at the end of Dec. 2014, was exceeded due to the formula used to calculate the anticipated sales tax exemption, which typically uses 40% of construction costs and 100% of equipment. Given that the project consisted of prefabricated buildings (driving up sales tax), the original estimate for the sales tax exemption was exceeded therefore necessitating an amended application. The initial estimate was a little over \$5 million. The actual cost of construction ran up to approximately \$6.4 millionThe actual

sales tax exemption claimed will be confirmed in the notification to the state and the exemption for sales tax will cease to exist as of June 1st, 2015.

Seeing no further comments, Lou Kalogeras motioned to close the public hearing. Bob Kern seconded. The public hearing on Riveredge, LLC was closed at 5:07pm

The Chairman then reopened the regular meeting of the IDA at 5:08pm by motion of Lou Kalogeras and second by Lori Pipczynski

MINUTES:

The Board moved to dispense with the reading of and voted on the May 12, 2015 meeting minutes.

#35-15 RESOLUTION APPROVES MINUTES OF REGULAR MEETING OF May 12, 2015.

Lou Kalogeras offered the following resolution, which was seconded by Bob Kern.

RESOLVED, the minutes of the meetings of May 12, 2015 as prepared and e-mailed be and are hereby approved, and

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

Vote: 4 Yes
1 Absent

CORRESPONDENCE: Counsel explained that the Woolworth Revitalization project had brought an Article 78 certuary against the town. Despite the Agency being named in the determination it was not a party to the litigation. Counsel explained that the agency approves PILOTS one of two ways. One is a fixed value and the other is based on the assessed value as it may fluctuate year to year based on any changes to the assessed value. The Woolworth project was approved with the latter method. Noticing the court did not determine the land value within the determination, Counsel is not exactly sure of the final outcome and will discuss with Laverne Tennenburg of the Town's Assessors Office. If there is a refund due it will reduce next year's payment to the taxing jurisdictions. Bob Kern asked if this is a common occurrence and can it happen again? It was explained that this has always been a unique property and, as such, represents distinct assessment challenges, so it is unusual. No action is necessary by the board.

Counsel went on to explain that the agency received a request from Riverhead Village Preservation (RVP), a long time bond project at 821 East Main. Since RVP has become a 100% tax credit site, they have received approval from DHCR to stop processing annual LIHTC recertifications and has requested the agency agree to same. The board instructed counsel to draw up necessary paperwork to agree.

TREASURER'S REPORT: Lou Kalogeras reported that the Agency's

Cash Balance in Chase Bank as of May	\$40,479.57
Cash Balance in SCNB as of May	\$45,346.23
Revenue for May	\$41,001.87
Profit and Loss (May)	\$25,306.71
Total Year	\$-10,595.49
Accounts Receivable	\$250
Total Bills Paid for April	\$15,798.13

ED noted that there is no rent expense in May on the P&L because April had 2 months expense and the June check was recorded as prepaid for June. ED also explained there was an adjustment to NYS Unemployment Insurance for \$777. The agency's rate was decreased for 2015. Second half of PILOTS are due today.

#36-15 RESOLUTION ACCEPTS REPORT OF EXPENSES AND AUTHORIZES PAYMENT OF BILLS AS OF May 31, 2015

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 May 1 to May 31, 2015 **as attached**,

NOW, THEREFORE, BE IT RESOLVED, that said monthly financial report dated May 29, 2015 covering the month of May, be and are hereby accepted and expenses as listed are authorized for payment.

Bob Kern made a motion to accept Treasurer's Report, which was seconded by Lori Pipczynski.
Motion approved.

Vote: 4 Yes

1 Absent

COMMITTEE REPORTS:

- A. Audit: None
- B. Governance: None
- C. Personnel: None
- D. Finance: None

OLD BUSINESS:

- a. Consideration of financial assistance for 20 West Main, LLC – The ED explained that minor changes were made to the resolution since the first draft was distributed to the board. The changes were highlighted in the packet resolution. Based on comments from the board, the benchmarks for the real property tax abatement were explained as outlined within the resolution. The ED noted that the CBA had not changed since its distribution. The board approved with amendments.

Lou Kalogeras motioned to approve Resolution #37-15. There was a discussion which led to a second motion by Lori Pipczynski to amend the resolution by eliminating the requirement that a tenant sign a lease before the pro-rated abatement would begin for the first floor only and maintaining the requirement that the improvements and a minimum of one lease for each of the other floors trigger the full abatement schedule. Bob Kern seconded the motion. Lou Kalogeras voted against the revision.

The following resolution was offered by Member Lori Ann Pipczynski, who moved its adoption, seconded by Member Bob Kern, to wit:

RESOLUTION #37-15

A RESOLUTION AUTHORIZING THE PROVISION OF FINANCIAL ASSISTANCE BY THE TOWN OF RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY TO 20 WEST MAIN LLC

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, the Agency has received an application for financial assistance from 20 West Main LLC, a limited liability company qualified to do business in the State of New York (the “Applicant”), with respect to the acquisition of parcel and renovation, reuse and equipping of existing 5,589 square foot three-story building, located within a designated urban renewal area at 20 West Main Street, Riverhead, New York (S.C.T.M. No. 0600-128-6-25) for use as

office/professional space with not more than one third retail space at an estimated cost of \$950,800 (the "Project"); and

WHEREAS, a public hearing pursuant to Section 859-a of the General Municipal Law was held by the Agency on May 4, 2015 and adjourned to May 12, 2015 with respect to the application for financial assistance and the Project and the proposed financial assistance requested by Applicant with respect to the Project.

WHEREAS, the Agency provided notice of the public hearing to the chief executive officer of each affected tax jurisdiction within which the Project is located; and

WHEREAS, at the Public Hearing all interested parties were provided with reasonable opportunity, both orally and in writing, to present their views with respect to the Project and the providing of financial assistance therefore, as set forth in the notice of Public Hearing.

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

Section 1. It is hereby determined that the Agency shall provide Applicant with the following financial assistance with respect to the Project: (i) the provision of an exemption from Sales and Compensating Use Taxes on certain property, including tangible personal property, and (ii) a partial abatement of real property taxes by granting a real property tax abatement equal to the assessed value of the improvements, subject to completion of the improvements detailed below, for a period of ten years, effective for the 2016/2017 tax billing year. PILOT payments shall be calculated and paid on the land assessment and the improvement assessment or such greater amount as set forth herein.

Abatement of the improvement assessment shall be granted upon completion of the first floor improvements, and completion and leasing of each of the second and third floor improvements with at least one tenant per floor, one-third each, listed in Schedule B by December 2, 2015, or anniversary thereof, and (iii) the provision of an abatement of the Mortgage Recording Tax not to exceed \$950,800. The Executive Director of the Agency is hereby directed to proceed, at the expense of Applicant, to cause agreements and documents to be prepared that will enable the aforesaid benefits to be provided to Applicant, and to submit such agreements and documents to the Agency for approval. The financial assistance authorized hereby shall not be effective until closing.

Section 2. No retail tenants shall be permitted to locate on the second and third floor of property which is the subject of this project known as 20 West Main Street, Riverhead, New York. All tenants shall be subject to Agency approval upon 60 days written notice by Applicant to the Agency. Said written notice by Applicant to the Agency shall be made 60 days prior to occupancy by proposed tenant which notice shall include a copy of the proposed lease, complete Agency application completed by the proposed tenant and a written narrative describing the proposed use. The Agency may require an appearance at an Agency meeting by Applicant and the proposed tenant. The Agency shall make its determination no later than 60 days from receipt of a complete application. In the event the Agency does not act within such 60 day period, the tenant shall be deemed approved. Applicant hereby agrees that it will lease the Project for uses which promote the development of downtown Riverhead in conformance with the goals of urban renewal and revitalization. Therefore, no use shall be permitted for tattoo parlor, massage parlor, check cashing center, calling center, taxi stand, tobacconist or other uses associated with urban blight.

Section 3. 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 the Applicant with respect to the Project, as described in Section 4 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 4. The Chairperson or Vice Chairperson of the Agency is hereby authorized, on behalf of the Agency, to execute and deliver standard Agency documents including, but not limited to the Ground Lease, Lease, Mortgage, PILOT, Guarantees, necessary to grant the financial assistance set forth herein.

Section 5. This resolution shall take effect immediately.

Vote: 3 Yes

1 No

1 Absent

- b. Consideration of financial assistance for Peconic Management Group, LLC Phase II expansion. – The ED reviewed the draft resolution included in the packet which highlighted minor changes to the draft resolution previously provided to the board. The changes included discussion regarding the amount of sales tax and real property tax abatement benefit. After discussion, the board determined to approve the resolution as prepared with the current property assessment value of \$224,000 along with an amended CBA to reflect the current assessed value.

The following resolution was offered by Member Lou Kalogeras, who moved its adoption, seconded by Member Bob Kern, to wit:

RESOLUTION #38-15

A RESOLUTION AUTHORIZING THE PROVISION OF FINANCIAL ASSISTANCE BY THE TOWN OF RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY TO PECONIC MANAGEMENT GROUP LLC

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, the Agency has received an application for financial assistance from Peconic Management Group LLC, a limited liability company qualified to do business in the State of New York (the "Peconic"), with respect to the construction, furnishing and equipping of Buildings B and C as part of Phase II expansion of its medical complex located at 715 Roanoke Avenue, Riverhead, New York (S.C.T.M. No. 0600-126-02-09.001) for use as a women's health center, a sleep center and physical therapy facility at an estimated new total project cost of \$3,109,140.00 (the "Project") which is an increase over the original total project of \$1,500,000.00; 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 project and the proposed financial assistance being contemplated to be provided by the agency; and

WHEREAS, a public hearing pursuant to Section 859-a of the General Municipal Law was held by the Agency on May 4, 2015 and adjourned to May 12, 2015 with respect to the

application for financial assistance and the Project and the proposed financial assistance requested by Peconic and the Related Parties with respect to the Project.

WHEREAS, the Agency provided notice of the public hearing to the chief executive officer of each affected tax jurisdiction within which the Project is located; and

WHEREAS, at the Public Hearing all interested parties were provided with reasonable opportunity, both orally and in writing, to present their views with respect to the Project and the providing of financial assistance therefore, as set forth in the notice of Public Hearing.

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

Section 1. The provision of financial assistance granted by resolution of the Agency adopted August 1, 2011 is hereby ratified and affirmed and remains in full force and effect.

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 the Applicant with respect to the Project, as described in Section 4 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 parcel covered by the real property tax exemption provided herein shall be the merged parcel of lots SCTM No. 0600-126-2-8 and 0600-126-2-9 now known as SCTM No. 0600-126-2-9.1 comprising Building A which was the subject of resolution dated

August 1, 2011 and Buildings B and C which are covered by this resolution and attached Schedule A-1.

Section 4. It is hereby determined that the Agency shall provide Peconic and the Related Parties with the following financial assistance with respect to the Project: (i) the provision of an exemption from Sales and Compensating Use Taxes on certain property, including tangible personal property, and (ii) a partial abatement of real property taxes by granting a partial abatement of real property taxes attributable to any increase in assessed value of Buildings C[sccc1] comprising the Project over the present assessed value of such real property (\$224,000) for a period of four years as designated in the attached Schedule A-1, and (iii) the provision of an exemption from Mortgage Recording Taxes. The Executive Director of the Agency is hereby directed to proceed, at the expense of Peconic and the Related Parties, to cause agreements and documents to be prepared that will enable the aforesaid benefits to be provided to Peconic and the Related Parties, and to submit such agreements and documents to the Agency for approval. The financial assistance authorized hereby shall not be effective until closing.

Section 5. 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 the Applicant with respect to the Project, as described in Section 4 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 6. This resolution shall take effect immediately.

Vote: 4 Yes

1 Absent

- c. At this time the board decided to deliberate on the Riveredge, LLC request and approved the increase in the financial assistance.

RESOLUTION #39-15

A RESOLUTION AUTHORIZING THE INCREASE OF AUTHORIZATION GRANTED TO RIVEREDGE, LLC AND RELATED ENTITIES AND THE PROVIDING OF FINANCIAL ASSISTANCE THERETO BY THE TOWN OF RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY

Lou Kalogeras offered the following resolution which was seconded by Bob Kern.

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 resolution dated March 3, 2014 the Agency did approve financial assistance to Riveredge, LLC to construct a 123,946 square foot facility at 962 Burman Boulevard, Calverton, New York (S.C.T.M. No. 0600-135.10-01.00-005.000) to be leased to Riverhead Building Supply Corp. as a warehouse and millwork manufacturing facility of doors, windows and custom millwork products and distribution center to support an existing millwork distribution facility at an estimated total cost of \$5,056,219.00 (the "Project"); and

WHEREAS, while the Project is unchanged as to purpose and function, Riveredge, LLC has communicated to the Agency that the cost of the project exceeded the original estimate for a total project cost of \$6,440,975.21 ; and

WHEREAS, a public hearing pursuant to Section 859-a of the General Municipal Law was held by the Agency on June 1, 2015 with respect to the authorization of increase to total project cost from \$5,056,219.10 to \$6,440,975.21 of Riveredge, LLC; and

WHEREAS, the Agency provided notice of the public hearing to the chief executive officer of each affected tax jurisdiction within which the Project is located; and

WHEREAS, at the Public Hearing all interested parties were provided with reasonable opportunity, both orally and in writing, to present their views with respect to the Project and the providing of financial assistance therefore, as set forth in the notice of Public Hearing.

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

Section 1. Based upon the testimony presented and the record of the proceedings, the Agency finds that the Project is now completed, that the Project as constructed is in substantial compliance with the Project as approved and that the increased cost has resulted in the construction of a facility of superior quality and function.

Section 2. It is hereby determined that the Agency provision of financial assistance granted by resolution dated March 3, 2014 is hereby amended to increase the total project cost to \$6,440,975.21.

Section 3. The Executive Director shall file the attached ST-60 form increasing the total sales tax exemption to \$262,706.06.

Section 4. The Executive Director shall file with the Board of Assessors amended 412-a providing amended total project cost.

Section 5. Riveredge, LLC shall pay Agency fee of \$10,385 and any costs associated with this Agency action and shall execute such confirmatory documents as necessary to effectuate this resolution. The financial assistance authorized hereby shall not be effective until closing.

Section 6. 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 Riveredge, LLC with respect to the Project, as described in preamble 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.

Vote: 4 Yes
1 Absent

NEW BUSINESS

a. Appointment of Officers

#40-15 RESOLUTION DESIGNATES OFFICERS OF THE RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY FOR THE ORGANIZATIONAL YEAR 2015

Lou Kalogeras offered the following resolution as amended, which was seconded by Bob Kern.

WHEREAS, in accordance with Article II of the By-Laws of the Riverhead Industrial Development Agency, it is necessary to make appointment of the officers of the Agency at the annual meeting of the Agency, and

WHEREAS, new members of the board were appointed as of May 2015 and it is necessary to fill officer vacancies.

NOW, THEREFORE, BE IT RESOLVED, that the officers of the Riverhead Industrial Development Agency be and are hereby appointed as follows:

Thomas Cruso	Chairman
Lou (Elias) Kalogeras	Vice Chairman
Dawn Thomas	Secretary
Bob Kern	Asst. Secretary
Bob Kern	Treasurer
Lori Ann Pipczynski	Asst. Treasurer

Vote: 4 Yes
1 Absent

b. Appointment of Committees

#41-15 RESOLUTION RE-ESTABLISHES MEMBERSHIP OF 2015 COMMITTEES FOR THE RIVERHEAD IDA

Lou Kalogeras offered the following resolution, which was seconded by Bob Kern.

RESOLVED, that the following is the membership of the Board committees:

Audit Committee – Chair Thomas Cruso, Dawn Thomas, Lou Kalogeras

Governance Committee – Chair Dawn Thomas, Lori Ann Pipczynski, Bob Kern

Finance Committee – Chair Bob Kern, Lou Kalogeras, Dawn Thomas

Personnel Committee – Chair Lou Kalogeras, Bob Kern, Lori Ann Pipczynski

Vote: 4 Yes

1 Absent

EXECUTIVE DIRECTOR'S REPORT

The ED updated the board on projects and gave a brief on the NYSEDC conference.

The ED informed the board that 400 Burman Boulevard, LLC had come into compliance and requested to ratify an adjournment of the compliance hearing on its behalf.

RESOLUTION #42-15 RESOLUTION CLOSING COMPLIANCE HEARINGS.

Lou Kalogeras offered the following resolution which was seconded by Bob Kern.

Resolved, the board accepts the recommendation and report of the Executive Director that 400 Burman Boulevard, LLC has come into compliance and recommends closing the hearing.

Vote: 4 Yes

1 Absent


ED provided a report on the Employment Expo. Approximately 200 attendees and 35 businesses attended.

The next board meeting is scheduled for July 6, 2015

Lou Kalogeras motioned to adjourn the meeting. Bob Kern seconded.

There being no further business, the meeting was adjourned at 6:05 pm

7/6/15
Date


Secretary/Asst.