

MINUTES OF A REGULAR MEETING
RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY
January 4, 2016

Meeting was called to order at 5:05pm by Chairman Thomas Cruso.

Present: Thomas Cruso, Chairman
Bob Kern, Treasurer/Asst Sect.
Elias (Lou) Kalogeras, Vice Chairman
Lori Ann Pipczynski, Asst. Treasurer
Dawn Thomas, Secretary

Others in Attendance: Richard Ehlers, Counsel
Tracy Stark-James, Executive Director
John Dunleavy, Town Board Liaison

By motion of Lou Kalogeras and second by Dawn Thomas the proposed agenda was adopted.

Consideration of Resolution #02-16

The following resolution was offered by Member Lou Kalogeras, who moved its adoption, seconded by Member Dawn Thomas to-wit:

#02-16 A RESOLUTION RATIFYING THE CALLING OF A PUBLIC HEARING WITH RESPECT TO THE PROVIDING OF FINANCIAL ASSISTANCE BY THE TOWN OF RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY TO ATLANTIS HOLDING COMPANY LLC AND J. PETROCELLI DEVELOPMENT ASSOCIATES.

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 Atlantis Holding Company LLC, a limited liability company qualified to do business in the State of New York with an office at 431 East Main Street, Riverhead, New York ("Atlantis") and J. Petrocelli Development Associates, a company qualified to do business in the State of New York with an office at 100 Comac Street, Ronkonkoma, NY ("Petrocelli") (jointly known as the "Applicant"), with respect to the rehabilitation and reuse of the Preston House, an existing vacant 2,600 square foot dilapidated structure located at 428 East Main Street within the Riverhead Urban Renewal Area, EMSURA, (Suffolk County Tax Map No. 0600-129-3-13.000) to permit the construction of a restaurant and five-story boutique hotel as Phase III of the previously approved Atlantis Holding Company LLC Aquarium Project at a cost of \$9,000,000 and the refinancing of the \$15,250,000 debt on the existing Aquarium Facility, as most recently approved by Agency, located on the 6.8 acre parcel located at 431 East Main Street (Suffolk County Tax Map No. 0600-129-4-21.003) through the provision of financial assistance by the Agency of an exemption from mortgage recording tax on debt of \$23,250,000, sales tax on the rehabilitation and construction of restaurant, five-story boutique hotel and improvements to the Aquarium Facility and an exemption from real property taxes on the restaurant and five-story boutique hotel and extension of the real property tax exemption of the Aquarium facility (the "Project"); 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, it is now desired to call a public hearing with respect to the application for financial assistance and the Project and the proposed financial assistance now being contemplated by the Agency to be provided to Applicant with respect to the Project, NOW, THEREFORE, BE IT

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

Section 1. A public hearing will be held at the Riverhead Town Hall, 200 Howell Avenue, in Riverhead, New York, on January 4, 2016 at 5:00 p.m. prevailing time with respect to the Project and the proposed financial assistance now being contemplated to be provided to Applicant by the Agency with respect to the Project, as described in Section 4 of this Resolution, and to hear all persons interested in the subject thereof, concerning the same. At said public hearing, interested parties shall be provided reasonable opportunity, both orally and in writing, to present their views with respect to the Project and the providing of financial assistance now being contemplated to be provided to Applicant by the Agency with respect to the Project.

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 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. It is hereby determined that a general, functional description of the Project is as follows: the rehabilitation and reuse of the Preston House, an existing vacant 2600 square foot dilapidated structure located at 428 East Main Street within the Riverhead Urban Renewal Area, EMSURA, (Suffolk County Tax Map No. 0600-129-3-13.000) to permit the construction of a restaurant and five-story boutique hotel as Phase III of the previously approved Atlantis Holding Company LLC Aquarium Project at a cost of \$9,000,000 and the refinancing of the \$15,250,000 debt on the existing Aquarium Facility, as previous approved by Agency, located on the 6.8 acre parcel located at 431 East Main Street (Suffolk County Tax Map No. 0600-129-4-21.003) through the provision of financial assistance by the Agency of an exemption from mortgage recording tax on debt of \$23,250,000, sales tax on the rehabilitation and construction of restaurant, five-story boutique hotel and improvements to the Aquarium Facility and an exemption from real property taxes on the restaurant and five-story boutique hotel and extension of the real property tax exemption of the Aquarium facility.

Section 4. It is hereby determined that the financial assistance that the Agency is now contemplating providing to Applicant with respect to the Project is (i) the provision of an exemption from Mortgage Recording Taxes, (ii) the provision of an exemption from Sales and Compensating Use Taxes on certain property, including tangible personal property, and (iii) a partial abatement of real property taxes for the improvement over the current assessed value of parcel identified as S.C.T.M. No. 0600-129-3-13.00 and a continuation over the current real property tax exemption for parcel identified as S.C.T.M. No. 0600-129-4-21.003 all for an additional ten years past the current Payment In Lieu of Tax Agreement for parcel identified as S.C.T.M. No. 0600-129-4-21.003. The

financial assistance described in (i), (ii) and (iii), above, would be consistent with the uniform tax-exemption policy adopted by the Agency pursuant to Subdivision 4 of Section 874 of the General Municipal Law as an enhancement of said policy since the Project includes an Existing Vacant Facility and is a Significant/Strategic Project.

Section 5. The prior publication of the Notice of Public Hearing hereinafter provided by the Secretary of the Agency is hereby ratified and confirmed, said Secretary having caused a copy to be published once in the News Review, the newspaper hereby designated as the official newspaper of the Agency for this purpose, and being a newspaper having a general circulation in, and available to residents of, the Town, such publication having been made at least ten (10) days prior to the date designated above for the public hearing.

VOTE: 5 Yes

The Chairman then called for a recess of the regular meeting to open the public hearing. Lori Ann Pipczynski motioned to recess the regular meeting and to open the public hearing at 5:06pm. The motion was seconded by Bob Kern

The public hearing was opened at 5:06pm

PUBLIC HEARINGS – Phase III Atlantis - Preston House and Boutique Hotel

Eric Russo, attorney for the applicant made a presentation and formal request for financial assistance for Atlantis Phase III –Preston House and Boutique Hotel. Atlantis needs to refinance its current obligation of approximately \$15 million as well as finance phase III of the Atlantis Project- the purchase of 428 East Main to restore the historic building and revitalize it into a fine dining restaurant and boutique hotel with approximately 20 Rooms. He distributed additional material to the board. Testimony was heard from Mr. Deluca the General Director of Atlantis Holding Co and Mr. Joe Petrocelli of Petrocelli Development and the Atlantis Holding Co. outlining the project and explaining the need for the assistance. The Aquarium is also home to Oceanos Riverhead Research Foundation and the project applicants fully support them. They expressed their need to add attractions and refinance to be able to continue their obligation to the Town (as per their MOU) as an economic engine in the revitalization of Main Street. It is their intent to attract more millennials. Millennials do not have the same affinity to brands. They want experiences and uniqueness as explained by Mr. Deluca. He went on to note that day trippers spend approximately \$65 per visit,

overnighters spend \$244 and International Travelers spend about \$499 which translates into a \$40 million dollar impact to the region. They anticipate the new project will create approximately 20-25 jobs and the expected investment is approximately \$9 million into the historic Preston house restoration and the 5 story boutique style, possible extended stay hotel.

Numerous business owners spoke in support of the project. Several residents spoke in opposition (see attached public hearing transcript).

The board closed the public hearing at 6:28pm

Dawn Thomas motioned to reopen the regular meeting at 6:28pm. Lori Ann Pipczynski seconded. The regular meeting was reopened.

The board discussed whether hearing should be reopened and determined that a public comment period for 5 days was appropriate.

Then Counsel outlined the three elements of the application and the urgent timeline for financial closing of the refinance. He provided a three part analysis of the consideration before the board. The first part of the approval would be continuing a benefit that they are already entitled, being an exemption from mortgage recording tax on refinancing existing debt. The second consideration would provide financial assistance to the Preston House and Boutique Hotel including relief mortgage recording tax, real property tax and sales tax. The third consideration is for the 10 year extension for Phase I and Phase II. The later 2 considerations would be subject to site plan approval and the financial commitment of the bank

Lori Ann Pipczynski moved to accept written input until January 10, 2016, to reconvene January 12th for purposes of considering the Atlantis Phase III financial application and authorizing the preparation of a resolution approving abatements in concept subject to resolution, commitment letter and site plan.

Dawn Thomas seconded.

Vote: 4 Yes

1 No (Lou Kalogeras) noting that he was prepared to approve the application.

MINUTES

The Board moved to dispense with the reading of and voted on the December 7, 2015 meeting minutes.

#01-16 RESOLUTION APPROVES MINUTES OF REGULAR MEETING OF November 2, 2015

Dawn Thomas offered the following resolution, which was seconded by Bob Kern.

RESOLVED, the minutes of the meetings of December 7, 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: 5 Yes

CORRESPONDENCE: None

TREASURER'S REPORT:

Cash Balance in SCNB as of December	\$177,691.66
Revenue for December	\$82,179.60
Profit and Loss (December)	\$52,951.03
Accounts Receivable	\$814,707.82
Total Bills Paid for December (cash basis)	\$36,316.58

#03-16 RESOLUTION ACCEPTS REPORT OF EXPENSES AND AUTHORIZES PAYMENT OF BILLS AS OF November 30, 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 December 1 to December 31, 2015 **as attached**,

NOW, THEREFORE, BE IT RESOLVED, that said monthly financial report dated January 4, 2016 covering the month of December, 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 were no committee reports.

OLD BUSINESS: None

NEW BUSINESS:

A. Consideration of Resolution #04-16 Authorizes Attendance to NYSEDC Conference

#04-16 RESOLUTION AUTHORIZING ATTENDANCE TO NYSEDC CONFERENCE

Dawn Thomas offered the following resolution, Lori Ann Pipczynski seconded.

WHEREAS, the New York State Economic Development Council will be hosting its 2016 Economic Development Conference, and

WHEREAS, the Board of Directors finds it necessary and appropriate for the Executive Director, Tracy Stark - James, to attend this informational conference; and

WHEREAS, a three day conference is scheduled in Albany January 19th through January 21st, thereby requiring her to stay at the Marriott Hotel (or comparable facility) from January 19-21nd, at \$144 per night, plus the cost of transportation, food and registration to be reimbursed upon submission of receipts not to exceed \$1200.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors approves expenditures for lodging at the Marriott Hotel (or comparable facility) and reimbursement of transportation and food for Executive Director, Tracy Stark-James to attend the NYSEDC 2016 Economic Development Conference in Albany, NY from January 19-21st, 2016.

Vote: 5 Yes

ED directed to research a LIBDC dinner sponsored by Islip IDA where Howard Zempsky, President and CEO of Empire State Development would be the guest speaker.

EXECUTIVE DIRECTOR'S REPORT:

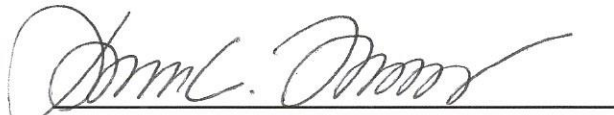
The ED updated the board on the status of projects.

The next board meeting will be scheduled for January 12, 2016

Dawn Thomas motioned to adjourn the meeting. Lou Kalogeras seconded.

There being no further business, the meeting was adjourned at 6:53pm

Dated: 2/1/16


Secretary/Asst.

Prepare resolution approving abatements.

Approved in concept subject to resolution and commitment letter site plan