

**MINUTES OF A REGULAR MEETING
RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY**
June 6, 2016

Meeting was called to order at 5:02pm by Chairman Thomas Cruso.

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

Signifying a quorum

Others in Attendance: Tracy Stark-James, Executive Director

By motion of Dawn Thomas and second by Bob Kern the agenda was adopted.
The Chairman took the agenda out of order and proceeded with New Business

NEW BUSINESS:

The ED explained that the property known as the IRS buildings on Main Street were part of a former IDA project by Riverhead Equities. This property included the "Terry House" known as The East Lawn Building and the Silverman home. While the agency was in title, the property was subdivided and the Terry House was deeded to the Town of Riverhead. The title company now charged with researching the ownership felt that the agency may still have some right to the property despite the sale of agreement having transferred it. Therefore this exercise is necessary for the sale of the Terry House/East Lawn building proceedings.

The board considered **Resolution #33 Authorizes Execution of Deed and Transfer Documents Re: Terry House Property.**

Lou Kalogeras offered the following resolution, which was seconded by Lori Ann Pipczynski.

WHEREAS, the Town of Riverhead has held the necessary proceedings to sell and transfer real property located at 542 East Main Street, Riverhead, New York (SCTM# 0600-129.00-03.00-35.003) commonly known as the Terry House (the "Property"), and

WHEREAS, the title report by Safe Harbor Title Agency, Ltd. dated February 1, 2016 has raised an exception stated in Schedule B thereof as follows:

“7. By deed dated 12/27/1984 and recorded 12/31/1984 in Liber 9705 Page 232, Riverhead Equities conveyed premises and more to Riverhead Industrial Development Agency. By deed dated 5/29/1985 and recorded 5/31/1985 in Liber 9800 Page 331, Riverhead Equities conveyed premises to the Town of Riverhead. We find no deed from Riverhead Industrial Development Agency back to Riverhead Equities. A deed in recordable form must be obtained from Riverhead Industrial Development Agency to dispose of its interest in premises.”

WHEREAS, the Riverhead Industrial Development Agency held legal title to the Property for benefit and use of Riverhead Equities under a Sale Agreement dated December 27, 1984, which Sale Agreement authorized the transfer of the Property to the Town as such property was not included within the Riverhead Equities Project as approved by the Agency in 1984, and

WHEREAS, the Agency has no current right, title or interest in, or to, the Property.

NOW, THEREFORE, BE IT RESOLVED, that the Riverhead Industrial Development Agency hereby authorizes the Chairman to execute the attached Deed and Transfer Documents conveying any and all interest of record as necessary to remove title exception number 7, as stated above.

VOTE: 5 Yes

The ED explained that the Agency’s authorizing resolutions for Atlantis III Preston House & Boutique Hotel were subject to commitment letters from the financing institution. Because the hotel is not a flagship brand, the appraisal by the bank did not come back as anticipated. Therefore in order to secure the project financing, the applicant now has to include additional collateral by using property in Hauppauge and the mortgage recording tax is required for that mortgage.

The board then considered resolution **RESOLUTION #34-16 Amends Preston House Project Approval for Financial Assistance to Accept and Approve Financing Commitment by Suffolk County National Bank dated May 16, 2016**

Lou Kalogeras offered the following resolution, which was seconded by Dawn Thomas.

WHEREAS, by prior resolutions adopted January 12, 2016 and May 2, 2016, the Agency approved the provision of financial assistance to Preston House LLC which included approval of the necessary financing to be provided by Suffolk County National Bank, and

WHEREAS, Suffolk County National Bank has issued an amended Commitment Letter dated April 16, 2016 which restates the conditions of the prior letter and adds the additional requirement that the loan be secured by a "valid and binding collateral first mortgage lien against the premises owned by JPDA and located at 120 Comac Street, Ronkonkoma, New York.", and

WHEREAS, the Agency finds this condition to be reasonable and acceptable and necessary for the proper development of the Preston House Project.

NOW, THEREFORE, BE IT RESOLVED, that the Riverhead Industrial Development Agency hereby approves the mortgage commitment provided by Suffolk County National Bank dated May 16, 2016 and finds and determines that the mortgage made by Preston House LLC on premises located 428 East Main Street, Riverhead, New York (SCTM #0600-129-3-13.00) and the mortgage made by J. Petrocelli Development Associates, a general partnership on premises located 120 Comac Street, Ronkonkoma, New York (SCTM # 0500-125.00-01.00-017.014) are necessary to accomplish the public purpose of the Preston House Project as determined by prior Agency resolutions and therefore the mortgage recording tax on both mortgages is, and shall be, exempt from payment upon the recording of both mortgages by the Clerk of Suffolk County, and

BE IT FURTHER RESOLVED, that Agency resolution number 05-16 adopted January 12, 2016 and Agency resolution number 28-16 adopted May 2, 2016 be and hereby are confirmed and ratified in all respects subject to the findings and determinations of this resolution.

VOTE: 5 Yes

The Chairman then resumed the regular order of the meeting.

PUBLIC HEARING:

Peconic Crossing, LLC – Allen Handelman, Vice President of Development at Conifer Realty provided an updated presentation to the board regarding amendments to the Peconic Crossing, LLC project that was subject to a public hearing in 2015. Since then the project has been scaled down to meet requirements of the planning department in the Town of Riverhead. Mr. Handelman explained that the footprint has been scaled down; the number of units has been reduced from 48 to 45 artist preference workforce housing; there has been approximately 1800 sq ft of gallery space added to the ground floor; a space within the garage area will be reserved for a commissioned art piece; the number of parking spaces in the ground level garage has been reduced to 35 spaces but the project is within the parking district and providing parking is not required; and an easement has been preserved in the back of the building providing a boardwalk to connect the town property to the west that will be accessible to the public. They would like to extend the boardwalk to the east as well. Peconic Crossing will improve the bulk heading from wood to a vinyl material and architectural renderings have changed. The capital investment amount is anticipated to be approximately \$17,659,823 and the proposed number of jobs is 1.5. He talked about the funding awards that they have since received from the state and Governor's office and other sources, but noted that due to the change in scale of the project some of the financing is still in flux. He noted that one of the things you see is the variety of funding sources. What they do in their line of business is sort of a counterintuitive race. Mr. Handleman said, "You don't win when you

get to the finish line first, you win when you get everyone to the starting line at the same time. So in this case, the IDA is a participant in this and will be one of the participants that we want to get to the starting line at the same time.” He went on to request sales tax exemption, real property abatement of 10 years consistent with Main Street development, and mortgage recording tax exemption. He explained that Conifer and CDC have been working together for 15 years and have developed over 600 units of housing and trans-orientated development.

Mr. Handelman acknowledged that Conifer has been in the media and has received a subpoena from the District Attorney. He noted that they have responded to all requests. They have not heard any further, but have been requested by the DA not to discuss the matter any further.

They are proposing 16 one bedroom units and 29 two bedroom units. Five units will be for households with incomes at or below 50% AMI, 35 units for incomes at or below 60% AMI and 5 units for 90% AMI. The AMI in Suffolk County is \$105,000 and Riverhead is approximately \$71,000. They project approximately 66 construction jobs and 1.5 fulltime positions through Conifer Management.

The method for selecting applicants will initially be a lottery performed by Corelogic which completes a screening and background checks, etc. They just completed an artist housing project in Rochester and a committee is formed to select criteria through bodies of work, jobs or education in the art fields.

Lou Kalogeras asked if the project was feasible without the IDA support. Mr. Handelman testified that they have included the financial assistance calculations in their applications to other funding agencies anticipating IDA support. “It is significantly desirable and an indication of local interest in the project. Without it, it would need to be substantially restructured,” said Mr. Handelman. They are asking for what is consistent with IDA support for other projects in Brookhaven and Babylon and in other locations throughout NYS.

Lori Ann Pipczynski asked if an economic impact study was completed. Mr. Handelman responded that one had not been completed, but that the public benefit is the development of affordable housing. The National Association of Home Builders has done an assessment of the economic impact of affordable housing across the state and the conclusion is that it has had a significant impact on a number of different levels such as construction jobs, employment and workforce affordable housing living in the community and serving as a catalyst for additional development in downtown such as Patchogue.

The ED asked Marianne Garvin if CDC had any data on the impact to school districts, the number of children housed within the developments they have been building across Long Island? She noted that although that they offer Public Housing Agency entity, they are a private not for profit and they don’t have a report. Based on complexes that they own in cooperation with Conifer and others, the one and two bedroom units do not create any school age children. LIHP has a study conducted by Rutgers that demonstrates that. She responded that although they administer PHA voucher programs, it would not be relative to this project as it is not part of this development. There is no section 8 or housing choice voucher project based associated with it. The functions are different. They also offer financial and homebuyer education that they offer to their residents.

Mr. Handelman also noted that as a result of all the work they are performing on LI, they will be opening a regional office in Commack.

The ED asked if there were term obligations to maintain affordability. It is 15 years for Federal Tax Credit and 30 years for State.

The ED requested that Mr. Handelman explain the Real Property Tax Law 581A, projected assessment, pilot projection and rates used. He explained that they contracted Cronin & Cronin Tax Certiari Firm to provide projected assessment based on 581A which directs the assessment community to base the assessment on capitalizing the rental income. They used a blended cap rate of 8.9% which is the industry standard and a tax rate of 19%.

The project just received its NEPA approval and will provide an affidavit attesting to the starting job numbers and annual job numbers.

Pat Snyder from the East End Arts Council spoke in favor of the project and noted that they are working closing to identify opportunity for the artists.

Chairman Cruso closed the public hearing at 5:45pm

The regular meeting was resumed at 5:46pm

MINUTES

The Board moved to dispense with the reading of and voted on the May 2, 2016 meeting minutes.

#30-16 RESOLUTION APPROVES MINUTES OF REGULAR MEETING OF May 2, 2016

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

RESOLVED, the minutes of the meetings of May 2, 2016 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 May

\$199,139.77

Revenue for May	\$5.27
Profit and Loss (May)	\$-13,434.31
Accounts Receivable	\$4,166.28
Total Bills Paid for May	\$11,688.40

#31-16 RESOLUTION ACCEPTS REPORT OF EXPENSES AND AUTHORIZES PAYMENT OF BILLS AS OF May 31, 2016

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, 2016 **as attached**,

NOW, THEREFORE, BE IT RESOLVED, that said monthly financial report dated May 31, 2016 covering the month of May, 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, but the Board discussed a possible Governance Committee meeting to be held after the next board meeting.

NEW BUSINESS:

The board reviewed a written request from Robert Castaldi for relief from late PILOT fees as well as late compliance report fees.

RESOLUTION # 32-16 RESOLUTION CONSIDERING REQUEST FOR LATE COMPLIANCE REPORT FEE WAIVER PIKE REALTY CO., LLC/SUFFOLK THEATER AND WOLF PROPERTY ASSOCIATES LP/FIREHOUSE

Lori Ann Pipczynski offered the following resolution which was seconded by Lou Kalogeras.

Whereas, the Agency has in place a Fee Waiving Policy, and

Whereas, Robert Castaldi on behalf of Pike Realty Co, LLC and Wolf Properties Associates LP has submitted a request to waive the late compliance report fees implemented in accordance with the agency policy, and

Whereas, the board did not consider the request reasonable and determined that the request to waive the late compliance report fee is not consistent with the board policy.

Now, Therefore, Be it Resolved, that the Pike Realty Co, LLC and Wolf Properties Associates LP be notified that the request to waive the late compliance reporting fees is denied and to promptly remit the payment due.

Vote: 5 Yes

RESOLUTION #32A-16 RESOLUTION CONSIDERING REQUEST FOR LATE PILOT PAYMENT WAIVER PIKE REALTY CO, LLC/SUFFOLK THEATER

Lori Ann Pipczynski offered the following resolution which was seconded by Lou Kalogeras.

Whereas, the Agency has in place a Fee Waiving Policy, and

Whereas, Robert Castaldi on behalf of Pike Realty Co, LLC known as Suffolk Theater has submitted a request to waive the late pilot payment penalty fees implemented in accordance with NY GML Title 1 874(5) and the Riverhead Industrial Development Agency Late Pilot Payment Policy, and

Whereas, the board determined that the request to waive the late pilot penalty fees is not consistent with the board policy.

Now, Therefore, Be it Resolved, that Pike Realty Co, LLC be notified that the request to waive the late Pilot Penalty Fee is denied and to promptly remit the payment due.

Vote: 5 Yes

EXECUTIVE DIRECTOR'S REPORT:

The ED reported that Riverhead Cider has not scheduled a closing date. Georgica Green is in the process of securing additional property. The former Dr. Luce building on Second St is being historically renovated and will be submitting an application to the board. The ED notified the board of a FOIL request on 30 and 20 West Main.

Outstanding Compliance notices were sent to Pike Realty, Woolworth and Mirah Max. The ED requested funds for advertising a human resource event with the Chamber of Miller Business Resource Center.

RESOLUTION #35-16 AUTHORIZES FUNDING SUPPORT FOR WORKSHOP

Lou Kalogeras offered the following resolution which was seconded by Dawn Thomas.

WHEREAS, it is customary and necessary for IDA to participate in seminars and cooperative human resource activities, and

WHEREAS, the 2016 budget was adopted and provides funding for advertising; and

WHEREAS, the Executive Director has coordinated a business resource seminar in cooperation with the Riverhead Chamber of Commerce and the Miller Business Resource Center; and

NOW, THEREFORE, BE IT RESOLVED, that the Board authorizes funding for support and advertising of a business resource seminar/workshop up to \$1000.

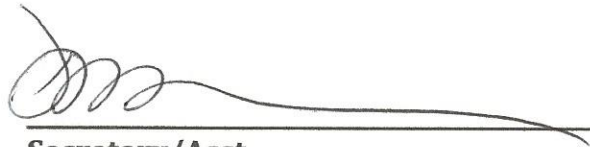
Vote: 5 Yes

The ED reiterated that the new policies, many of which the board has already in practice, must be memorialized and implemented by June 16th. Some drafts have been circulated for board review and comment. There have been additional amendments. More material is forthcoming. A Governance Committee meeting is necessary to review these policies for board approval.

The next board meeting will be scheduled for July 11, 2016
Lou Kalogeras motioned to adjourn the meeting. Dawn Thomas seconded.
There being no further business, the meeting was adjourned at 6:12pm

Dated:

7/11/16



Secretary/Asst.