

**MINUTES OF A REGULAR MEETING  
RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY**

August 1, 2016

Meeting was called to order at 5:03pm by Chairman Thomas Cruso.

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

Signifying a quorum

Absent: Dawn Thomas, Secretary

Others in Attendance: Tracy Stark-James, Executive Director  
Richard Ehlers, IDA Counsel

By motion of Lou Kalogeras and second by Bob Kern the agenda was adopted.

At this time the meeting was recessed to open a public hearing. By motion of Lou Kalogeras and second by Bob Kern at 5:06pm.

Lou Kalogeras motioned to open the public hearing on Solutions Riverhead. Bob Kern seconded. Hearing was opened at 5:07pm.

**PUBLIC HEARING:**

Itai Vischnia requested financial incentives on behalf of his company Solutions Riverhead, LLC to revitalize property he and his partner have purchased at 21 East Second Street. While preserving the historic character, they intend to enclose the porch of the home to accommodate new office space for a total of 12 offices and one group room projecting a total capital investment of \$808,500. They are proposing a “greenhouse” for clinicians in the mental health field only, everything from art therapy, speech therapy to social workers and psychiatrists.

The wife of Itai Vischnia, Dr. Sigit Vishnia, a licensed psychologist and representative for Suffolk County and the New York State Psychological Associations explained that office space built specifically for clinicians is preferred for the industry because it promotes a quieter, more confidential therapeutic atmosphere. They have created the same model in Smithtown and claim to draw clinicians and practices from other towns and approximately 300 visitors per week. The model provides for flexibility for clinicians who perform off site work and don't necessarily need the overhead of full time office space. In addition, the atmosphere provides soundproof rooms, colors and lighting conducive for calming effect, and separate entrance/exit to avoid patient contact not typically found in office buildings. The business model also offers shared services such as marketing at a more affordable rate.

They requested assistance with sales tax and real property tax abatement. When asked about the need for assistance, Mr. Vischnia explained that the investment is located in a blighted area, yet they felt the location was mutually beneficial in that it is seeding the redevelopment of Second Street by improving the property and driving traffic and also preserving an historic structure. He continued to note that they intentionally try to operate at 85-90% capacity rate so that it leaves room for clinicians to grow their practices. Due to the narrow market for clinicians, the operational costs at start up is an issue. Upfront costs are a hardship in the beginning and the assistance will help expedite the operations and further expansion. He explained that it takes about 4 years to get up and fully operational.

Lou Kalogeras asked about the basis for which they used to determine a need in the area for clinicians. Dr. Vischnia explained that her colleagues as well as herself receive calls from this area and they are located in Smithtown. It is too far to service these potential clients. She added that Riverhead has a good school counseling program, but school therapists are not allowed to provide therapy sessions outside the school counseling.

Following a few more questions from the board, no questions were asked by the audience.

Lou Kalogeras motioned to close the public hearing at 5:35pm. Bob Kern seconded. The regular board meeting was reopened by motion of Lou Kalogeras at 5:36pm and seconded by Bob Kern.

### **MINUTES**

The Board moved to dispense with the reading of and voted on the July 11, 2016 meeting minutes.

### **#41-16 RESOLUTION APPROVES MINUTES OF REGULAR MEETING OF July 11, 2016**

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

**RESOLVED**, the minutes of the meetings of July 11, 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: 4 Yes  
1 Absent

**CORRESPONDENCE:** None

### **TREASURER'S REPORT:**

Cash Balance in SCNB as of July \$245,842

Revenue for July	\$78,733
Profit and Loss (July)	\$61,926.95
Accounts Receivable	\$3,166.28
Total Bills Paid for July	\$14,589.77

**#42-16 RESOLUTION ACCEPTS REPORT OF EXPENSES AND AUTHORIZES PAYMENT OF BILLS AS OF July 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 July 1 to July 31, 2016 **as attached**,

**NOW, THEREFORE, BE IT RESOLVED**, that said monthly financial report dated July 29, 2016 covering the month of June, 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 Lori Ann Pipzcysnki **Motion approved**.

Vote: 4 Yes  
1 Absent

There was a discussion regarding the research of interest rates at other financial institutions. Bob Kern reported that Capital One would give us 1.75% fixed rate annuity for 6 months. The ED will research with the CFO and report back.

**COMMITTEE REPORTS:**

- Audit – None
- Personnel – None
- Finance – None
- Governance – None

The Chairman took the agenda out of order to consider Peconic Crossing under New Business.

**NEW BUSINESS:**

The following resolution was offered as amended by Member Lou Kalogeras, who moved its adoption, seconded by Member Lori Ann Pipzcysnki, to wit:

**RESOLUTION #43-16**

**A RESOLUTION AUTHORIZING THE PROVISION OF FINANCIAL ASSISTANCE BY THE TOWN OF RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY TO PECONIC CROSSING, LLC**

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

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 Crossing, LLC as property owner, and Conifer Realty, LLC as operating entity, in conjunction with Community Development Corporation of Long Island, Inc. all qualified to do business in the State of New York ("collectively referred to herein as Applicant"), with respect to the acquisition of parcel, demolition of existing structure, and construction of a 52,205 +/- square foot building located at 11 West Main Street, Riverhead, New York (S.C.T.M. #0600-128.00-03.00-068.002) for use as 45 units of workforce rental housing with downstairs interior parking garage and vehicle access across adjacent parcel to Peconic Avenue for project known as Peconic Crossing at an aggregate cost, including costs associated with the financing thereof, estimated to be \$17,650,928 (the "Project"); and

WHEREAS, a public hearing pursuant to Section 859-a of the General Municipal Law was held by the Agency on June 6, 2016 with respect to the application for financial assistance and the Project and the proposed financial assistance requested by Applicant with respect to the Project; 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; and

WHEREAS, by correspondence dated July 27, 2016, the Applicant advised that the Project will be constructed by Conifer - LeChase Construction, LLC, 205 Indigo Creek Drive, Rochester, New York 14626.

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 record of the proceedings of this application the Board makes the following findings necessary to provide a reasonable basis for the decisions of the Agency made herein. The total Project cost is \$17,650,928 and would include 45 residential units (16 one-bedroom units and 29 two-bedroom units), a parking garage with 33 spaces (3 Handicap spaces), a fitness room, community room, on-site laundry, an on-site management office and artist gallery space of approximately

1700 square feet. The exterior of the building would consist of brick and cast stone. The Project would create housing for 74-119 residents. Five of the units would be set aside for households earning 50% of the area median income (AMI); 35 units would be set aside for households earning up to 60% AMI, and 5 units for those earning up to 90% AMI. All units will be offered to qualified artists in conjunction with advice from the East End Arts Council.

A cost benefit analysis has been prepared and reviewed by the Agency. The Project has been reviewed by the New York Governor's Office of Storm Recovery and issued a Federal Finding of No Significant Impact and Notice of Intent to Release Funds through the Community Development Block Grant-Disaster Recovery Program (CDBG-DR) in the amount of \$5,440,000. Additional funding is provided by provision of Low Income Housing Tax Credits as approved by NYS Homes and Community Renewal, Division of Housing and Community Renewal with Federal Tax Credit Equity of \$8,506,171 and New York State Tax Credit Equity of \$1,279,872.

Waverly Research Group has prepared a Housing Market Analysis in accordance with generally accepted procedures for a professional market study, including the identification and analysis of the site circumstances, demographic and economic conditions in the area, existing housing supply, and projected demand for rental housing. The conclusions of this study reflect high need for the housing proposed with a market absorption resulting in stabilized occupancy within four months of completion of construction.

The Project is within the East Main Street Urban Renewal Area as so designated by the Riverhead Town Board and is in conformance with all zoning and land use policies as so adopted.

Conifer Realty, LLC the developer and Community Development of Long Island have demonstrated ability and experience in the construction, maintenance and operation of Projects similar in nature to the Project.

The Board also finds that the Applicant has certified that the Project, as of the date of the Application, is in substantial compliance with all provisions of Article 18-A of the General Municipal Law of the State of New York, including, but not limited to GML section 859-a and section 862. The Board also finds that the Applicant has certified it is in substantial compliance with applicable local, state and federal tax, worker protection and environmental laws, rules and regulations. This resolution is not effective until it is dated and countersigned by the Applicant as set forth at the foot hereof, certifying the truth of this finding and all other statements of facts and findings made by the Agency in this resolution based upon information provided by the Agency.

Section 2. 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 in an amount not to exceed a total value of eligible goods and services in the amount of \$388,314, and (ii) a partial abatement of real property taxes by granting a real property tax abatement equal to the assessed value of the improvements for a period of ten years, effective for the 2017/2018 tax billing year. PILOT payments shall be paid on the land assessment of \$70,000 and 100% abatement of improvements assessment over 10 years as set forth in the attached Schedule A, and (iii) the provision of an abatement of the Mortgage Recording Tax on a mortgage not to exceed \$7,180,000.

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 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 Project Agreement, Ground Lease, Lease, Mortgage if necessary, PILOT, and Guarantees, necessary to grant the financial assistance set forth herein upon payment of the Agency fee and Attorney fees. Closing shall occur no later than two years from the date hereof.

Section 5. This resolution shall take effect upon immediately.

**Vote:** 4 Yes

1 Absent

**OLD BUSINESS:**

**A. Sales Tax Authorization**

**#44-16 APPOINTS J PETROCELLI CONTRACTING, INC. DIRECT AGENT OF THE AGENCY AND AUTHORIZES EXECUTION OF ST-60 AND SALES TAX AGENT AUTHORIZATION LETTER**

Lori Ann Pipzcynski offered the following resolution, which was seconded by Bob Kern.

WHEREAS, Preston House LLC has advised that J Petrocelli Contracting, Inc. will be performing construction services incidental to construction and equipping of facility for project known as Preston House as previously approved for financial assistance by resolution of this Agency, and

WHEREAS, the Agency desires to directly appoint J Petrocelli Contracting, Inc. as Agent of the Agency.

NOW, THEREFORE, BE IT RESOLVED, the Agency directly appoints J Petrocelli Contracting, Inc. as Agent of the Agency and authorizes the Executive Director to execute and file the attached ST-60 forms for Preston House LLC and J Petrocelli Construction, Inc. and

BE IT FURTHER RESOLVED, the Executive Director is hereby authorized to execute the attached Sales Tax Agent Authorization Letter for J Petrocelli Contracting, Inc.

**Vote:** 4 Yes

**EXECUTIVE DIRECTOR'S REPORT:**

The ED provided an update on prospective projects.

The ED reported on the success of the Power of Information Seminar hosted by the IDA and Chamber on July 26<sup>th</sup> and noted that the advertising came in just under \$800.

Resolution #35-16 authorized funding support for the workshop up to \$1000. The Chamber of Commerce has made a request to split the refreshments bill.

Lou Kalogeras motioned to authorize using the remaining unused authorized amount of funds budgeted not to exceed \$100 to assist the Chamber if splitting the cost for refreshments. Tom Cruso seconded. All four present board members present approved the motion. Board authorized the Agency to pay for half the cost of the beverages served at the seminar not to exceed \$100.

Wolf Properties and Pike Realty came into compliance, therefore it was no longer necessary to hold the compliance hearing.

The ED reported that there still has been no response from the Assessor regarding a meeting.

The next board meeting will be scheduled for September 12, 2016 noting Labor Day Holiday.

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

There being no further business, the meeting was adjourned at 5:56pm

Dated: 9/12/16

  
Secretary/Asst.