

**MINUTES OF THE MEETING
RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY
November 6, 2017**

Meeting was called to order at 5:06PM by Chairman Thomas Cruso.

Present: Thomas Cruso, Chairman
Lori Ann Pipczynski, Secretary
Robert (Bob) Kern, Treasurer
Elias (Lou) Kalogeras, Vice Chairman
Anthony Barresi

Absent:

Signifying a quorum.

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

By motion of Lori Ann Pipczynski and second by Bob Kern the agenda was adopted.

Consideration of Resolutions

#43-17 A RESOLUTION RATIFYING THE AUTHORIZING THE SCHEDULING AND NOTICE OF A PUBLIC HEARING WITH RESPECT TO THE PROVIDING OF FINANCIAL ASSISTANCE BY THE TOWN OF RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY TO JOHN WESLEY VILLAGE LP

Lou Kalogaras offered the following resolution, which was seconded by Anthony Barresi.

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 John Wesley Village LP, a New York limited partnership with respect to the acquisition

and renovation of an existing 115-unit senior subsidized housing rental facility located at Middle Road, Riverhead, New York (SCTM #0600-082.000-0002-004.006). The renovation shall include kitchen and bathroom replacements, removal of natural gas ranges and replacement with electric ranges, replacement of obsolete breaker panels, replacement of medical pull cord distress system with new wireless, central station monitored system, sidewalk area improvements, upgrade of site and walkway lighting, installation of rooftop photovoltaic solar panels, resurfacing of certain parking areas, and drilling and installation of irrigation wells for on-site landscaping use at an estimated cost of \$1,900,000. The facility will be purchased and renovated by John Wesley Village LP at a total project cost of \$12,804,393 (the "Project"). All Housing and Urban Development Agency contracts will be maintained and there will be no change in tenant eligibility or selection. All tenants will remain in place during the renovations; 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 authorize the scheduling of 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 John Wesley Village LP 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 Riverhead Town Hall, 200 Howell Avenue, in Riverhead, New York, on October 2, 2017 at 5:00 p.m. prevailing time with respect to the Project and the proposed financial assistance now being contemplated to be provided to John Wesley Village LP 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 John Wesley Village LP 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 John Wesley Village LP 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 acquisition and renovation of an existing 115-unit senior subsidized housing rental facility located at Middle Road, Riverhead, New York (SCTM #0600-082.000-0002-004.006). The renovation shall include kitchen and bathroom replacements, removal of natural gas ranges and replacement with electric ranges, replacement of obsolete breaker panels, replacement of medical pull cord distress

system with new wireless, central station monitored system, sidewalk area improvements, upgrade of site and walkway lighting, installation of rooftop photovoltaic solar panels, resurfacing of certain parking areas, and drilling and installation of irrigation wells for on-site landscaping use at an estimated cost of \$1,900,000. The facility will be purchased and renovated by John Wesley Village LP at a total project cost of \$12,804,393 (the "Project"). All Housing and Urban Development Agency contracts will be maintained and there will be no change in tenant eligibility or selection. All tenants will remain in place during the renovations

Section 4. It is hereby determined that the financial assistance that the Agency is now contemplating providing to John Wesley Village LP with respect to the Project is (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, and (iii) the provision of an exemption from Mortgage Recording Taxes. The Payment In Lieu of Tax Agreement (PILOT) contemplated by this application is a deviation from the Agency Uniform Tax Abatement Policy because the current site and not for profit user currently receive a full tax exemption by statute and pay no PILOT payments to any taxing jurisdiction. This application would remove the statutory exemption and replace it with an Agency exemption that would provide a PILOT payment to the effected taxing jurisdictions.

Section 5. The Secretary of the Agency is hereby authorized and directed to cause a copy of this resolution to be published once in the September 21, 2017 edition of 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.

Section 6. This resolution shall take effect immediately.

Vote: 5 Yes

Lori Ann Pipczynski motioned to recess the regular meeting of the board at 5:09pm
Bob Kern seconded. The board meeting was recessed to conduct a public hearing at 5:09pm
Bob Kern motioned to open the Public Hearing at 5:09pm. Lori Pipczynski seconded.

PUBLIC HEARING – John Wesley Village LP

Dan Dornfeld, Attorney for the applicant, began with the request of the Agency to assist with the refinance and transfer of ownership of Peconic United Methodist Housing (PUMH), a not for profit entity, to John Wesley Village LP a for profit entity. The transfer will allow to recover market rents from HUD and refinance the project. PUMH has been in business for 37 years providing affordable housing to seniors 62 and older as John Wesley Village.

Dornfeld explained that the John Wesley senior housing project is a not for profit HAP/project based section-8 assisted complex that has been in service for 37 years. The complex is in need of upgrades and replacements with a bias toward health and safety items. They have been working with the Agency since 2014 trying to advance the use of tax credits to make much needed capital improvements, but that did not workout. The site work is not achievable without new HAP & FHA mortgage financing. While the facility is currently tax exempt from property taxes, HUD agreed to allow them to increase rents to support greater debt with the transfer the ownership and refinancing. This transfer of ownership exposes the site to property tax levies that render the transaction moot. They requested that the IDA enter into a PILOT agreement with the company to facilitate the new mortgage amounts needed to rehabilitate the facility and pace in the anticipated tax levy. They requested a PILOT for 35 years increasing to coincide with the duration of the HUD-HAP-FHA loan and contract. They requested mortgage recording tax and sales tax exemption. The financing structure will move the currently not for profit owned property to a for profit entity placing it on the tax rolls while affording the ability to upgrade the kitchen and bathrooms. Mr. Moore explained that one of the problems with the budget based system HUD put into place when the facility was constructed was they never gave the facilities enough rent roll to constantly squirrel away enough into a restricted account to cover these large capital necessities. That is why they are where they are now. They need approximately \$2million worth of work. It is anticipated to take 12 months to complete the work. The purchase price is \$10 million. The renovations are estimated to cost approximately \$1.9 million.

Richard Ehlers reminded the applicant how the PILOT agreement works and the tax revenue that is paid through the agreement does not include special district taxes. The entity will receive a regular tax bill to pay those taxes directly to the municipality. The board requested to see the appraisals for the property.

Larry Simms asked a number of questions regarding current ownership and evidence to prove the need of assistance as well as what the total value of the relief was being requested. Richard Ehlers explained that the intent is to put the property back on the tax rolls. The ED answered that the mortgage recording tax exemption is estimated to be \$90,000 and the estimated sales tax exemption is \$65,619.69. The PILOT request is a net positive, but if the property were on the tax rolls today, based on the current assessment of 3,249,800 which is not based on the Real Property Tax Law 581-a, it would equate to \$558,052.40 plus the special district taxes of \$40,109.52 for a total of \$598,161.52. The applicant is requesting to continue paying zero taxes the first 5 years and then jump to a payment of \$50,000 from years 6-12 and 100,000 from years 13-20. From there, they propose escalating 10,000 more per year until year 35. Based on a 581a assessment, the current tax would be \$112,847. Mr. Moore responded that they had been exploring resources and options to refinance since 2014 and the only mechanism and make the improvements was to create the for profit entity. Submission of the most recent appraisals were requested.

After no further comment, Bob Kern motioned to close the public hearing. Lori Ann Pipczynski motioned to amend the motion of closing the public hearing to leave it open for a 20 day written comment period from the date of the meeting (11-6-17). Lou Kalogeras seconded at 5:50pm.

The Public Hearing will remain open for a 20 day written comment period. Closing date would be 11-24-17.

The Board reopened the regular meeting at 5:51pm with a motion from Lou Kalogeras and a second by Bob Kern.

#44-17 A RESOLUTION RATIFYING THE PUBLICATION OF NOTICE OF A PUBLIC HEARING WITH RESPECT TO THE PROVIDING OF FINANCIAL ASSISTANCE BY THE TOWN OF RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY TO CALVERTON DISTR. RTE 25, L.L.C. AND PODS ENTERPRISES, 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 Calverton Distr. Rte 25 L.L.C., a limited liability company qualified to do business in the State of New York and PODS Enterprises, LLC, a limited liability company qualified to do business in the State of New York (collectively known as the "Applicant"), with respect to the construction, furnishing and equipping of an approximate 45,212 square foot building with associated site improvements on a 6.2 acre parcel located at 3651 Middle Country Road, Calverton, New York (S.C.T.M. No. 0600-117-02-009.002) for use as warehousing and distribution of portable storage units (PODS) for residential and commercial use at an estimated total project cost of \$7,337,105 (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 authorize the publication of notice of 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 the 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 November 6, 2017 at 5:00 p.m. prevailing time with respect to the Project and the proposed financial assistance now being

contemplated to be provided to the 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 the 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 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. It is hereby determined that a general, functional description of the Project is as follows: construction, furnishing and equipping of an approximate 45,212 square foot building with associated site improvements on a 6.2 acre parcel located at 3651 Middle Country Road, Calverton, New York (S.C.T.M. No. 0600-117-02-009.002) for use as warehousing and distribution of portable storage units (PODS) for residential and commercial use at an estimated total project cost of \$7,337,105 (the “Project”).

Section 4. It is hereby determined that the financial assistance that the Agency is now contemplating providing to the Applicant with respect to the Project is (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, and (iii) the provision of an exemption from Mortgage Recording Taxes.

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.

Section 5. The Secretary of the Agency is hereby authorized and directed to cause a copy of this resolution to be published once in the October 26, 2017 edition of 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.

Section 6. This resolution shall take effect immediately.

VOTE: 5 Yes

Lou Kalogeras motioned to recess the regular meeting of the board at 5:51pm
Lori Ann Pipczynski seconded. The board meeting was recessed to conduct a public hearing at 5:51pm.

Lou Kalogeras motioned to open the Public Hearing. Bob Kern seconded. Public Hearing opened at 5:52pm for Calverton Distr. Rte 25, LLC

PUBLIC HEARING – Calverton Distr. Rte 25, LLC

Gary Krupnick Managing Member of Calverton Distr Rte 25 requested assistance to build a 45,212 sq ft facility for his proposed tenants PODS Enterprises which is currently renting in EPCAL with a sliding lease and have significantly outgrown their space. PODS is a warehouse distribution facility for temporary storage that is delivered to home or office and brought back to a temperature controlled facility. Mr. Krupnick explained that the Town of Riverhead had gotten involved with the development of this proposed project and future industrial park because the Town had an aircraft manufacturer that needed the PODS space in Calverton. He continued that the Town allowed him to proceed with the development of this one project and then immediately subdivide the remaining 13 acres of the property. He located property east of the Riverhead Charter School that currently houses a solar farm on a portion. The intent is to subdivide the property from the solar farm and develop the remainder. The front portion on Rte 25 would be the first phase of a subdivision with approximate 6.3 acres for the PODS facility, leaving the remaining 13 Acres for additional development. He explained that the Town Board allowed PODS to quickly build the site while the anticipated future subdivision undergoes further review for an additional 200,000 sq ft of industrial space, but that subdivision is not part of this application. He claimed the project would create 100 construction jobs and 10-12 permanent jobs with salaries ranging from \$45-50,000.

Financing is through Bridgehampton National Bank which requested IDA assistance. He explained that he has built several other POD sites with IDA assistance as a component of the underwriting.

Lou Kalogeras asked if the Agency did not provide assistance, would the project move forward. Mr. Krupnick responded that all other IDA's have provided assistance for these projects as it supplements the construction. It would put a lot of financial pressure on the developer. He has a 12 yr lease and requested a 25 year mortgage and the bank requested the assistance.

Larry Simms a member of the public asked what the value of the requested incentive package was worth and noted that he was confused about the growth plans. To clarify, this application is to build 45,000+ sq ft on 6.3 acres. The developer could expand another 35-45,000 sq ft in the future with the purchase of Pine Barrens Credits. There is a siteplan under review for the additional 13 acres behind the PODs site. The land is under a long term lease with a solar farm encompassing 18 acres in the rear of the property.

Seeing no further comment, Lou Kalogeras motioned to close the hearing. Lori Ann Pipczynski seconded. The hearing was closed at 6:24pm

Lou Kalogeras motioned to reopen the regular board meeting at 6:25pm. Bob Kern seconded.

MINUTES

The Board moved to dispense with the reading of and voted on the September 11, 2017 meeting minutes.

#45-17 RESOLUTION APPROVES MINUTES OF REGULAR MEETING OF September 11, 2017

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

RESOLVED, the minutes of the meetings of September 11, 2017 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 as of October 31	\$171,099.88
Revenue for October	\$9,231.83
Profit and Loss	\$-12,166.33

Accounts Receivable	\$0
Total Bills Paid	\$11,003.66

#46-17 RESOLUTION ACCEPTS REPORT OF EXPENSES AND AUTHORIZES PAYMENT OF BILLS AS OF October 31, 2017

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 October 1 to October 31, 2017 **as attached**,

NOW, THEREFORE, BE IT RESOLVED, said monthly financial report dated November 1, 2017 covering the month of October, 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 Pipczynski. **Motion approved.**

Vote: 5 Yes

Consideration of Resolution #47-17 Ratifies 2018 Budget

#47-17 RESOLUTION RATIFYING THE APPROVAL OF THE BUDGET FOR FISCAL YEAR 01/01/18-12/31/18

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

WHEREAS, it is recommended accounting practice that an operating budget be established for the Riverhead Industrial Development Agency; and

WHEREAS, Section 2801 of Public Authorities Law provides budget reporting requirements for state and local public authorities and requires the submission of proposed budget reports not more than 90 days and no less than 60 days before the commencement of their fiscal year; and

WHEREAS, Article 18-A of GML requires a copy of the draft budget to be forwarded to the chief executive office and the governing body of the municipality for whose benefit the agency was established for inspection and comment of its proposed budget for the forthcoming fiscal year, no later than twenty business days before its adoption.

WHEREAS, a preliminary budget was prepared and submitted to the Town Board of the Town of Riverhead and Town Clerk's office for review and comment, and

WHEREAS, there were no changes recommended, and

WHEREAS, it is the recommendation of the Finance Committee to adopt the proposed budget for 2017.

NOW, THEREFORE BE IT RESOLVED, that the attached is hereby adopted as the Operating Budget of the Riverhead Industrial Development Agency for fiscal year 01/01/18 through 12/31/18; and

BE IT FURTHER RESOLVED, copies of this resolution be and hereby are authorized to be filed with all necessary parties as described by law.

Vote: 5 Yes

COMMITTEE REPORTS:

There were no committee reports

OLD BUSINESS: None

NEW BUSINESS:

a. Establish School Board Liaison Committee

RESOLUTION #48-17 ESTABLISHES AGENCY LIAISON COMMITTEE TO ADVISE THE AGENCY REGARDING THE RIVERHEAD SCHOOL BOARD

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

RESOLVED, that a Committee to be composed of two Agency Board members and the Executive Director is hereby created to assist the Agency in developing an active dialogue regarding tax base enhancement, economic development, job growth and workforce needs with the Board of Education of the Riverhead Central School District. Board Member Lori Ann Pipczynski and Board Member Anthony Barresi are hereby appointed the initial members of the committee, to serve at the pleasure of the Board.

Vote: 5 Yes

b. Consideration of Transfer of Ownership PMG, LLC

RESOLUTION #49-17 AUTHORIZES CHANGE IN MANAGING MEMBER OF PECONIC MANAGEMENT GROUP LLC

Lou Kalogeras offered the following resolution, which was seconded by Anthony Barresi.

WHEREAS, Peconic Management Group LLC has been approved by this Agency to develop the Project as medical offices for phases one, two and three as fully set forth in prior resolutions of this Board, and

WHEREAS, Payaal Mehta has applied to the Agency, by letter dated October 11, 2017 from Francis Yakaboski, attorney, to transfer her ownership interest in Peconic Management Group LLC to her husband Rajesh Mehta, and

WHEREAS, Rajesh Mehta will assume the role of Managing Member of Peconic Management Group LLC, and

WHEREAS, all Guaranties made by Payaal Mehta to the Agency will remain in full force and effect and the Project shall be operated under the same terms and conditions as set forth in the resolution covering phases one, two and three of the Project and all agreements and contracts between the Agency and Peconic Management Group LLC shall remain in full force and effect.

NOW, THEREFORE, BE IT RESOLVED, that the Agency approves and ratifies the transfer of ownership of the limited liability company known as Peconic Management Group LLC from Paayal Mehta to Rajesh Mehta and appointment of Rajesh Mehta as Managing Member subject to the continued guaranty of all Agency obligations by Payaal Mehta to the Agency and operation of phases one, two and three of the Project in accordance with all agency contracts and documents.

VOTE: 5 Yes

c. Consideration of Auditing Firm

#50-17 RESOLUTION DESIGNATES JONES, LITTLE & CO, LLP AS OFFICIAL AUDITING FIRM FOR THE RIVERHEAD IDA

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

RESOLVED, that the Chairman of the Agency is hereby authorized to execute a contract with Jones, Little & Co, LLP as the official auditing firm of this Agency for 2018 and that said books are to be audited annually with a copy of said audit to be provided to the Agency and become part of the record of such Agency.

Vote: 5 Yes

EXECUTIVE DIRECTORS REPORT

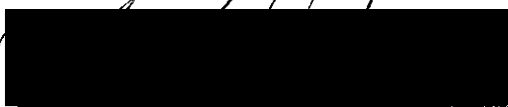
The ED reported on the Employment Expo noting that although a rainy evening, there were approximately 40 companies that participated with a very diverse range of position offerings. However, only 50 people seeking jobs showed up.

The ED informed the board that the economic impact modeling software had increased in price to \$5000, but she was able to renegotiate to the original quote of \$2200. The program should be up and running the beginning of December.

The ED discovered a new annual Sales tax reporting form that the agency will have to complete. The budget has been submitted to PARIS on time.

The next board meeting is currently schedule for December 4th.
Lori Ann Pipczynski motioned to adjourn the meeting. Anthony Barresi seconded.
There being no further business, the meeting was adjourned at 6:51pm

Dated: 12/4/17


Secretary/Asst.