

**MINUTES OF THE MEETING  
RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY**

August 24, 2020

Meeting was called to order at 5:10PM by Chairman Thomas Cruso.

Present: Thomas (Tom) Cruso, Chairman  
Lori Ann Pipczynski, Vice Chairwoman  
Bob Kern, Treasurer  
Anthony (Tony) Barresi, Secretary  
James Farley, Asst. Treasurer

Absent:

Signifying a quorum.

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

Anthony Barresi moved to adopt the proposed agenda. Bob Kern seconded. The agenda was adopted.

**MINUTES:**

The Board moved to dispense with the reading of and voted on the July 13, 202 meeting minutes.

#29-20 RESOLUTION APPROVES MINUTES OF REGULAR MEETING OF JULY 13, 2020. Member Bob kern offered the following resolution, which was seconded by Member Tony Barresi.

RESOLVED, the minutes of the meeting of July 13, 2020 as prepared and e-mailed be and are hereby approved, and

BE IT FURTHER RESOLVED, that the 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

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

RESOLUTION #30-20

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 331 EAST MAIN STREET, LLC, G2D CONSTRUCTION CORP., AND G2D PROPERTIES CORP.

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 331 East Main Street, LLC, a limited liability company, as Owner of the Project, and G2D Construction Corp. as Project builder, and G2D Properties Corp. as Facility Manager (collectively known as the "Applicant"), all having their address at 36 New York Avenue, Huntington, New York, and all qualified to do business in the State of New York with respect to the demolition of two vacant buildings consisting of vacant retail space on the ground floor and three vacant residential apartments above located at 331 East Main Street, Riverhead, New York (S.C.T.M. No. 0600-129.00-04.00-015.00) and the construction, furnishing, and equipping of a building of approximately 37,385 sf for the development of a 36 market-rate rental unit apartment community with amenities at an estimated total project cost of \$12,943,851 (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 virtual public hearing will be held at the Riverhead Town Hall, 200 Howell Avenue, in Riverhead, New York, on August 24, 2020 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 in writing and orally through virtual participation, 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. Due to the Executive Order of the New York State Governor regarding the declaration of a disaster emergency in response to COVID-19, the aforementioned public hearing will be a virtual public hearing. Anyone wishing to present oral or written testimony must contact the Agency by email at [director@riverheadida.org](mailto:director@riverheadida.org) by no later than noon on August 24, 2020 to request a password and instructions. Further information on the proposed Project, including the application for such financial assistance, is available for public inspection at the office of the Riverhead Industrial Development Agency. Contact the Agency during normal business hours to arrange for electronic review.

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: the demolition of two vacant buildings consisting of vacant retail space on the ground floor and three vacant residential apartments above located at 331 East Main Street, Riverhead, New York (S.C.T.M. No. 0600-129.00-04.00-015.00) and the construction, furnishing, and equipping of a building of approximately 37,385 sf for the development of a 36 market-rate rental unit apartment community with amenities at an estimated total project cost of \$12,943,851 (the “Project”). The unit mix of the Project includes ten (10) one-bedroom apartments and twenty-six (26) two-bedroom apartments with an average size of 600-1200 square feet. The ground floor of the Project will include three window display areas along Main Street that can be utilized by the Town of Riverhead, and local not-for-profit organizations to display artwork, advertise events and provide information. The Project will be pet-friendly and feature a rooftop deck overlooking the Peconic River, a dedicated package room and a virtual doorman. The Project is located within a Qualified Opportunity Zone, Empire Zone, and Urban Renewal Area. According to the Internal Revenue Service, Qualified Opportunity Zones were created by the 2017 Tax Cuts and Jobs Act. These zones are designed to spur economic development and job creation in distressed communities throughout the country and U.S. possessions by providing tax benefits to investors who invest eligible capital into these communities. The Applicant will serve as an Opportunity

Zone Fund for the purpose of applying for and securing Opportunity Zone federal tax advantages available at this location

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 as provided in the attached Notice of Public Hearing to be published once in the August 13, 2020 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

At this time the Chairman called to recess the board meeting to open a public hearing. Member Bob Kern motioned to recess the board meeting. Member Tony Barresi seconded. The board meeting was recessed. Member Bob Kern motioned to open the Public Hearing and James Farley seconded to open and the public hearing on 331 East Main Street, LLC was opened at 5:13pm

PUBLIC HEARING: The virtual public hearing was opened and Chris Kent, Attorney from Farrell Fritz began describing the project. He Introduced Nick Terzulli specializing in economic development incentives from his firm and Greg DeRosa and Bobby Walsh, principals of the project to present the application for assistance to the Riverhead IDA for 331 East Main Street, LLC. The proposal calls for a 36 unit 4 story apt building with terraces and rooftop deck, ground floor parking garage for residents and 838 sq ft commercial ground floor space. Mr Kent went on to describe the experience of his clients and the proposed

management company. They are based in Huntington. They have built transformative projects in Huntington and downtown Hicksville.

He explained that the applicant has made certain revisions to the project since the last presentation to the board based on comments received by the Town Board of Riverhead. As opposed to demolishing the two vacant buildings that currently occupy the site, the developer will donate the historic portion of the building called the Norton House for it to be relocated across the street, as well as contribute \$70,000 toward the relocation. The applicant has also added the 800 plus sq ft of commercial space to the North West corner of the building. Preliminary discussions point to a possible tourism concierge in the commercial space. This will increase the total investment by approximately \$100,000. This will increase the request for mortgage recording tax relief by about \$610 and the sales tax exemption by \$5,175. Making the total investment to \$13,143,000. They are requesting a 20 year PILOT which represents a 40% increase over the current property taxes collected on the property as it stands today and represents an approximate 996% increase in the property taxes by year 20. Furthermore, Mr. Kent stated that in addition to the pilot payment the applicant will be paying the special district taxes to the town that will also increase as a result of the increase in assessed value.

The property in downtown Riverhead currently pays \$17,900 in annual property taxes. The building on the property consisted of two apartments above commercial space. He continued that the financial assistance, despite revenue projections, will be a necessity for the financial success of the project and its sustainability. He explained that the project will represent the first market rate apartment building in downtown Riverhead therefore it remains a considerable risk for investors. The Economic impact was analyzed by Camoine Associates. The financial assistance from the IDA ameliorates the risk allowing the project to be financeable, developable and sustainable.

The Executive Director informed the board that the Agency had received no notice from the public from anyone wishing to attend the meeting virtually.

The Chairman noted that the hearing will remain open for written public comment until noon on Friday Sept 4<sup>th</sup> and for the taxing jurisdictions to make oral comment during the meeting of September 14<sup>th</sup>.

Lori Ann Pipczynski motioned to recess the public hearing. Bob Kern seconded. The Hearing was recessed at 5:54pm until Sept. 14<sup>th</sup>

Lori Ann Pipczynski motioned to reopen the general meeting. Bob Kern seconded at 5:55pm.

**OLD BUSINESS:** **Compliance Hearing on Woolworth Revitalization, LLC.** The ED explained that the intent of the hearing is to determine if the project is in default for non-reporting compliance. Should the board determine the project in default, a remedy would be explored during a Governance Committee meeting and considered during the next board meeting.

Reza Ehbrahimi, counsel for Woolworth, addressed the board and noted that his client is not disputing being in compliance, but wanted the board to understand the difficulty in getting the information from multiple tenants. He noted that they will submit the report by the end

of the month. Michael Butler, owner of Woolworth Revitalization, LLC requested the board review the compliance forms to see if they could reduce the amount of information required. Although the reporting due date was February 15<sup>th</sup>, he pointed to the pandemic having an impact on his ability to get the information from the tenants. He also noted the timing of the report comes at a difficult time for businesses to focus on because it is in the beginning of the year and the businesses have not even completed their tax returns yet. He noted that he understands it is a state determined timeline and that the IDA board may have little control over that. He also stated that the burden of submitting the reports should be on the tenant and not the landlord.

The ED noted that the forms have undergone minor changes over the last several years. In addition, additional information being requested by the State, the Town board and Agency board has added requested more statistics to be collected. The Chairman requested to have the Governance Committee review the forms.

**CORRESPONDENCE:** None

**TREASURER'S REPORT:**

|                               |               |
|-------------------------------|---------------|
| Cash Balance in as of July 31 | \$ 35,065.80  |
| Money Market                  | \$ 145,454.34 |
| Revenue for July              | \$ 4,035.73   |
| Profit and Loss               | \$-12,812.71  |
| Total Expenses Paid           | \$ 14,454.34  |

**#31-20 RESOLUTION ACCEPTS REPORT OF EXPENSES AND AUTHORIZES PAYMENT OF BILLS AS OF July 1, 2020**

**WHEREAS**, Denise Cooper, CPA and Tracy Stark-James, Executive Director, submitted monthly financial reports, including a report of expenses, to the Riverhead Industrial Development Agency for the period of July1 to July 31, 2020 **as attached**,

**NOW, THEREFORE, BE IT RESOLVED**, said monthly financial report dated August 3, 2020 covering the month of July, be and are hereby accepted and expenses as listed are authorized for payment.

Member Bob Kern made a motion to accept Treasurer's Report, which was seconded by Member Anthony Barresi. **Motion approved.**

**VOTE:** 5 Yes

**COMMITTEE REPORTS:**

Audit: None

Governance Committee: Lori Ann Pipczynski reported that the committee met virtually on Aug 19 and discussed compliance and hearing review on the Woolworth project and the proprietors continued default of compliance report submission. There are still outstanding items regarding the report. The committee recommended to the board to invite Mr. Butler to the next board meeting to discuss his continued default, payment of fees and potential recapture of benefits.

Lori made a motion to invite Mr. Butler to the Sept 14<sup>th</sup> meeting to discuss his continued default in compliance reporting. Anthony Barresi seconded. Bob Kern asked if the committee had reviewed the compliance report form as requested by Mr. Butler. Lori Ann Pipczynski informed the board that review of the information requested within the reports has been completed, but a recommendation to amend the form has not been formalized yet. The board voted to invite Mr. Butler from the Woolworth Project to the Sept 14<sup>th</sup> meeting. The board also requested that a section within our closing documents is more detailed in requiring the landlord to have specific language within their leases to require tenants to report so that they can be held accountable.


Finance Committee: Tabled

**NEW BUSINESS:** None

**EXECUTIVE DIRECTOR REPORT:** NYS Eco Dev council annual conference will be virtual on Tuesday and Wednesday all day. If any board member wishes to attend please let the ED know.

Seeing no further business, Bob Kern motioned to adjourn the meeting. Anthony Barresi seconded. The meeting adjourned at 6:12pm

Dated: 10/05/2020

  
Secretary/Asst