

MINUTES OF THE MEETING
RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY
September 14, 2020

Meeting was called to order at 5:07PM 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

Lori Ann Pipczynski moved to adopt the proposed agenda. Bob Kern seconded. The agenda was adopted.

The Chairman moved to take the New Business out of order to address the project status of the Aquarium. Bryan Decula, Executive Director of the LI Aquarium and Exhibition Center was present virtually and provided the following report:

The Long Island Aquarium in downtown Riverhead is facing a 56% deficit compared to last year. The deficit comes about due to state requirements that the aquarium remain closed for much of the year to prevent the spread of COVID-19. Unlike other businesses that can simply close, the aquarium must still feed and care for the animals it houses. The Aquarium is now open but is only allowed to operate at 25% capacity. Attendance is down by 56%, more than 100,000 people. As a result, the aquarium revenue is down by 53% over last year, which is several million dollars. The catering business is down by 84%, or more than \$1 million, he said. Sponsorships are down by 66%. He explained that they were operating at a 56% deficit. Catering has been difficult because the state puts a 50-person limit on events and that impacts the adjacent Hyatt hotel, which normally books many weddings and other events, Mr. DeLuca said. They had to postpone about 75% of their weddings into the following year, but still lost 20% to 25% of the weddings. Returning deposits had another financial impact on them. Atlantis used all of the PPP funding it received for payroll only. He explained further that they did not use it on our interest on our bank loans or our utilities, gas or electric. Nothing changed for our animal care staff and the operation he stated, tending to the animals' dietary needs, tending to their life support system, food and habitat support remained the same. He also noted that safe guards were immediately put into play and is happy to report that no one on staff caught the virus. He continued that they have also lost school trips. They normally do 50-60,000 school children. Employment last year was 289 and they are now operating with 150.

The Hyatt is running about 55% occupancy this year, and last year, at the end of August, they were at 77%. Mr. DeLuca said they are working with banks to determine a payment plan as well as the utility providers and all creditors. He requested that the Agency work out a monthly installment plan for future PILOT payments. He explained that the total tax amount due is approximately \$356,000 per year, approximately \$117,000 of which is PILOT. He is not asking for a reduction, but did ask for any penalties and/fees to be waived.

The Chairman resumed the regular order of business.

MINUTES:

Lori Ann Pipczynski motioned to table the minutes. Bob Kern seconded. The board voted unanimously. Consideration of the minutes was tabled.

Lori Ann Pipczynski motioned to recess the regular meeting and open the Public Hearing.

Anthony Barresi seconded. The meeting was recessed and the Public meeting commenced at 5:25pm.

PUBLIC HEARING CONT.:

The Chairman opened the public hearing noting that we are here this evening to continue the public hearing regarding the application for financial assistance of the 331 East Main Street, LLC. that was opened on August 24, 2020.

The hearing was adjourned at that time to remain open for written comment until September 4th providing additional time for the Chief Fiscal Officers of the taxing jurisdictions to make comment.

The Executive Director has informed the board that no request was made by the public or taxing jurisdictions to attend virtually and speak at this time, however the Agency did receive email correspondence which had been distributed to each board member, to the applicant and has been entered into the record. The Chairman then asked if there was anyone in the virtual room at that would like to comment. Seeing none he requested that the representatives of the project make any additions to their testimony. Chris Kent, counsel for the project from Farrell Fritz, introduced the applicant Greg DeRosa and Bobby Walsh and noted that Nick Terzulli from Farrell Fritz was also present virtually.

Mr. Kent restated the intent of the project and provided information in response to the correspondence received by the Agency from the public.

This will be the first market rate apartment complex in downtown Riverhead. The current assessed value is 81,800. Town of Riverhead Assessors have estimated the new assessed value to be 793,400 based on a \$13 million dollar investment. The applicant first met the Executive Director of the Agency in October of 2018 to discuss the idea of bringing a market rate apartment to downtown – first investment of its kind in downtown Riverhead. The economic inducement of the IDA and the use of Opportunity Zone funding was an absolute incentive for the \$13 million dollar capital investment to be made by G2D Group into

downtown Riverhead market. This being a first of its kind, there remains considerable risk to the investor. The Town of Riverhead and IDA has identified market rate rentals as a priority for development to create economic balance and meet high rental demands across Long Island. Mr. Kent went on to site examples in regional towns that have attracted investment and why it is so important. These towns started with sewers and utilized the IDA's to attract substantial investment to create vibrancy.

He went on to relay the tax growth in neighboring communities as a result of residential development. Patchogue realized 692 million of investment. Mineola increased its tax base by 18% etc. Riverhead, he stated, is competitively conservative compared to other towns when awarding PILOT exemptions yet is still competing for the same capital investment as the other communities. In 2018 Islip provided 18.6 million in PILOT exemptions. Brookhaven provided 17.4 million when Riverhead provided only 1.4 million. He explained that it is hard to compete for investors who are looking to make their capital show a return if you can't induce them to come to your community in the first place. High quality rentals are in short supply in Riverhead. This complex will act as a catalyst for additional investment to follow. The tax revenue increases immediately from day one after construction. The project is supported by the Chamber and the Bid. It will bring much needed funding to the school.

He continued to remind the board that the Opportunity Zones were specifically earmarked for economic development assistance. Therefore the applicant structured a financing plan that enables the applicant to utilize the tax incentives. That is why they are asking for the enhanced benefits. He noted that the project meets all the IDA criteria listed in the UTEP. The target market is young professionals and seniors that are downsizing.

Bob Kern asked about a contingency plan if they cannot reach their target market. Mr. DeRosa explained that "market rate" is what the market can bear, but with the encouraged investment of the Calverton Addiction Treatment Facility, the growth of Northwell with the purchase of the school property, he believes these projects will support his.

Seeing no more questions, the Chairman moved to close the hearing at 5:45pm
Lori Ann Pipczynski motioned to close the public hearing. Anthony Barresi seconded. Public hearing was closed at 5:45pm.

Anthony Barresi motioned to reopen the regular meeting. James Farley seconded. The Board meeting was reopened at 5:47pm

CORRESPONDENCE: None

TREASURER'S REPORT:

Cash Balance in as of August 31	\$ 20,899.09
Money Market	\$ 145,478.98
Revenue for August	\$ 27.69
Profit and Loss	\$ -16,919.53
Total Expenses Paid	\$ 14,219.90

#34 -20 RESOLUTION ACCEPTS REPORT OF EXPENSES AND AUTHORIZES PAYMENT OF BILLS AS OF September 4, 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 August 1 to August 31, 2020 **as attached**,

NOW, THEREFORE, BE IT RESOLVED, said monthly financial report dated September 4, 2020 covering the month of August, be and are hereby accepted and expenses as listed are authorized for payment.

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

VOTE: 5 Yes

The Executive Director informed the board that it is the recommendation of the CFO to transfer \$50,000 from the money market account to the operating account.

Bob Kern motioned to authorize a money transfer in the amount of fifty thousand dollars (\$50,000) from the Agency money market to the Agency operating account. Anthony Barresi seconded.

VOTE: 5 Yes

COMMITTEE REPORTS:

Audit: None

Governance Committee: None

Finance Committee: Bob Kern reported that the Finance Committee met and reviewed the proposed budget, discussed average expenses per month and the fiscal position of the Agency. They concluded that the Agency has a 6 month window of revenue without any changes. There are projects in the pipeline, but closing times are undetermined. The committee reviewed increasing fees. The ED expressed the increase in administrative burden has set the agency back from completing its mission of cultivating projects and economic wealth for the community as a result. ED to resurrect conversation with Town leaders regarding prioritizing review of projects within downtown, empire zone, IDA and Opportunity Zone. Bob Kern also recommended a press release prior to meeting with Town to update PP presentation.

OLD BUSINESS: The ED reported that Woolworth has submitted additional required information regarding the annual compliance report for 2019 and pending the receipt of the compliance fees, will be deemed complete. Fees are due by September 18th.

NEW BUSINESS:

**#35-20 RESOLUTION APPROVING DRAFT BUDGET FOR FISCAL YEAR
01/01/21-12/31/21**

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

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.

NOW, THEREFORE BE IT RESOLVED, that the attached is hereby approved for submission to the CEO and governing body of the Town of Riverhead as the proposed Operating Budget of the Riverhead Industrial Development Agency for fiscal year 01/01/21 through 12/31/21; 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

EXECUTIVE DIRECTOR REPORT: The ED reported that she will be submitting the Bond Allocation Report to the state returning the full allocation. She also informed the board of an inquiry from the Comptrollers office regarding information in the Paris report. No concern noted.

Seeing no further business, Lori Ann Pipczynski motioned to adjourn the meeting. Bob Kern seconded. The meeting adjourned at 6:07pm

Dated: 10/05/2020


Secretary/Asst.