

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

October 5, 2020

Meeting was called to order at 5:07PM by Chairman Thomas Cruso.

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

Absent: Lori Ann Pipczynski, Vice Chairwoman

Signifying a quorum.

Others in Attendance: Tracy Stark-James, Executive Director
Richard Ehlers, Counsel
Councilman Tim Hubbard TOR Liaison (virtually)

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

The Chairman moved to take the New Business out of order to address c. Consideration of Financial Assistance for 331 East Main Street, LLC.

The Executive Director informed the board that the Town Board was no longer requiring the applicant to relocate the Norton building and will be permitted to demolish it.

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

RESOLUTION #40-20

DATED OCTOBER 5, 2020.

A RESOLUTION AUTHORIZING THE PROVISION 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 elimination 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), with the construction, furnishing, and equipping of a building of approximately 37,385 square feet for the development of a 36 market-rate rental unit apartment community with amenities including approximately 838 square feet of ground floor commercial space and a parking garage at an estimated total project cost of \$13,143,850 (the "Project"); and

WHEREAS, a public hearing pursuant to Section 859-a of the General Municipal Law was held by the Agency on August 24, 2020 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,

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 \$13,143,850 and would include the elimination of two existing vacant buildings consisting of vacant retail space on the ground floor and three vacant residential apartments above with construction, furnishing and equipping and associated site improvements of approximately 37,385 square feet for the development of a 36 market-rate rental unit apartment community with amenities including approximately 838 square feet of ground floor commercial space and a parking garage located at 331 East Main Street, Riverhead, New York (S.C.T.M. No. 0600-129.00-04.00-015.00). This Project is the first rental apartment construction project to be erected in downtown Riverhead as a market rate residential facility with 26 two bedroom units anticipated to start at \$2,500 per month and 10 one-bedroom units at 2,350 per month for 12 months.

A cost benefit analysis has been prepared and reviewed by the Agency. The Applicant has submitted a Market Analysis and Economic Impact dated June 2020 prepared by Camoin Associates which provides a housing demand analysis and economic impact analysis for the Project determining need and impact of the Project.

The Economic Impact Report estimates that the construction phase of the Project will generate \$7.8 million in economic impact and the operational phase will generate \$1.7 million in economic impact annually to the Town of Riverhead.

The application states that the Project estimates 125 Full Time Equivalent construction jobs for the expected 14-month construction period with an annual average wage of \$75,000 and two (2) Full Time Equivalent employees during the operation phase of the Project with a projected payroll of \$120,000 inclusive of benefits.

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

This Project will incorporate the core elements of sustainable development, thoughtful land-use planning, Smart Growth principles and high design standards to support the efforts of the Town of Riverhead to revitalize its downtown into a lively, walkable community. The feet-on-the street dynamism and economic impact generated by this Project will be essential to Riverhead's economic recovery after the current pandemic.

The Project conforms to the Town of Riverhead's Comprehensive Plan, Downtown Revitalization Initiative and Urban Renewal Plan which encourages strengthening the tax base while promoting the integration of commercial and residential uses through development of multi-family residential units with ground floor commercial uses. The

Applicant has experience in the development, construction and management of numerous real estate projects located on Long Island.

The mixed-use multifamily downtown housing model is endorsed by nearly every planning and economic organization in the region, including the LI Index, the LI Regional Economic Development Council, the LI Regional Planning Council, Vision Long Island, and the Suffolk County Office of Economic Development. The Applicant has included within its application letters of support for the Project from the Riverhead Chamber of Commerce and Riverhead Business Improvement District. The Applicant shall use reasonable efforts to market units to Riverhead community.

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 \$5,434,800, which will provide a maximum sales tax exemption not to exceed \$468,751 (without additional authorization or amendment) and (ii) a partial abatement of

real property taxes by granting a real property tax abatement. The PILOT shall commence Tax Year 2021/2022 and thereafter in accordance with the schedule attached hereto as Schedule A and (iii) the provision of an abatement of the Mortgage Recording Tax on a mortgage not to exceed \$9,000,000. Such mortgage shall be exempt from all mortgage recording taxes except that tax attributable to the Metropolitan Region Mortgage Transportation Tax, currently %.30.

Special District taxes, which are not abated by the Agency are paid to Riverhead Ambulance District, Riverhead Business Improvement District, Riverhead Street Light District, Riverhead Water District, Riverhead Public Parking District, Riverhead Sewer District and Sewer Rent in the estimated amount of \$3,241 for 2020/2021. These Special District taxes will continue to be paid directly by tax bill, based upon the assessment value determined by the Riverhead Board of Assessors without abatement during the term of the Project.

Since taxable status date is March 1st of each calendar year, all taxes will be billed by the Riverhead Tax Receiver for 2021/2022 tax year based upon the current assessed value of \$81,800. For the 2022/2023 tax year, school, county, town, and fire taxes will be billed and collected by the Agency for full distribution to these governments also based upon the current assessed value of \$81,800. Thereafter, PILOT payments to the Agency shall be as shown on the attached Schedule A. PILOT payments will be based upon a valuation of \$793,400 as has been determined by the Board of Assessors. Total PILOT payments to the school, county, town and fire governments will be approximately \$780,500 during the term of the Project. 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. The financial assistance authorized hereby shall not be effective until closing.

Section 3. The Riverhead Town Board by Resolution declared itself lead agency for the Project, and issued a negative declaration finding that the Project would not have a significant impact upon the environment, The Agency determines that it is an "involved 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 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 in the amount of \$82,860. and reasonable Attorney fees. Closing shall occur no later than six months from the date hereof.

All commercial tenants and leases must be approved by the Agency. Approved tenants must file all required annual agency compliance reports. The Project shall allow commercial use of the property which promotes the development of downtown Riverhead in conformance with the goals of urban renewal and revitalization. Therefore, no use shall be permitted for tattoo parlor, massage parlor, check cashing center, calling center, taxi stand, tobacconist or other uses associated with urban blight.

This resolution shall take effect upon the execution of the attached certifications by 331 East Main Street, LLC, G2D Construction Corp. and G2D properties Corp. and delivery of same to the Agency at 200 Howell Avenue, Riverhead, New York 11901.

Vote: 4 Yes

Pipczynski absent

The Chairman resumed the regular order of business.

MINUTES:

The Board moved to dispense with the reading of and voted on the August 24th and September 14th, 2020 meeting minutes.

#36-20 RESOLUTION APPROVES MINUTES OF REGULAR MEETING OF AUGUST 24TH AND SEPTEMBER 14TH, 2020. Member Bob kern offered the following resolution, which was seconded by Member James Farley.

RESOLVED, the minutes of the meeting of August 24th and September 14th, 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: 4 Yes

1 Absent

CORRESPONDENCE: None

TREASURER'S REPORT:

Cash Balance in as of September 30	\$ 55,644.83
Money Market	\$ 95,502.28
Revenue for September	\$ 25.46
Profit and Loss	\$ -17,978.54
Total Expenses Paid	\$ 15,256.35

#37 -20 RESOLUTION ACCEPTS REPORT OF EXPENSES AND AUTHORIZES PAYMENT OF BILLS AS OF October 3, 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 September 1 to September 30, 2020 **as attached**,

NOW, THEREFORE, BE IT RESOLVED, said monthly financial report dated October 3, 2020 covering the month of September 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. James Farley. **Motion approved.**

VOTE: 4 Yes
1 Absent

COMMITTEE REPORTS:

Audit: None

Governance Committee: None

Finance Committee: None

OLD BUSINESS:

After much discussion regarding the compliance of Woolworth Revitalization, LLC, the board moved to authorize the following resolution:

RESOLUTION #41-20 DETERMINES WOOLWORTH TO NOT BE IN COMPLIANCE WITH AGENCY REPORTING REQUIREMENTS

Member James Farley offered the following resolution, which was seconded by Member Anthony Barresi.

WHEREAS, Woolworth Revitalization, LLC ("Woolworth") was duly induced to receive Agency benefits, which benefits were received after Agency documents were executed and filed with the Agency, among which is the Agency Lease of the Facility dated February 15, 2013 ("Lease"). The Lease by Section 6.5 details the ongoing obligation of Woolworth to complete and file information required by the Agency and pay all associated fees, and

WHEREAS, the data within the Annual Compliance Report provides the metric by which duly induced and benefited projects formally account to the Agency, the residents of the Town of Riverhead and the State of New York, the annual status of the Project and the actual status of the Project in meeting the goals and objectives of the benefits granted by the Agency, and

WHEREAS, Woolworth Revitalization LLC was required to submit a complete Annual Compliance Report and fee on February 14, 2020 to the Agency, and

WHEREAS, repeated efforts were made by the Agency to request Woolworth to complete the report and pay the required fee and penalty, and

WHEREAS, no report or fee was submitted on February 14, 2020 and a delinquency was determined and an Agency penalty was duly billed, and

WHEREAS, by Resolution adopted June 1, 2020 the Agency determined to call an evidentiary hearing regarding the failure of Woolworth to comply with Section 6.5 of the Lease, which hearing was duly held July 13, 2020, and

WHEREAS, Michael Butler, representative of Woolworth and his attorney, Reza Ebrahimi appeared and presented testimony, and

WHEREAS, Mr. Butler stated that the complete report and fee would be duly filed no later than the end of the month, July 31, 2020, and

WHEREAS, no report or fee was duly filed with the Agency as of July 31, 2020, and

WHEREAS, a report in acceptable form without any fee was filed August 4, 2020 with the Agency, and

WHEREAS, due to the failure of Woolworth to timely file the report and no fee having been paid as required, it is now necessary for the Agency to determine the issue presented at the compliance hearing of Woolworth with the terms of the Agency Lease.

NOW, THEREFORE, BE IT RESOLVED that the Agency determines that the failure of Woolworth to timely file the required Annual Compliance Report and pay the necessary fee and penalty is a continuing violation of the terms of the Lease. The Agency hereby directs that the Agency fee and penalty, as invoiced monthly by the Agency, be paid currently. If such billed fee and penalty is not paid during the current billing period, the Agency shall continue to render monthly bills increased by the appropriate penalty until such rendered bill is paid by Woolworth. At such time as the 2020 Annual Compliance Report and fee is due in February of 2021 the entire fee and penalty for the 2019 Compliance reporting cycle must be paid in full and the 2020 Annual Compliance Report and 2020 Compliance fee paid. If any delinquency of the 2019 compliance fee and penalty is not paid by the 2020 Compliance Reporting date or the 2020 Compliance Report and fee are not timely filed and paid, the Agency shall proceed to formal Notice of an Event of Default pursuant to the Lease.

Vote: 4 Yes

1 Absent (Pipczynski)

NEW BUSINESS:

a. Consideration of Proposed Budget 2021

The ED informed the board that the Agency had received no comments from the administration, therefore the budget remains the same as the initial draft.

**#38 -20 RESOLUTION ADOPTING PROPOSED BUDGET FOR FISCAL YEAR
01/01/21-12/31/21**

Bob Kern offered the following resolution, which was seconded by James Farley.

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 comments received from the municipality, and

NOW, THEREFORE BE IT RESOLVED, that the attached is hereby adopted as the Operating Budget of the Riverhead Industrial Development Agency for fiscal year 01/01/21 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: 4 Yes

1 Absent (Pipczynski)

b. Consideration of Project Cost Increase for Georgica Green

#39-20 RATIFYING AUTHORIZATION OF PROJECT COST INCREASE, THE EXTENSION OF AND SALES TAX EXEMPTION ALLOCATION FOR RIVERHEAD APARTMENTS, LLC/GEORGICA GREEN VENTURES, LLC

Bob Kern offered the following resolution, which was seconded by James Farley.

WHEREAS, by proceedings had before the Agency, Georgica Green Ventures, LLC; and Riverhead Apartments LLC, was induced to construct and furnish a proposed development located at 221 East Main Street (S.C.T.M. No. 0600-129-01-21) and 31 McDermott Avenue (S.C.T.M. No. 0600-129-01-22) to replace the existing deteriorated and outdated retail storefront with a five-story, mixed-use building consisting of 116 rental apartments and 12,623 square feet of ground floor retail with a project cost estimated to be \$57,072,763 (the "Project"); and

WHEREAS, by Agency resolution adopted September 11, 2017 entitled "A RESOLUTION AUTHORIZING THE PROVISION OF FINANCIAL ASSISTANCE BY THE TOWN OF RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY TO GEORGICA GREEN

VENTURES, LLC AND RELATED ENTITIES” an exemption from local and state sales and compensating use tax was authorized (the "Sales Tax Exemption"), and

WHEREAS, by Agency resolution dated July 13, 2020 entitled “RESOLUTION APPROVES TENANT FOR GEORGICA GREEN VENTURES, LLC PROJECT aka RIVERHEAD APARTMENTS, LLC, and

WHEREAS, by letter dated September 9, 2020 Georgica Green Ventures and Riverhead Apartments has advised the Agency that a portion of the Sales Tax Exemption granted for the Project should be allocated to new tenant Peconic County Brewery, LLC covering goods and services of \$428,985.51 for an estimated exemption amount of \$37,000., and

WHEREAS, by letter dated September 9, 2020 Georgica Green Ventures and Riverhead Apartments requested an overall project cost increase of \$788,035.51, and

WHEREAS, the date of the project operator/agent status appointment for sales tax exemption was November 2, 2017 with a status end date of November 2, 2020, and

WHEREAS, it is now desired to ratify the authorization of the increase in project costs and the extension and issuance of the certificate for Sales and Compensating Use Tax with respect to the application for financial assistance and the Project and the proposed financial assistance provided to the Applicant and the Related Parties with respect to the Project,

WHEREAS, the Agency has issued a certificate for a one year extension with a status end date of November 2, 2021 and

NOW, THEREFORE, BE IT RESOLVED that the Agency approves the increase in the total project cost to \$57,860,798.51 and an increase in sales tax exemption in the amount of \$67,968.06 and affirms the financial assistance set forth in the resolution adopted by the Agency September 11, 2017 in all respects, and

BE IT FURTHER RESOLVED, that the Board of Directors of the Riverhead Industrial Development Agency authorizes the increase in sales tax exemption not to exceed \$67,968.06, a one year extension of the sales tax exemption and the re-allocation of \$37,000 in exemption to Peconic County Brewery, LLC. with an address at 221 East Main Street, Riverhead, New York.

BE IT FURTHER RESOLVED, the Executive Director shall issue the necessary ST-60’s to the affiliated entities as stated above and rescind the previously issued ST-60’s to Jobco Incorporated and Georgica Green/Riverhead Apartments and reissue.

RESOLVED by the Members of the Town of Riverhead Industrial Development Agency, Suffolk County, New York, ratify the authorization for one year and issue certificates for Sales and Compensating Use Tax to Jobco Incorporated, Georgica Green/Riverhead Apartments and Peconic County Brewery for a project cost increase fee of \$7,880.

Vote: 4 Yes

1 Absent (Pipczynski)

Seeing no further business, Anthony Barresi motioned to adjourn the meeting. James Farley seconded. The meeting adjourned at 6:07pm

Dated: 11/02/2020



Secretary/Asst. /