

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

September 14, 2021

Meeting was called to order at 5:13PM by Vice Chair Lori Ann Pipczynski.

Present: James Farley, Chairman (Virtual Attendance)
Lori Ann Pipczynski, Vice Chairwoman
Bob Kern, Treasurer
Anthony (Tony) Barresi, Secretary

Absent: Thomas (Tom) Cruso, Asst. Treasurer

Signifying a quorum.

Others in Attendance: Tracy Stark-James, Executive Director
William Weir, Counsel
Tim Hubbard, TOR Liaison

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 19, 2021 meeting minutes.

#33-21 RESOLUTION APPROVES MINUTES OF REGULAR MEETINGS OF July 19, 2021.
Member Anthony Baressi offered the following resolution, which was seconded by Member Bob Kern.

RESOLVED, the minutes of the meeting of July 19, 2021 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 virtual)
1 Absent

Consideration of Resolution #34-21 Ratifying the Calling of a Public Hearing on Island Water Park

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

#34-21 RESOLUTION OF THE TOWN OF RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY TAKING OFFICIAL ACTION TOWARD APPOINTING ISLAND WATERPARK CORP, ON BEHALF OF ITSELF AND/OR AN ENTITY FORMED OR TO BE FORMED ON BEHALF OF THE FOREGOING, AND ISLAND WATER PARK OPERATIONS, LLC, ON BEHALF OF ITSELF AND/OR AN ENTITY FORMED OR TO BE FORMED ON BEHALF OF THE FOREGOING, AS AGENT(S) OF THE AGENCY FOR THE PURPOSE OF ACQUIRING, CONSTRUCTING AND EQUIPPING THE FACILITY, AND MAKING CERTAIN FINDINGS AND DETERMINATIONS WITH RESPECT TO THE FACILITY.

WHEREAS, Island Water Park Corp. a business corporation organized and existing under the laws of the State of New York, on behalf of itself and/or the principals of Island Water Park Corp. and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the **"Company"**) and Island Water Park Operations, LLC, a limited liability company organized and existing under the laws of the State of New York, on behalf of itself and/or the principals of Island Water Park Operations, LLC and/or any entity formed or to be formed on behalf of the foregoing (collectively, the **"Sublessee"**), have applied to the Town of Riverhead Industrial Development Agency (the **"Agency"**) for assistance in connection with: (a) the acquisition of an approximately 46 acre parcel of land located at 5835 Middle Country Road, Calverton, New York 11933 (SCTM# 0600-135.00-01.00-007.034) (the **"Land"**), the construction of an approximately 75,000 square foot building thereon (the **"Improvements"**), and the acquisition and installation therein of certain equipment and personal property, not part of the Equipment (as defined below) (the **"Facility Equipment"**; and together with the Land and the Improvements, the **"Company Facility"**), which Company Facility will be subleased by the Agency to the Company and subleased by the Company to the Sublessee; and (b) the acquisition and installation of certain equipment and personal property, including but not limited to, kitchen equipment, computer and information technology

systems, lighting, furniture, televisions, HVAC, plumbing and equipment for its attractions as more fully described below (the “**Equipment**”; and together with the Company Facility, the “**Facility**”), which Equipment is to be leased by the Agency to the Sublessee and which Facility is to be used by the Sublessee as an indoor/outdoor extreme water sports park including an indoor surf pool, rock climbing walls, indoor and outdoor volleyball courts, a zip line, spectator seating, obstacle courses, bumper boats, water slides, fitness center, spa, a pro shop, restaurants and recreational facility to be used year-round by visitors of the Town of Riverhead (the “**Project**”)

WHEREAS, the Agency will acquire a leasehold interest in the Land and the Improvements and title to the Facility Equipment and the Equipment and will lease and sublease the Company Facility to the Company and lease the Equipment to the Sublessee, all pursuant to Title 1 of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 47 of the Laws of 1974 of the State of New York, as the same may be amended from time to time (collectively, the “**Act**”); and

WHEREAS, the Act authorizes and empowers the Agency to promote, develop, encourage and assist projects such as the Facility and to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York; and

WHEREAS, the Agency contemplates that it will provide financial assistance to the Company, in the form of exemptions from mortgage recording taxes, exemptions from sales and use taxes and abatement of real property taxes on the Facility, consistent with the policies of the Agency, all to be more particularly described in a Final Authorizing Resolution to be adopted by the Agency prior to the closing of the transactions described herein; and

WHEREAS, the Act authorizes and empowers the Agency to promote, develop, encourage and assist projects such as the Facility and to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York; and

WHEREAS, prior to the date of the Hearing (defined below), the Agency made a determination for financial assistance; and

WHEREAS, a public hearing (the “**Hearing**”) was held so that all persons with views in favor of or opposed to either the financial assistance contemplated by the Agency or the location or nature of the Facility could be heard; and

WHEREAS, notice of the Hearing was given in the form annexed hereto as Exhibit A; and

WHEREAS, the minutes of the Hearing are or will be annexed hereto as Exhibit B; and

WHEREAS, the Agency has given due consideration to the application of the Company and the Sublessee and to representations by the Company and the Sublessee that the proposed financial assistance is either an inducement to the Company to maintain the Facility in the Town of Riverhead or is necessary to maintain the competitive position of the Company and Sublessee in its industry; and

WHEREAS, pursuant to Article 8 of the Environmental Conservation Law and the regulations adopted pursuant thereto by the Department of Environmental Conservation of the State of New York (collectively, the “**SEQR Act**” or “**SEQR**”), the Agency constitutes a “State Agency”; and

WHEREAS, to aid the Agency in determining whether the Facility may have a significant effect upon the environment, the Company has prepared and submitted to the Agency an Environmental Assessment Form and related documents (the “**Questionnaire**”) with respect to the Facility, a copy of which is on file at the office of the Agency; and

WHEREAS, the Questionnaire has been reviewed by the Agency; and

WHEREAS, the Company and Sublessee have agreed to indemnify the Agency against certain losses, claims, expenses, damages and liabilities that may arise in connection with the transaction contemplated by the leasing of the Facility by the Agency to the Company and subleasing of the Facility to the Sublessee.

NOW, THEREFORE, BE IT RESOLVED by the Town of Riverhead Industrial Development Agency (a majority of the members thereof affirmatively concurring) that:

Section 1. Based upon the Environmental Assessment Form completed by the Company and reviewed by the Agency and other representations and information furnished by the Company regarding the Facility, the Town of Riverhead (the “**Town**”) treated the application as a Type 1 Action, coordinated review, and adopted a negative declaration. As the Town coordinated review and, acting as Lead Agency, adopted a negative declaration, such negative declaration is binding on the Agency, and the Agency hereby adopts and ratifies such finding. Notice of this determination shall be filed to the extent required by the applicable regulations under SEQR or as may be deemed advisable by the Chairman or Executive Director of the Agency or counsel to the Agency.

Section 2. The acquisition, construction, and equipping of the Facility by the Agency, the subleasing and leasing of the Company Facility to the Company, and the leasing of the Equipment to the Sublessee and the provision of financial assistance on the Facility pursuant to the Act will promote job opportunities, health, general prosperity and the economic welfare of the inhabitants of the Town of Riverhead and the people of the State of New York and improve their standard of living, and thereby serve the public purposes of the Act, and the same is, therefore, approved.

Section 3. Subject to the provisions of this resolution, the holding of the Hearing and the publication of notice thereof is hereby ratified and the Agency shall (i) acquire, construct and equip the Facility, (ii) lease and sublease the Company Facility to the Company, and (iii) lease the Equipment to the Sublessee.

Section 4. The Company and Sublessee are hereby notified that it will be required to comply with Section 875 of the Act. The Company and Sublessee shall be required to agree to the terms of Section 875 pursuant to the Lease and Project Agreement, dated a date to be determined

(the “**Lease Agreement**”), by and between the Company and the Agency and the Equipment Lease Agreement, dated a date to be determined (the **Equipment Lease**”), by and between the Sublessee and the Agency. The Company and Sublessee are further notified that the tax exemptions and abatements provided pursuant to the Act and the appointment of the Company and Sublessee as agents of the Agency pursuant to this resolution are subject to termination and recapture of benefits pursuant to Sections 859-a and 875 of the Act and the recapture provisions of the Lease Agreement and Equipment Lease.

Section 5. Counsel to the Agency is authorized and directed to work with Transaction Counsel (Nixon Peabody LLP) to prepare, for submission to the Agency, all documents necessary to affect the transactions described in the foregoing resolution.

Section 6. The Chairman, the Executive Director and Chief Executive Officer, and all members of the Agency are hereby authorized and directed (i) to distribute copies of this resolution to the Company and Sublessee, and (ii) to do such further things or perform such acts as may be necessary or convenient to implement the provisions of this resolution.

Section 7. Any expenses incurred by the Agency with respect to the Facility, including the expenses of Transaction Counsel, shall be paid by the Company and the Sublessee. The Company and Sublessee shall agree to pay such expenses and further agree to indemnify the Agency, its members, directors, employees and agents and hold the Agency and such persons harmless against claims for losses, damage or injury or any expenses or damages incurred as a result of action taken by or on behalf of the Agency in good faith with respect to the Facility.

Section 8. This resolution shall take effect immediately.

VOTE: 4 Yes

1 Absent

The Vice Chair requested to recess the regular meeting of the IDA and to open the Public Hearing. Bob Kern motioned to recess the regular board meeting. Anthony Barresi seconded. The meeting was recessed at 5:16pm

The Vice Chair opened the public hearing at 5:16 pm.

PUBLIC HEARING: ISLAND WATER PARK

Daniel Baker, counsel to Island Water Park, Corp and Island Water Park Operations, LLC introduced Eric Scott the sole principal owner of the applicant. He explained that they presented to the board in May of 2021, but the application has been in the pipeline since at least 2016. Mr. Baker explained that the Scott family has been in the watersports and boating industry for over 30 years and that is the seed for the vision for Island Water Park.

The applicant purchased the 46 acres in 2003 and started the lengthy process of site plan approvals and obtaining financing which he described as being very challenging resulting in the time frame it has taken to get to this project to this point. He explained that issues in the initial design have led to site plan changes and have now resulted in an amended site plan approval process which is currently culminating now. Therefore, substantial work has been underway including the construction of the man-made lake and the 75,000 square foot building which will house the indoor activities. To date the applicant has expended approximately 17 million dollars with an additional 6-8 million remaining to complete the project for an estimated cap investment of \$25 million. Remaining to be completed is the build out of the interior of the building, indoor rock wall, wave pool, spa, restaurant/kitchen, information technology, security systems and other indoor/outdoor activities. Importantly, he added, to finish this work and to repay private loans as well as the equity investment of the applicant, a \$15 million dollar loan will be sought when the project is complete and after the project has been operational for a year. He explained that during COVID it has been incredibly difficult to obtain financing due to the nature of the proposed use. Banks have been unwilling to provide permanent financing until CO's are in hand (at least a year) and equally important to partner with IDA to provide stability. He explained that they were just able to secure an interim bridge loan as recently as a few days ago for \$8 million which will allow for payment of outstanding loan of \$4 million and to utilize those funds to finish the construction, but IDA is needed secure permanent financing.

Mr. Baker explained that much of the requested sales tax exemption that could have been utilized has already been expended. However, there is still a substantial amount of purchases that would be a helpful to the applicant as well as the mortgage recording tax.

Completion is anticipated to be in the next two to three months and projects 350 FTE jobs after the second year of operation. To finish out the remainder of the construction they anticipate 25 FTE jobs.

They are seeking MRT on the \$15 million (112,000 in benefit) and the sales tax exemption. While they have put forth in their application a request based on the entire project, the sales tax exemption if granted will be more closely \$700,000 in exemption. Lastly, they are asking for a 20 year PILOT to factor in all of the expense of the project in all of the time its been going on and taking into account all the costs it has taken to get the project up and running and of course considering the economic impact this project will bring to the community and region as demonstrated in the Nelson Pope Economic Impact submitted with the application. Mr. Baker continued with a more detailed description of the activities and the restaurant that will offer healthy locally sourced farm products, state of the art indoor endless surf pool, obstacle courses and other adult activities that will be modified seasonally such as corn hole, golf and race car simulators, volleyball, axe throwing etc. It will have a show area for its wake boards, boats and accessories. They will host a full service spa, closed circuit security and a zip line. They will have capacity to host regional and national competitions for water sports.

Corporate events and meeting space is also part of its business plan. Island Water Park will also provide a discounts to Riverhead residents, schools and non profit groups. He emphasized, the IDA assistance is needed to us get across the finish line.

Eric Scott described his experience in extreme sports and his children's related accomplishments that will have an impact on attracting traffic. They intend on cross marketing with local businesses. They have put together a team of experienced professionals in hospitality and destination park industry. Mr Scott described his family's experience and what a positive facility this will be for the community and kids. He explained the need for new and different activities for residents and beyond.

Lori Ann Pipczynski asked questions about inconsistent job numbers, but recognized the application and projections have been amended and honed since the inception of the project. She also asked about the parking spaces which is anticipated to be 361 and pointed out that 16 of them will be parking spaces for employees. With the projection of 900,000 visitors in year two, the question begs where will they park? The applicant responded that those numbers include groups and buses, the park is activity based so it is anticipated that there will be cycles, not typically all day stays.

Ken Meyers, in charge of operations for Island, noted that the park is highly interactive and will turn the park 4-6 times a day because it is exhausting. He explained that the standard is 3.5 people per car so they calculated 1000 people can park at one time. Lori Ann Pipczynski expressed concern about the impact to the surrounding community if there isn't sufficient parking. Eric Scott also explained that they will be controlling flow with what he calls "tee times" for different levels of ability. This too controls the flow of visitors. Beginners to advanced will know when they want to schedule their visit. They explained that changes to Route 25 were required by state DOT but not to Edwards Avenue. The applicant commissioned two traffic studies for the project. Lori Ann Pipczynski also asked about the percentage of retail sales and any applicable restrictions. It was explained that it is restricted to square footage in the building. The structure of the LLC was also questioned to see if the board should be aware of any impact or legal concerns with the companies being sole ownership.

The Vice Chair asked if there were any questions from the audience or board. She then explained the hearing will remain open for oral or written comment for four days.

The Vice Chair moved to hold the public hearing record open for four days at 5:42pm. Bob Kern motioned to hold the public hearing record open for the next four days. Anthony Barresi seconded.

The hearing was recessed and the regular meeting resumed at 5:43pm.

Anthony Barresi motioned to reopen the regular IDA meeting. Bob kern seconded. The regular meeting resumed at 5:43pm

PRESENTATIONS: Lenape/Dr.s Path Apartments

Dan Deegan counsel with Forchelli Deegan Terrana Law, presented on behalf of Lenape/D & F Development the applicant. Lenape is the operators of the Dr's Path Apartments. Currently an IDA project, the PILOT is expected to expire in December. D & F Group is a well regarded affordable housing developer. This property, Drs Path apartments sits on 20 acres of property with 40 units of housing contained within 10 garden style buildings. There are 30 two bedrooms and 10 two bedrooms.

It is a project based, section 8 HUD rent regulated community. Built in 1981, the project was granted a 40 year PILOT by the Town of Riverhead through the Private Housing finance law at that time. It was not originally an IDA project. The Private Housing Finance Law contemplates forty year pilots. HUD pays the rents they establish and require that tenants can only make 50% of the median income or lower. Subsequently D&F Development bought the property in 2004, received the consent of the town and converted the PILOT to an IDA PILOT for the remaining term which is coming to expire in 2021. MR. Deegan explained that because rents and income are regulated through agreements with HUD, the project would not be sustainable without tax stabilization. The current HUD/HAP agreement runs through March of 2024. He explained that there is also another agreement with the state that also requires income restrictions and rent restrictions as well.

The property was built in 1981 and needs updating. They are proposing to put in \$20,000 per unit. Mr. Deegan stated, that his clients are proposing to increase the PILOT by 50% to \$60,000. The HUD agreement would be in default without a concurrent PILOT. The project will not remain sustainable without a PILOT. They requested to come back for a more formal presentation and public hearing.

205 Osborne, LLC – Peter Curry, attorney for the applicant, introduced the project proposed for 205 Osborne Avenue. With him was Philip Foote an executive at G2D the development group that will be building the project. Mr. Foote gave a brief history of G2D Development. They primarily build mixed use developments which build, own and manage. The project would be located in the new overly TOD district at a site that has been vacant and blighted for years. They are proposing a 5 story mixed use project with 39 market rate units, 4 studios, 27 one bedroom and 8 two bedroom units. On the ground floor they propose approximately 3000 square foot of office space which can be used for coworking space or traditional office space. In addition, there will be gym on the ground floor for the residents of about 900 sq ft. The capital investment is approximately \$17 million. They have projected two employees at the building. The ED explained that this project is a direct result of the Opportunity Zone luncheon where she met the developer and steered the client toward potential sites needing to be revitalized or that might be available. This site was highlighted as long being vacant and blighted and will be the second investment by G2D into Riverhead. They will be requesting sales tax exemption, mortgage recording tax and real property tax deferment. Artist renderings and site plan drawings were requested as well as the size of apartments.

CORRESPONDENCE:

The Executive Director explained that she just received word that CGR Group which hosts the Agency's Inform Analytics will no longer offer the service come 2022. The Agency will seek out other options for cost benefit analysis program.

TREASURER'S REPORT:

Cash Balance in as of Aug 31st	\$53,930.59
Money Market	\$ 45,591.28
Revenue for August	\$ 8.54
Profit and Loss	\$ -16,850.32
Total Expenses Paid	\$16,858.86

#35-21 RESOLUTION ACCEPTS REPORT OF EXPENSES AND AUTHORIZES PAYMENT OF BILLS AS OF August 31, 2021

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, 2021 **as attached**,

NOW, THEREFORE, BE IT RESOLVED, said monthly financial report dated September 6, 2021 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 Lori Ann Pipczynski. **Motion approved**

VOTE: 4 Yes
1 Absent

COMMITTEE REPORTS:

Audit: None

Governance Committee: None

Finance Committee: Bob Kern reported that the CFO reviewed projections for the remainder of the year. The committee reviewed the draft budget proposal for 2022 which must be adopted and posted on the PARIS by Oct 31st. The committee made recommendation to the board for approval of the draft budget.

OLD BUSINESS: None

NEW BUSINESS:

**#36-21 RESOLUTION APPROVING DRAFT BUDGET FOR FISCAL YEAR
01/01/22-12/31/22**

Bob Kern offered the following resolution, which was seconded by Anthony Barresi.

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 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 01/01/22 through 12/31/22; 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

Seeing no further business, Anthony Baressi motioned to adjourn the meeting. Bob Kern seconded. The meeting adjourned at 6:23pm

Dated: 11/08/2021


Secretary/Asst.