The aggregate variance in all other budget lines was immaterial and individual explanation of each line is deemed unnecessary for this report.

**General Overview of RIDA Function**

The Riverhead Industrial Development Agency (the RIDA) is a public benefit corporation of the State of New York created in 1980, pursuant to Article 18A of the General Municipal Law. The purpose of the RIDA is to promote economic development or redevelopment and prevent economic deterioration in the Town of Riverhead by assisting in the acquiring, constructing, reconstructing, leasing, improving and equipping of certain manufacturing, warehousing, research, civic, commercial, and industrial or public housing projects.

In order to promote economic development and redevelopment RIDA is authorized to provide financial assistance by issuing both tax exempt and taxable industrial development bonds, by providing an exemption from mortgage recording taxes and sales and compensating use taxes and by providing real property tax abatement for a project RIDA is authorized to provide financial assistance for applicants that either wish to locate or expand their eligible project in the Town of Riverhead. Typical projects eligible for financial assistance include the purchase and rehabilitation of existing buildings, the construction of new buildings or the construction of additions to existing buildings; including, in each case, the purchase and installation of machinery and equipment.

In providing financial assistance, the RIDA acts as a conduit through which the transaction takes place. Although the RIDA may issue bonds, it does not loan money to an applicant. Rather, a financial institution provides moneys directly to an applicant either by purchasing the RIDA bonds, with the RIDA making the proceeds available to the applicant, or by loaning moneys directly to the applicant. It is the responsibility of the applicant to arrange for a financial institution to finance the applicant's project. The applicant and the financial institution are responsible for negotiating all terms and conditions of any proposed bond issue or loan independent of the RIDA.

A project bond issue or loan is secured by the financial strength and credit of the applicant. All bonds issued by the RIDA are special obligations of the RIDA and neither the RIDA, the Town of Riverhead nor the State of New York guarantee the payment of such obligations.

New York State Public Authority Accountability Act of 2005 (2005 Act), imposes rules and requirements for governmental agencies and their Boards. All members of the Board of Directors of the RIDA have completed the training requirements included within the Act and have filed necessary financial disclosure statements. The Board of Directors has adopted policies and codes required by the 2005 Act and have amended the RIDA by-laws to establish an Audit Committee and Governance Committee and appointed members thereto. A website has been established to make available for public review documents, notices and reports of the RIDA. The RIDA has taking all necessary action to comply with the provisions of the 2005 Act.

New York State Public Authorities Reform Act of 2009 (2009 Act), created an independent authorities budget office necessary to provide oversight of the operations and finances of public authorities in real time. The 2009 Act imposed additional rules and requirements for governmental agencies and their Boards. The RIDA has taken all necessary action to comply with the provisions of the 2009 Act. The RIDA has a website that is used to meet the requirements of the 2009 Act and to generate more public awareness as well as attract new businesses to Riverhead.

The following summary of the recent projects that have received financial assistance from the RIDA and those projects for which the RIDA has pending applications. Specific information on projects can be obtained by contacting the RIDA.
COMPLETED PROJECTS

Hampton Jitney, Inc.
In July 2011, RIDA (the Agency) received an application for financial assistance from Hampton Jitney, Inc. (the applicant) a privately held corporation incorporated in the State of New York, with respect to the construction and equipping of a new building and related site improvements at 253 Edwards Avenue, Calverton, to be acquired by Applicant pursuant to an option to purchase held by the Applicant, for use as a bus maintenance repair, fueling and wash facility with necessary offices, a lobby including a snack bar, car rental facility and customer waiting and seating area, and a bus fueling area and customer parking area, and incidental work in connection therewith, at an aggregate cost, including costs associated with the financing thereof, estimated to be $8,745,800. The Project is expected to be operated by the Applicant, with possible incidental subleases from time to time for portions thereof, such as the snack bar and the car rental facility.

Resolution approving the provision of financial assistance occurred on October 3, 2011.

The financial assistance approved by RIDA for Hampton Jitney, Inc. included: (i) the provision of an exemption from Mortgage Recording Taxes, (ii) the provision of an exemption from Sales and Compensating Use Taxes on certain property, including tangible personal property, and (iii) a partial abatement of real property taxes attributable to any increase in assessed value of the real property comprising the Project over the present assessed value of such real property. The financial assistance described in (i), (ii) and (iii), above, is consistent with the uniform tax-exemption policy adopted by the Agency pursuant to Subdivision 4 of Section 874 of the General Municipal Law.

Final closing documents were approved December 2012 and the project closed in January 2013.

Woolworth Revitalization, LLC
In November 2012, RIDA received an application for financial assistance from Woolworth Revitalization, LLC (the applicant) a limited liability company qualified to do business in the State of New York on behalf of Woolworth Revitalization, LLC, and other related entities (collectively, the “Related Parties”), with respect to the renovation and reconstruction of a distressed building located at 126-138 East Main Street, Riverhead, New York, comprising approximately 42,000 square foot commercial building to be acquired by the applicant for repurpose as mixed commercial, retail, restaurant and office space on the first floor with living accommodations on the second floor requiring the abatement of asbestos, new utility services, new roof, façade improvements all in compliance with existing zoning and master plan recommendations and incidental expenses in connection therewith, at an aggregate cost, including costs associated with the financing thereof, estimated to be $5,707,500 (the Project).

The financial assistance approved by RIDA for Woolworth Revitalization with respect to the Project was (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 by granting a partial abatement of real property taxes attributable to any increase in assessed value of the real property comprising the Project over the present assessed value of such real property ($61,300) for a period of ten (10) years, 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. Additionally the provision of real property abatement is subject to an improvement valuation which shall be adjusted by the percentage based upon the condition of the Project as of December 1st of the year immediately prior to which the PILOT payment is due.

Final closing documents were approved on February 4, 2013.
**RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY**  
Management's Discussion and Analysis  
December 31, 2013  
(Unaudited)

**Theriac Enterprises of Riverhead, LLC**  
In March 2013, RIDA received an application for financial assistance from Theriac Enterprises of Riverhead, LLC, as property owner, and New York Radiation Therapy Management Services, LLC dba 21st Century Oncology, as facility user, each being a limited liability company qualified to do business in the State of New York (21st Century Oncology), with respect to the complete renovation of a vacant one-story building on a 1.9 acre parcel located at 896 Old Country Road, Riverhead, New York (S.C.T.M. 0600-108.00-3-24) including asbestos removal and construction of a radiation vault for its reuse for the provision of radiation oncology and other medical services at an aggregate cost, including costs associated with the financing thereof, estimated to be $8,173,586 (the Project).

The financial assistance approved by RIDA with respect to the Project included: (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 by granting a partial abatement of real property taxes attributable to any increase in assessed value of the real property comprising the Project over the value established as of taxable status day March 1, 2013 of such real property ($226,300) for a period of five years as designated in the attached Schedule A of the PILOT agreement provided that if any portion of the facility is operated for a use which would not be eligible for Industrial Development Agency benefits under New York Law, the real property tax abatement shall be reduced, and the Payment In Lieu of Tax Payment (PILOT) increased based on the pro-rata floor area of the non-permitted use for the tax year of such use, and that no lease shall be entered into by the facility owner for a non-medical use without the prior application and approval of the Agency upon the form of standard application of the Agency, and (iii) the provision of an exemption from Mortgage Recording Taxes.

Final closing documents were approved June and the project closed in July 2013.

**400 Burman Boulevard/Island Green Steel, LLC**  
In April 2013, RIDA received an application for financial assistance from 400 Burman Boulevard/Island Green Steel, LLC (the Project) a limited liability company qualified to do business in the State of New York, with respect to the acquisition of parcel and renovation and reuse of existing buildings located at 400 Burman Boulevard, Calverton, NY (S.C.T.M. 0600-135.20-1-24) for use by a new business, Island Green Steel, LLC as manufacturing facility of metal studs used as framing component of exterior panel systems requiring the renovation, retrofitting and equipping of the buildings with new electric, HVAC, telecommunications, and storage and shelving systems estimated at a cost of $5,300,000.

The financial assistance approved with respect to the Project included: (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 by granting a partial abatement of real property taxes attributable to any increase in assessed value of the real property comprising the Project over the present assessed value of such real property ($118,700.00) for a period of ten years as designated in the attached Schedule A of the PILOT agreement, and (iii) the provision of an exemption from Mortgage Recording Taxes.

The Project was approved and closed in August 2013.

**1998 Peconic/Allied Building Products**  
In June 2013, RIDA received an application for financial assistance from 1998 Peconic LLC, as property owner, and Allied Building Products Corp. (the Project), as facility user, each being a company qualified to do business in the State of New York with respect to the construction of a 16,667 square foot building located at Edwards Avenue, Calverton, New York (S.C.T.M. #0600-117.000-002-002.008) for use as a distribution facility of building products at an aggregate cost, including costs associated with the financing thereof, estimated to be $1,595,000.

The financial assistance approved with respect to 1998 Peconic and Allied Building Products included: (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 by granting a partial abatement of real property taxes attributable to any increase in assessed value of the real property comprising the Project over the present assessed value of such real property ($33,000) for a period of ten years as designated in Schedule A of the PILOT agreement, and (iii) the provision of an exemption from Mortgage Recording Taxes.

The closing of the Project occurred in October 2013.

Thirty West Main, LLC
In November of 2013, RIDA received an application for financial assistance from Thirty West Main, LLC (the Project) a limited liability company qualified to do business in the State of New York with respect to the acquisition of parcel and renovation, reuse and equipping of existing 12,000 square foot building, located within a designated urban renewal area at 30 West Main Street, Riverhead, New York (S.C.T.M. No. 0600-128-6-22) for use as not more than one third retail space with the balance for office professional including shared use business start-up offices with support services estimated at a cost of $1,630,000.

The Project did not close in 2013. A public hearing is scheduled for 2014.

Refinances
Several refinances were assisted during 2013. Those entities included Jejope LLC, Riveredge LLC, and Woolworth Revitalization LLC.

Retired projects
Several IDA bond projects were retired in 2013 – Altaire Pharmaceuticals, John Wesley Village II and The Riverhead Free Library. Three projects were put fully back on the tax rolls in 2013 – 1. Cargex, 2. HDI, and 3. Trutech. Deeds were transferred back to two projects in 2013 and will be fully on the tax rolls in 2014 – Suffolk County National Bank and John Wesley Village II.

PENDING APPLICATIONS

Simshabs X, Inc.
In June 2013, RIDA received a draft application for financial assistance from Simshabs, X as property owner, being a company qualified to do business in the State of New York (Simshabs), with respect to the construction of a 70,000 +/- square foot building located at 11 West Main Street, Riverhead, New York (S.C.T.M. #0600-128.00-03.00-068.0021) for use as 48 units of one and two-bedroom residential apartments and indoor parking facility for project known as Blue River Estates at an aggregate cost, including costs associated with the financing thereof, estimated to be $9,650,000.

The Public Hearing on Simshabs was postponed and the final approval did not occur in 2013.

Skydive Realty, LLC
In November of 2013, RIDA received an application for financial assistance from Skydive Realty, LLC, of the limited liability company qualified to do business in the State of New York (Skydive), with respect to the establishment of a 44,000 square foot indoor skydiving instruction and training facility on one acre of a 16.34 acre parcel located at 400 David Court, Calverton, NY (S.C.T.M. 0600-135.010-0001-010.000) for use by Indoor Skydiving New York Inc. at an estimated cost of $4,553,000.

Skydive did not close in 2013. A public hearing is scheduled for 2014.
E.B.S. Building Systems
In April 2010, RIDA received an application for financial assistance from E.B.S. Building Systems, LLC (EBS) to support the establishment of its company in the Town of Riverhead. EBS proposes to acquire approximately 10 acres located at EPCAL and construct thereon approximately 67,300 square feet of buildings to be used by EBS in the manufacture of wood building components, including roof and floor trusses and wall panels and the purchase and installation of equipment.

The financial assistance requested by EBS included: (i) the provision of an exemption from Mortgage Recording Taxes, (ii) the provision of an exemption from Sales and Compensating Use Taxes on certain property, including tangible personal property, (iii) a partial abatement of real property taxes through a PILOT.

The closing did not occur in 2013. Applications to keep permits open for EBS were acquired in 2013.

Wading River Catering, LLC
In June 2011, RIDA received an application for financial assistance from Wading River Catering, LLC (the Project) a limited liability company qualified to do business in the State of New York, on behalf of the Project and other related entities with respect to the construction of 6,600 square foot expansion to be used as a dining/meeting/storage facility with an aggregate cost estimated to be $2,795,000.

A public hearing was not held in 2013. The Project is in litigation and currently on hold.

Marketing
RIDA (the Agency) works closely with local economic development organizations, such as the Town of Riverhead Community Development Agency, the Riverhead Chamber of Commerce and Suffolk County to market the Town of Riverhead as a business location. Cooperative meetings are arranged to provide incentive proposals to potential companies. Co-sponsored seminars/events are both cost effective and effectual means from a public relations standpoint as well as marketing. RIDA also works closely with regional and national economic development organizations such as the Stony Brook Small Business Development Center, Suffolk County Small Business Advisory Council, municipal economic development departments on the Long Island, and the Long Island Association (LIA). RIDA participates in the LIA’s IDA Long Island Coalition to boost the cooperative efforts and marketing of the region. Memberships to the New York State Economic Development Council and the International Economic Development Council not only provide exposure, but are prime resources for leads and networking.

Efforts are ongoing with in-house marketing using electronic media, such as the website and social networks. Cold calls, editorials, and general public relations are all part of the grassroots approach to the Agency’s marketing efforts. The Agency participates on panels hosted by Long Island Business periodicals; in seminars and in trade shows which all enhance marketing efforts.

General Business Assistance
The RIDA (the Agency) fields calls from real estate brokers, attorneys, and companies interested in establishing a presence in the Town of Riverhead who are seeking direction as to location, permitting processes and information regarding benefits and incentives.

In addition, the current Director has the experience and knowledge to handle inquiries for assistance programs offered outside those of the Agency; providing a one stop service for businesses. These resources include low cost financing
options, State and Federal incentive programs, grants, business planning, employment and housing assistance. The RIDA Director assists businesses through the government and financial maze and helps interested parties find suitable sites and provides contact information to resources. The Director current sits on the Suffolk County Industrial and Commercial Incentive Board that developed a county wide plan for a real property abatement program. The plan was adopted and approved by the Suffolk County Legislature in 2013.

This past year the agency made a concerted effort to attract a continuing community care center to address the needs of the local aging population, as well two other additional affordable housing projects. The agency adopted several new policies in 2013, setting completion targets for businesses that are receiving benefits.

The Agency also coordinated with the local community college to present and host a Workforce Symposium and continues to host its annual East End Employment Expo. It also sponsored a Health care Symposium in cooperation with the local hospital - Peconic Bay Medical Center and the Chamber of Commerce.

RIDA administers the Suffolk County/Town of Riverhead SC/TOR Empire Zone Program. The Empire Zone Program is a New York State Tax Credit program that has goals consistent with that of the Industrial Development Agency in regard to business attraction, expansion and retention. Although the program has sunset to new certifications, continued service to the zone certified entities and reporting is mandated by the State of New York for the life of the certified entity’s benefit period. The SC/TOR Zone currently services 50 businesses. RIDA receives an annual fee for the administration of the zone.

RIDA also works cooperatively and assists with the Riverhead IDA Economic Job Development Corporation (the Corporation). As a result, RIDA received an authorized distribution from the RIDA Economic Job Development Corporation pursuant to NYS non for profit corporation law, Section 201(14).

This financial report is designed to provide a general overview of the RIDA’s finances. If you have any questions about this report or need additional information, contact the following:

Riverhead Industrial Development Agency
200 Howell Avenue
Riverhead, NY 11901