

**MINUTES OF REGULAR MEETING OF
THE RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY
Monday, February 6, 2012**

Meeting was called to order by Chairman Tom Cruso at 5:06 p.m.

Present: Tom Cruso, Chairman
Elias (Lou) Kalogeras, Vice Chairman
Carl Gabrielsen, Secretary
Dawn Thomas, Asst. Treasurer/Asst. Secretary

Others in Attendance:

Richard Ehlers, Counsel
Tracy James, Executive Director

Absent: Paul Thompson, Treasurer

Carl Gabrielsen and Lou Kalogeras made a motion to adopt the proposed agenda. **Motion approved.**

MINUTES: The Board voted to dispense with the reading of and voted on the previous meeting minutes.

#14-12 – RESOLUTION APPROVES MINUTES OF ANNUAL MEETING OF JANUARY 4, 2012

Carl Gabrielsen offered the following resolution, which was seconded by Lou Kalogeras.

RESOLVED, the minutes of the annual meeting of January 4, 2012 as prepared and e-mailed be and are hereby approved, and

BE IT FURTHER RESOLVED, that a copy of said minutes be maintained in the files of the Agency and become a part of the record of the Agency.

Vote: 4 Yes

PRESENTATIONS: None

INDUCEMENT RESOLUTIONS:

Counsel reported that he had forwarded language for the resolution to the board with regard to pilot agreement and tenancy for approval and that language has been incorporated into the documents. Representatives from the Blue Duck Bakery were on hand to affirm their commitment to the project. Counsel requested to work up documents as presented despite not having a formally executed lease with the proposed tenant. Board agreed and closing will be scheduled this week.

#15-12 RESOLUTION APPOINTING MIRAH MAX LLC AGENT OF THE TOWN OF RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY AND APPROVING DOCUMENTS IN CONNECTION WITH THE PROVISION OF FINANCIAL ASSISTANCE BY THE TOWN OF RIVERHEAD INDUSTRIAL AGENCY TO MIRAH MAX LLC

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 (the “Application”) from Mirah Max LLC, a New York business corporation qualified to do business in the State of New York (hereinafter referred to as “Mirah Max”), on behalf of Mirah Max LLC, Ralph’s of Riverhead, Inc. and other related entities (collectively, the “Related Parties”), with respect to the renovation and reconstruction of a distressed building located at 309 East Main Street, Riverhead, New York, SCTM #0600-129-4-3 comprising a 6,000 square foot one-story commercial building. The project will completely upgrade and modernize the existing building and reduce the building footprint to provide commercial space for use by retail food business. The project will create separate store fronts, new façade, new electric service, new water service, new gas service, new HVAC systems, new roof, new bathrooms, new demising walls and interior partitions, new fire alarm system, new signage and awnings, commercial and restaurant

fixtures, including expenses in connection therewith, at an aggregate cost, including costs associated with the financing thereof, estimated to be \$1,150,000.00 (“the “Project”); and

WHEREAS, the Project will be located in an area which was designated an empire zone and urban renewal area pursuant to Section 854 of the General Municipal Law, Subsection 18(c), being part of Article 18-A of the General Municipal Law; and

WHEREAS, the Town, in accordance with the provisions of the State Environmental Quality Review Act (“SEQRA”), has issued a “negative declaration” with respect to the Project and determined that the Project, as proposed, will not result in any significant environmental impacts; and

WHEREAS, by resolution duly adopted by the Members of the Agency on January 4, 2012 (the “Resolution”), the Agency ratified the calling of a public hearing with respect to the application for financial assistance by the Agency to Mirah Max and the Related Parties for the Project (the “Public Hearing”), the Public Hearing being noticed as required by law and having been held on January 4, 2012 at 5:00 PM, Prevailing Time, at the Town Hall, 200 Howell Avenue, in Riverhead New York; 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 therefor, as set forth in the notice of the Public Hearing; and

WHEREAS, there have been presented to this meeting documents, consisting of a Ground Lease (the “Ground Lese”), a Lease Agreement (the “lease Agreement”), a Guaranty

(the “Guaranty”), and a Payment in Lieu of Tax Agreement (the “PILOT Agreement”) in connection with such financial assistance.

NOW, THEREFORE, BE IT

RESOLVED, by the Members of the Town of Riverhead Industrial Development Agency, Suffolk County, New York, as follows:

Section 1. It is hereby determined that the Agency shall provide Mirah Max and the Related Parties 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 by the appointment of Mirah Max as agent of the Agency with respect to the renovation and reconstruction of the building, purchase and installation of equipment in the building and the making of payments in respect of such purchases in the name of the Agency in accordance with the terms of this resolution, and (ii) an abatement of real property taxes by granting an 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 (\$70,400.00) subject to the following: This agreement shall be for five years subject to a five year renewal in the event that more than 50% of floor area of the property is rented to Agency approved tenants and none of the premises are rented to unapproved tenants. In the event that vacancies prevent Mirah Max from meeting this criteria, such five year renewal may be granted by the Agency upon a showing of good cause by Mirah Max. All tenants shall be subject to Agency approval upon 60 days written notice by Mirah Max to the Agency. Said written notice by Mirah Max to the Agency shall be made 60 days prior to occupancy by proposed tenant which notice shall include a copy of the proposed lease, complete Agency application completed by the proposed tenant and a written narrative describing the proposed use. The Agency may require an appearance at an Agency meeting by Mirah Max and the proposed tenant. The Agency shall make its determination no later than 60 days from receipt of a complete application. In the event the Agency does not act within such 60 day period, the

tenant shall be deemed approved. Mirah Max hereby agrees that it will lease the Project for uses which promote 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. All approved tenants shall be eligible for sales tax inducement as an indirect agent of the Agency. An Agency fee will be charged for completion of the sales tax certificate.

Section 2. The Chairperson, Vice Chairperson or Executive Director of the Agency is hereby authorized, on behalf of the Agency, to execute and deliver the Ground Lease, Lease Agreement and PILOT Agreement and accept the Guaranty, each in substantially the form presented to this meeting with such changes in terms and form as the Chairperson, Vice Chairperson or Executive Director shall approve. The execution of the Ground Lease, Lease Agreement, PILOT Agreement and necessary recording documents and acceptance of the Guaranty by the Chairperson, Vice Chairperson or Executive Director shall constitute evidence of such approval.

Section 3. A copy of this resolution, together with the documents attached hereto, shall be placed on file in the office of the Agency where the same shall be available for public inspection.

Section 4. This resolution shall take effect immediately.

The question of the adoption of the foregoing resolution was duly put to a vote on roll call which resulted as follows:

Tom Cruso	VOTING	<u>Aye</u>
Lou Kalogeras	VOTING	<u>Aye</u>
Carl Gabrielsen	VOTING	<u>Aye</u>
Dawn Thomas	VOTING	<u>Aye</u>
	VOTING	—

The resolution was thereupon declared duly adopted.

* * * *

#16-12 A RESOLUTION APPROVING THE PROVISION OF FINANCIAL ASSISTANCE BY THE TOWN OF RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY TO MAIN ROAD HOLDINGS, LLC.

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 Main Road Holdings, LLC, a limited liability company qualified to do business in the State of New York (the "Applicant"), on behalf of the Applicant and 10 Pin of Aquebogue, LLC (the "Related Party"), a limited liability company qualified to do business in the State of New York, with respect to the acquisition by the Applicant of a parcel of land of approximately 6.02 acres being located at 96 Main Road, Riverhead, New York, and the renovation of an approximately 31,000 square foot building and the landscaping of the

area surrounding the building, to be leased to and operated by the Related Party and to be used as a bowling center with a lounge, restaurant, arcade and party rooms, and incidental expenses in connection therewith, at an aggregate cost, including costs associated with the financing thereof, estimated to be \$5,250,000 (the "Project"); and

WHEREAS, a public hearing pursuant to Section 859-a of the General Municipal Law was held by the Agency on January 4, 2012 with respect to the application for financial assistance and the Project and the proposed financial assistance requested by 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. It is hereby determined that the Agency shall provide the Applicant with the following financial assistance with respect to the Project: (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 as provided in Schedule A attached hereto. 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. The Executive Director of the Agency is hereby directed to proceed, at the expense of the Applicant, to cause agreements and documents to be prepared that will enable the aforesaid benefits to be provided to the Applicant, and to submit such agreements and documents to the Agency for approval. The financial assistance authorized hereby shall not be effective until closing on the financing for the project as established by a record of the proceedings.

Section 2. This resolution shall take effect immediately.

Schedule A

Real Property Taxes shall be paid in full on the vacant land valuation and on the improvements as per the following schedule for a period of 7 (seven) years through the PILOT after which the property shall be fully taxed upon the assessment roll:

year 1	50%
year 2	50%
year 3	50%
year 4	55%
year 5	60%
year 6	65%
year 7	70%

The question of the adoption of the foregoing resolution was duly put to a vote on roll call which resulted as follows:

Tom Cruso	VOTING	<u>Aye</u>
Lou Kalogeras	VOTING	<u>Aye</u>
Carl Gabrielsen	VOTING	<u>Aye</u>
Dawn Thomas	VOTING	<u>Abstain</u>

The resolution was thereupon declared duly adopted.

* * * *

Member Lou Kalogeras motioned to temporarily adjourn the meeting of the Industrial Development Agency to reconvene the Economic Job Development Corporation meeting. Dawn Thomas seconded. IDA meeting was adjourned at 5:12pm

The IDA meeting was brought back into order at 5:42pm

CORRESPONDENCE: None

TREASURER'S REPORT: The Executive Director presented the Treasurers report in the absence of the Treasurer.

Cash Balance as of January 31, 2012	\$47,971.42
Revenue for December	\$0
Profit and Loss (January)	- \$12,632.77
Total Year	-\$12,632.77
Accounts Receivable (Browning 2 nd pilot)	\$89,468.53
Total Bills Paid	\$15,857.06

Notes from the CFO: Pilot payments were due on January 10, 2012. The Pilot payment for Lenape was received on Jan. 24, 2012. Country Limousine's payment was received in partial payments on Jan. 11, 19, 27, 2012. Pursuant to NY GML Section 874(5) the payments shall be subject to a late payment penalty of five percent of the amount due. The penalty for Lenape is \$1400 and the penalty for Country Limousine is \$985.47.

The ED noted that a payment voucher for administration of the Empire Zone will be sent this week for \$44,000.

#17-12 ACCEPTS REPORT OF EXPENSES AND AUTHORIZES PAYMENT OF BILLS AS OF December 31, 2011

WHEREAS, Denise Cooper, CPA and Tracy Stark-James, Executive Director, submitted a monthly financial report, including a report of expenses, to the Riverhead Industrial Development Agency for the period of January 1 to January 31st, 2012 **as attached**,

NOW, THEREFORE, BE IT RESOLVED, that said monthly financial report dated January 31st, 2012 be and are hereby accepted and expenses as listed are authorized for payment.

Lou Kalogeras made a motion to accept Treasurer's Report, which was seconded by Dawn Thomas. **Motion approved.**

Vote: 4 Yes

#18-12 – RESOLUTION AUTHORIZING ENDORSMENT FOR DEPOSITORY ACCOUNTS

Lou Kalogeras offered the following resolution, which was seconded by Carl Gabrielsen

RESOLVED, that Tom Cruso as Chairman, Lou Kalogeras as Vice Chairman, Paul Thompson as Treasurer, Dawn Thomas as Assistant Treasurer, Tracy Stark-James as Executive Director/CEO be and are hereby designated as the official authorized representatives to sign and otherwise act on behalf of the Riverhead Industrial Development Agency with respect to accounts, banking transactions or services for the Riverhead Industrial Development Agency as assigned to JP Morgan Chase Bank.

Vote: 4 Yes

COMMITTEE REPORTS:

Audit- The agency has been working with the auditors to prepare the year end audit and will set up a meeting for the committee as soon as a draft has been received.

Governance – ED reminded the board that the committee will need to convene to review all agency policies, by laws, consider an administrative fee, a self evaluation, and the compensation package for the staff. Committee set a date for Feb. 28th for a working lunch.

Personnel – The committee report will be presented in Executive Session

Finance – None

OLD BUSINESS:

A. Protrack Status – The ED reported on a program presented during the NYSEDC IDA conference that both she and the Chairman would like to have the board entertain and review the use of Protrack in future.

B. Agreement with TOR – The agreement with the Town of Riverhead has been fully executed. ED reported that she met with the Empire Zone Chairman to see what businesses were in compliance. Due date for BAR's is in March and she has sent a request to the Supervisor to initiate the transfer of files necessary to complete our obligation to the Town. A voucher for the administrative services will be sent this week.

C. Office Lease Negotiations – Ed reported that as of this afternoon, the agency received correspondence to make further amendments to the lease, sign it and submit with the necessary termination language. Counsel explained termination language and annual rent increases. Counsel to distribute copies of the lease to board and requested authorization to provide 30 day notice of vacancy to the landlord and the tenant. Board authorized Counsel to prepare and send notice to both the subtenant and landlord of intent to vacate by March 15th.

NEW BUSINESS: None

EXECUTIVE DIRECTOR'S REPORT:

ED briefly reported on the NYSEDC conference, the "Inform Analytics" program and the new annual compliance report she created. The compliance reports are due back to the agency by Feb. 10th. ST-340 reminders were being sent out. The 412A for EPCI was filed and forwarded to the taxing jurisdictions. She met with the EZ Chair (see notes under Old Business). ED enrolled in another free webinar on PARIS reporting. The office is closed Feb 20th.

ED requested attendance to a CDFIA Intro to Bond Financing course in March.

#19-11 RESOLUTION AUTHORIZING ATTENDANCE TO CDFIA "Intro to Bond Finance Course"

Lou Kalogeras offered the following resolution, Dawn Thomas seconded.

WHEREAS, the Council of Development Finance Agencies will be hosting an introduction to bond financing course, and

WHEREAS, the Board of Directors finds it necessary and appropriate for the Executive Director, Tracy Stark - James, to attend this informational course; and

WHEREAS, a two day conference is scheduled in Washington, DC for March 15-16th, thereby requiring her to stay at the Doubletree Washington DC (or comparable facility) from March 14th & 15th, at \$199 per night, plus the cost of transportation and registration to be reimbursed upon submission of receipts not to exceed \$1200.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors approves expenditures for lodging at the Doubletree Washington DC (or comparable facility) and reimbursement of transportation for Executive Director, Tracy Stark-James to attend the CDFA Intro to Bond Finance in Washington, DC from January 14th – 16th, 2012.

Vote: 4 yes

1 absent

Lou Kalogeras motion to adjourn the meeting into Executive Session, Carl Gabrielsen seconded. **Board recessed into Executive Session immediately following the regular meeting of the Riverhead Industrial Development Agency** to discuss personnel matters/contract negotiation at 6:35pm.

Present: Tom Cruso, Chairperson
Carl Gabrielsen, Secretary
Dawn Thomas, Asst. Secretary/Asst Treasurer
Lou Kalogeras, Vice-Chairperson

Absent: Paul Thompson, Treasurer

Carl Gabrielsen motioned to close the executive session. Lou Kalogeras seconded. The executive board session was adjourned at 7:00pm.

Date

Secretary