

**MINUTES OF SPECIAL MEETING OF
THE RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY
Monday, February 27, 2012**

Meeting was called to order by Chairman Tom Cruso at 5:01 p.m.

Present: Tom Cruso, Chairman
Elias (Lou) Kalogeras, Vice Chairman
Carl Gabrielsen, Secretary

Others in Attendance:

Richard Ehlers, Counsel
Tracy James, Executive Director

Absent: Paul Thompson, Treasurer
Dawn Thomas, Asst. Treasurer/Asst. Secretary

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

The following resolution was offered by Member Lou Kalogeras, who moved its adoption, seconded by Member Carl Gabrielsen, to-wit:

#21-12 RESOLUTION DATED FEBRUARY 27, 2012.

A RESOLUTION APPOINTING MAIN ROAD HOLDINGS 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 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 (hereinafter referred to as “Applicant”), 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 real property located at 96 Main Road in the Town of Riverhead (the “Land”) and the reconstruction thereon by the Applicant of an existing building of approximately 31,000 square feet, including any structures or improvements affixed or attached thereto (the “Building”), and to furnish and equip the same (collectively, the “Equipment”), to be used as a bowling center and will include a bowling alley, family entertainment center with a lounge, restaurant, arcade, and game and party rooms (the Land, the Building and the Equipment collectively, the “Project”); 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, the Agency wishes to make a determination pursuant to SEQRA with respect to the Agency's providing financial assistance to the Applicant for the Project, as described herein and as authorized pursuant to Article 18-A of the General Municipal Law; and

WHEREAS, by resolution duly adopted by the Members of the Agency on January 4, 2012 (the "Resolution"), the Agency called a public hearing with respect to the application for financial assistance by the Agency to the Applicant 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, 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, in the Resolution and in Section 2 of this resolution; 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, by resolution duly adopted by the Members of the Agency on February 6, 2012 the Agency approved the providing of financial assistance by the Agency to the Applicant with respect to the Project (the "February 6th Resolution"); and

WHEREAS, it is now desired to clarify the terms of the partial abatement of real property taxes as described in Schedule A of the February 6th Resolution with the summary of terms described in Exhibit A attached hereto; and

WHEREAS, there have been presented to this meeting documents, consisting of a Ground Lease (the "Ground Lease"), 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; and

WHEREAS, it is now desired to approve the Ground Lease, the Lease Agreement, the Guaranty, the PILOT Agreement and to appoint the Applicant as agent of the Agency for purposes of reconstructing the Building and purchasing Equipment for installation in the Building;

NOW, THEREFORE, BE IT

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

The Agency, following a review of the Application and information provided at and with respect to the Project at the Public Hearing, hereby determines, based in part on information and representations provided by the Applicant, including information in the Application, (i) that the Project will serve the public purposes of Article 18-A of the General Municipal Law by preserving permanent, private sector jobs or increasing the overall number of private sector jobs in the State of New York; (ii) that the Project will promote the health, general prosperity and the economic welfare of the inhabitants of the Town of Riverhead (the “Town”) and serves a public purpose as set forth in Article 18-A of the General Municipal Law; (iii) that the Project is a “project” as defined in Section 854(4) of the General Municipal Law; and (iv)(a) the provision of financial assistance for the Project by the Agency will result in no major impacts and, therefore, such provision of financial assistance for the Project will not have a “significant effect on the environment,” as such quoted term is defined in the SEQRA; and (b) no “environmental impact statement,” as such quoted term is defined in the SEQRA, need be prepared for this action. The determinations set forth under clauses (iv)(a) and (iv)(b) above constitute a negative declaration for purposes of SEQRA.

Subject to the execution and delivery of the Ground Lease, Lease Agreement, Guaranty and PILOT Agreement by all parties thereto, the provision of financial assistance to the Applicant through provision of (i) the provision of an exemption from Mortgage Recording Taxes, (ii) an exemption from Sales and Compensating Use Taxes on certain property, including tangible personal property, resultant from the Agency’s appointment of the Applicant as the Agency’s agent with respect to reconstructing the Building and purchasing and installing the Equipment in the Building and (ii) a partial abatement of real property taxes by granting a partial abatement through the PILOT Agreement requiring payments in an amount less than that which would otherwise be required to be paid as real property taxes, as more fully described in the PILOT Agreement, and in accordance with the standard uniform tax exemption policy of the Agency, is hereby approved.

The form and substance of the proposed (i) Ground Lease (in substantially the form presented to this meeting and attached hereto as Exhibit A and made a part thereof), (ii) Lease Agreement (in

substantially the form presented to this meeting and attached hereto as Exhibit B and made a part hereof), (iii) Guaranty (in substantially the form presented to this meeting and attached hereto as Exhibit C and made a part hereof) and (iv) PILOT Agreement (in substantially the form presented to this meeting and attached hereto as Exhibit D and made a part hereof). 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.

The appointment of the Applicant as agent of the Agency with respect to reconstructing the Building, purchasing the Equipment and installing the 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 the exhibits attached hereto, is hereby approved and the Applicant is hereby so approved as agent of the Agency.

Any and all actions taken by the officers and other appropriate officials of the Agency in connection with calling the Public Hearing, including publication of notice of such hearing, are ratified, confirmed and approved in all respects as acts of the Agency.

The Chairperson, Vice Chairperson or Executive Director of the Agency is hereby authorized, on behalf of the Agency, to execute and deliver related documents with respect to the Applicant's financing of the Project in the form prepared or approved by counsel to the Agency.

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.

This resolution shall take effect immediately.

EXHIBIT A

SUMMARY OF PILOT PAYMENTS

PILOT Payments shall be paid:

- (i) with respect to the land, in an amount equal to the amount of Real Estate Taxes (as defined in the PILOT Agreement) to be paid thereon based upon an assessed value of two hundred twelve thousand dollars (\$212,000), for each of the seven (7) years in which PILOT Payments are to be made, and
- (ii) with respect to improvements to the land and pre-existing building, in an amount equal to the percentage (as described in the chart below) of Real Estate Taxes to be paid on the improvements based upon an assessed value of six hundred twenty-nine thousand two hundred dollars (\$629,200), for each of the seven (7) years in which PILOT Payments are to be made.

	<u>Year</u>	<u>Percentage</u>
year 1	2012/2013	50%
year 2	2013/2014	50%
year 3	2014/2015	50%
year 4	2015/2016	55%
year 5	2016/2017	60%
year 6	2017/2018	65%
year 7	2018/2019	70%

After 7 years, the property shall be fully taxed upon the assessment roll.

Discussion: Counsel advised board that there were some title issues, but counsel to the client Mr. Charles Cuddy and the IDA counsel are comfortable enough to move forward with the closing scheduled for tomorrow. He also advised that although they are not approving mortgage recording documents at this time,

that as long as the mortgage is under the value of the project and under the seven year time frame the board could approve mortgage recording tax documents at a later time should the applicant wish to take advantage of its eligibility.

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

<u>Tom Cruso</u>	VOTING	<u>Aye</u>
<u>Lou Kalogeras</u>	VOTING	<u>Aye</u>
<u>Carl Gabrielsen</u>	VOTING	<u>Aye</u>
_____	VOTING	___
_____	VOTING	___

The resolution was thereupon declared duly adopted.

* * * *

Seeing no other business, Carl Gabrielsen motion to close the meeting. Lou Kalogeras seconded.
Meeting adjourned at 5:04pm

Date

Secretary