

**MINUTES OF REGULAR MEETING OF
THE RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY
Monday, March 5, 2012**

Meeting was called to order by Chairman Tom Cruso at 5:02 p.m.

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

Others in Attendance:

Richard Ehlers, Counsel
Tracy James, Executive Director
Denise Cooper, CFO

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.**

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

#20-12 – RESOLUTION APPROVES MINUTES OF REGULAR MEETING OF FEBRUARY 6, 2012

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

RESOLVED, the minutes of the regular meeting of February 6, 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: 3 Yes

#21-12 – RESOLUTION APPROVES MINUTES OF SPECIAL BOARD MEETING OF FERUARY 27, 2012

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

RESOLVED, the minutes of the special meeting of February 27, 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: 3 Yes

PRESENTATIONS: None

CORRESPONDENCE: None

TREASURER’S REPORT: The CFO presented the Treasurer’s report in the absence of the Treasurer.

Cash Balance as of February 29, 2012	\$76,889.14
Revenue for February	\$42,000.00
Profit and Loss (February)	\$27,990.84
Total Year	\$20,142.00
Accounts Receivable (Browning 2 nd pilot & BID)	\$87,155.53
Total Bills Paid for February	\$13,249.95

The ED stated that Resolution # 24-12 to authorize recurring expenses is not necessary. The ByLaws already state that recurring expenses can be paid, therefore no additional resolution is necessary. Instead, a blanket purchase order was prepared by the CFO for monthly draw down based on the annual budgeted amount for each recurring line item expense.

The ED then corrected the previously quoted registration fee for the Intro to Bond Finance course. The actual registration fee is \$675, not \$600. Board was still in favor of attendance.

#22-12 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 February 1 to February 29th, 2012 **as attached**,

NOW, THEREFORE, BE IT RESOLVED, that said monthly financial report dated March 2nd, 2012 covering the month of February, 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 Carl Gabrielsen. **Motion approved.**

Vote: 3 Yes

COMMITTEE REPORTS:

Audit- Carl Gabrielsen reported that the audit was complete and the committee reviewed the comment letter, internal controls policy and report, the assessment of effectiveness of internal controls, and the investment guidelines policy and investment report for 2011. It is the recommendation of the committee to approve all. The committee also recommended an audit committee findings response.

Governance – Tom Cruso reported that the Gov. Committee met on Feb. 28th, reviewed and makes for recommendation for approval by the board the mission statement, ethics policy, whistleblower policy, disposition of real property and indemnification policies. Minor changes were recommended to the Procurement policy, namely changing the number of price quotes necessary from obtaining 3 vendor quotes to 2 vendor quotes on items costing between \$3,000 and \$10,000. The other amendment was to allow the Chief Executive Officer to sign checks in addition to the CFO. In an effort to maintain greater internal control, the board did not entitle the CFO to be a depository signer on the accounts. Therefore, the CEO needed to be added to the policy. Lastly, a sentence was compressed within the second paragraph of the Introduction, paragraph B (**see attached**).

The committee also made the recommendation to change the date of the annual board meeting to the March from January.

Mr. Cruso also noted that they compiled the annual board evaluation and there were several areas identified for discussion. However, the committee believes that the strategy workshop had already covered the deficiencies and they need only be reviewed again next year.

The committee also determined that the employee evaluation procedure was sufficient, but would like to recommend a change in the timing of the process. The timeline will be determined in accordance with the employee contract.

The ED then presented the Real Property Report for 2011

25-12 A RESOLUTION ADOPTING, RATIFYING AND CONFIRMING BOARD POLICIES AND ANNUAL REPORTS

The following resolution was offered by Carl Gabrielsen

And seconded by Lou Kalogeras

WHEREAS, in accordance with the Public Authorities Law, it is a recommendation of the Audit Committee of the Riverhead Industrial Development Agency that the following policies be adopted, ratified and confirmed, and

WHEREAS, the following policies and reports recommended by the Audit committee include the 2011 Audit and Financials, Audit Committee Response to Findings, Internal Controls, Investment Guidelines and 2012 Report and the Real Property Report for 2011, and

WHEREAS, in accordance with the Public Authorities Law, it is a recommendation of the Governance Committee of the Riverhead Industrial Development Agency that the following policies be adopted, ratified and confirmed, and

WHEREAS, the following policies have been reviewed and recommended by the Governance Committee including the Code of Ethics, Mission Statement, Procurement Policy, Whistleblowers Policy and Indemnification Policy, and

WHEREAS, after discussion, the Board of Directors of the Riverhead Industrial Development Agency the Board wishes to adopt the above mentioned and attached policies and reports.

NOW, THEREFORE, BE IT RESOLVED, that the attached policies and reports be and hereby are adopted, ratified and confirmed.

(see attached policies)

Vote: 3 Yes

The Governance Committee also reviewed and made a recommendation for a new fee structure for the agency. Based on increased reporting requirements and state mandates, it was determined that the agency is spending additional time and expense keeping in compliance with new regulations. The amount of work for each company has significantly increased in recent years and the agency has not increased it's fees since inception, nor adjusted for the increase in operations alone. It was determined that the proposed annual compliance fee would apply to future closings and all other approved fees would apply as necessary to all projects. In recognizing increases in mandates, yet trying to keep applicant costs reasonable/competitive while still covering necessary expenses; the committee recommended the following fee schedule to the board:

#23 -12 RESOLUTION ESTABLISHES FEE SCHEDULE

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

RESOLVED, that the following is established as the fee schedule of the Riverhead Industrial Development Agency. All costs of issuance of bonds, including local counsel and bond counsel, shall be borne separately by the applicant.

A non-refundable application fee of \$2,000 for applications under \$5 million and \$4,000 for applications over \$5 million is required at the time of application. This fee will be credited to the Agency's Administrative Fee, payable at closing.

The **Administrative Fee** charged by the Agency at closing is as follows:

¾ of 1% of the financial assistance on the first \$10 million.

¼ of 1% of the financial assistance between \$10 million and \$20 million.

1/10 of 1% of the financial assistance over \$20 million.

Annual Reporting/Compliance Fee: payable with pilot for all projects closing after March 1, 2012

For bond/lease projects up to \$2.5 million - \$250 annually

For bond/lease projects between \$2.5 million and \$5 million - \$500 annually

For bond/lease projects between \$5 million and \$10 million - \$1000 annually

For bond/lease projects over \$10 million - \$2000 annually

Processing Fee: During the course of IDA ownership/involvement, the Agency may occasionally be required, by the company, to consent to a variety of items, i.e. prepayment of bonds, sales tax extensions, second mortgages, additional secured financing, etc. The Agency will charge a \$250 processing fee for each request.

Assignments and Assumptions: Occasionally, the IDA is asked to transfer benefits that were assigned to the original company, i.e. PILOT or mortgage recording tax benefits, to a different company, typically upon the sale of the IDA property. The new company often wishes to continue IDA involvement to maintain the viability of the project and needs to retain the incentives. The Agency will charge a \$1200 fee for each of these transactions.

Late PILOT Payment: In addition to requirements of GML 874(5), the Agency shall impose an Agency 5% penalty, plus \$1000 administrative fee for delinquent PILOT payments that are 5 days late.

Vote: 3 Yes

Personnel – None

Finance – None

OLD BUSINESS:

A. Protrack Status – No update

B. Office Lease – ED reported that she did not submit a 30 day notice to the landlord. After final review of lease, she was not confident with the cost of the new lease. Counsel and ED are reviewing language again and have requested operating expenses from the broker. In the meantime, the ED will make a request for another month extension to the current landlord and notify tenant. The Chairman has signed the new lease with the condition that it has to be approved and signed by the new landlord prior to providing the 30 notice to the current landlord. ED also reminded the board that the agency is already over budget on the rent for 2012.

NEW BUSINESS:

A. **LDC and separation of conduct** – the ED reported that she had received information that the Office of the Comptroller had notified another IDA that LDC employees do not qualify for NYS Retirement System. Counsel expanded on the issue occurring in Albany by noting that there seems to be a turf fight in over who can do civic facilities and the Comptroller's office is trying to force the separation of IDA's and LDC's from intermingling. Not for Profits are not eligible for the NYS Retirement System and the OSC's opinion is that LDC staff that are employed by an IDA are not eligible for NYS Retirement System. OSC may attempt to strip LDC's of their retirement benefits. He stated that when the Riverhead IDA LDC was established, it was determined that Agency staff would be mingled. Since we have had no activity in the LDC yet this does not impact us. However, the Agency should move to rescind resolution #2-11, authorizing an agreement for mutual conduct that was adopted last year. There will be a zero budget reported in Paris for this year and the Agency will look to fund the LDC separately. Carl Gabrielsen motioned to rescind the resolution. Lou Kalogeras seconded.

24 -12 RESOLUTION RESCINDING RESOLUTION #2-11 AUTHORIZING AN AGREEMENT FOR MUTUAL CONDUCT

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

RESOLVED, Resolution #2-11 of the Riverhead Industrial Development Agency Authorizing an Agreement for Mutual Conduct with the Town of Riverhead Economic Job Development Corporation is hereby rescinded.

Vote: 3 Yes

EXECUTIVE DIRECTOR'S REPORT:

ED reported that deeds have been transferred from the IDA back to three projects that will now be paying full taxes, Trutech, HDI and Jaral. Board recommended a press release.

ED reported that there are 5 projects that have not submitted their compliance reports yet, but she has extended their deadlines and is working with all but one company.

ED recommended moving July meeting to the second week to July 9th to avoid holiday week.

Seminars/Conferences: Partook in NYS Paris Training Webinar on Feb 22nd, Attending JDA Program seminar March 12 and LIA IDA Coalition Meeting. CDEFA Bond Finance Course is March 14th. Tentative Soft Opening for Peconic Management is March 19th. There is an LIBDC luncheon March 21st for anyone who would like to attend.

Empire Zone Bars are due March 23rd. The former Chair is no longer with the County. He did not relinquish the reports prior to leaving. ED has followed up with the County and alerted the Town Supervisor to the situation. ED was told that BAR's had been entered into the state system. ED to continue following up.

ED reported having several new leads, but one client wishes to remain confidential. ED is still assisting with site search for the Mill work business. Met with Uncle Giuseppe's for potential in downtown. It will depend on demographics we can provide. Met with another party interested in a performing arts venue in downtown.

Hampton Jitney is still responding to site plan review. ED reached out to offer assistance.

Reviewed insurance coverage for the board. Discovered that the board is covered from indemnity and defense through the town. ED to get a copy of policy to ensure errors and omissions coverage.

Date for the next business meeting is April 2, 2012

Lou Kalogeras motion to adjourn the meeting, Carl Gabrielsen seconded.

There being no further business, the meeting was adjourned at 6:14pm

Date

Secretary