

**MINUTES OF REGULAR MEETING OF  
THE RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY  
Thursday, July 12, 2012**

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

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

Others in Attendance:

Richard Ehlers, Counsel  
Tracy James, Executive Director

Absent: Carl Gabrielsen, Secretary

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

**#43-12 RESOLUTION APPROVES MINUTES OF REGULAR MEETING OF June 7, 2012**

Paul Thompson offered the following resolution, which was seconded by Lou Kalogeras.

**RESOLVED**, the minutes of the regular meeting of June 7, 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**

Lou Kalogeras and Paul Thompson made a motion to adopt the proposed agenda. **Motion approved.**

Member Dawn Thomas joined meeting.

**PRESENTATIONS:**

Ronald DeVito, CEO of Concordia Senior Communities, Greg LiCalzi from Gates Capital Corporation and the project's architect Phil Monostaro made a brief presentation to the board

regarding a proposed state of the art senior living and care community concept to provide comfortable home-like housing in a congregate setting coupled with quality services and care. The proposal is to build 189 units to offer several different levels of support from independent living to special needs. They anticipate hard construction costs at approximately \$44 million and construction time to take approximately 18 months. They project 100 FTE's. They are also working with PBMC to provide a wellness program to offer primary medical care on site and a comprehensive program for preventative medicine. The Town has recently adopted zoning code changes to permit zoning for this type of community. They will be applying for a change of zone to the 25 acres located on the corner of Mill and Middle Road next week. Concurrently, they intend on submitting a completed application to the IDA. They are requesting assistance with bond financing, sales tax exemption, mortgage recording tax exemption and a real property tax abatement.

They provided the board with a preliminary drawing and a written synopsis of the project which included rental costs. They defined "affordable" and noted that priority would be given to town residents. There is no entrance fee for applicants and the DOH audits the facilities expenses annually and determines if an increase is necessary. The facility must have at least 20% affordability in order to be eligible to use tax exempt bonds.

Mr. DeVito's previous projects include Huntington Terrace and he has built a nursing home for the Carlyle Group in Huntington Hills among others. He is a NYS licensed operator.

## **RESOLUTIONS**

Counsel provided a synopsis of the refinancing efforts on behalf of the Agency, remarking that we have been very supportive and accommodating to the needs of the project. One issue that arose with the parcel was the apportionment of the assessment since benefiting project occupies a portion of the parcel. A section of the Real Property Tax Law allows for the Assessor to assign a separate tax map if necessary, but he does not believe this will be necessary.

### **#44-12 RESOLUTION AUTHORIZES EXECUTION AND DELIVERY OF NECESSARY DOCUMENTS TO PERMIT REFINANCING OF THE HILTON GARDEN INN HOTEL BY BROWNING HOTELS, LLC AND ITS AFFILIATED ENTITIES PURSUANT TO TERMS AND CONDITIONS**

Dawn Thomas offered the following resolution, which was seconded by Lou Kalogeras.

WHEREAS, by Application dated November 3, 2006, Browning Hotel Properties, LLC ("Browning") sought financial assistance from the Town of Riverhead Industrial Development Agency ("Agency") for the construction and equipping of a 114 key, 62,589 square foot Hilton Garden Inn Hotel, and

WHEREAS, upon the proceedings held upon the Application, the Agency adopted a determination by resolution dated February 5, 2007 entitled "A RESOLUTION DETERMINING THE PROPOSED BROWNING HOTEL PROPERTIES, LLC PROJECT A "PROJECT," APPROVING THE PROVIDING OF FINANCIAL ASSISTANCE BY THE TOWN OF RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY TO BROWNING HOTEL PROPERTIES, LLC WITH RESPECT THERETO, APPOINTING BROWNING HOTEL PROPERTIES, LLC AGENT OF THE TOWN OF RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY AND APPROVING DOCUMENTS IN CONNECTION THEREWITH," and

WHEREAS, the term of the approved original financing has expired pursuant to its terms and Browning has obtained replacement financing from German American Capital Corporation as more particularly set forth in a certain "Summary of Terms and Conditions" accepted by Browning June 1, 2012 ("Terms and Conditions"), and

WHEREAS, Browning has applied to the Agency to permit the refinancing as set forth in the Terms and Conditions.

NOW, THEREFORE, BE IT RESOLVED, that the Agency makes the following findings:

1. By Application dated November 3, 2006, Browning applied for financial assistance to construct and equip a 114 key, 62,589 square foot Hilton Garden Inn Hotel.
2. By resolution dated February 5, 2007, the Application was approved by the Agency as set forth in such resolution.
3. At closing on May 4, 2007, the Agency and Browning entered into the principal documents being the "Sale Agreement" and "PILOT Agreement."
4. The Hilton Garden Inn Hotel has been constructed and issued a certificate of occupancy. All PILOT payments are current and the Agency is not on notice of any default under the terms of the Sale Agreement. The refinancing requested is necessary to maintain the proper financing of the Hilton Garden Inn Hotel as approved by the Agency.
5. The Terms and Conditions of the refinancing require a Ground Lease and Leasehold Mortgage of a portion of the project site so that the balance of the site can accommodate the construction of an Additional Hotel.
6. The Agency resolution adopted February 5, 2007 granted financial assistance to existing Hilton Garden Inn Hotel. The Agency has not held any proceedings regarding financial assistance to the Additional Hotel on the property described in the

"Adjacent Premises Ground Lease" contemplated by the refinancing as set forth in the Terms and Conditions.

7. There shall be no Agency financial assistance for the reduction or abatement of mortgage tax, sales tax or real property tax associated with Additional Hotel on the property described in the "Adjacent Premises Ground Lease" absent further proceedings by the Agency.
8. All documents related to the requested refinancing must clearly provide for the full payment of real property taxes by the Additional Hotel on the property described in the "Adjacent Premises Ground Lease" absent any reduction or abatement as a result of Agency approval of the Hilton Garden Inn Hotel and the refinancing as approved herein.
9. All rights and obligations in the Sale Agreement dated as of May 4, 2007 by and between the Agency and Browning Hotels, LLC regarding the Mortgagee Specialty Finance Group LLC shall, upon full payment of the indebtedness by Browning Hotels, LLC, be the rights and obligations of German American Capital Corporation as Mortgagee pursuant to the Terms and Conditions of the refinancing approved herein.
10. All fees and expenses of the Agency and its counsel and bond counsel shall be paid by Browning. The Agency shall collect a fee of \$1,200 in connection with this transaction at the time of delivery of executed documents by the Agency. Browning shall furnish indemnification satisfactory in form to the Chair as a condition to the participation of the Agency in the transaction.
11. The Project, and the refinancing approved herein, is exempt from the imposition of mortgage recording tax. Counsel to the Agency shall provide such further documentation as may be necessary evidencing the exemption from mortgage tax upon the recording of the Fee and Leasehold Mortgage, Assignment of Leases and Rents and Security Agreement.

NOW, THEREFORE, BE IT FURTHER RESOLVED, that the Chairman or Vice Chairman be and hereby are authorized to execute and deliver the necessary documents to permit the refinancing of the Hilton Garden Inn Hotel by Browning Hotels, LLC and its affiliated entities pursuant to the Terms and Conditions and this Resolution in substantially the form set forth in the documents presented at this meeting being the Fee and Leasehold Mortgage, Assignment of Leases and Rents and Security Agreement; Assignment of Leases and Rents; Ground Lease; IDA Lease Estoppel and Agreement; Memorandum of Lease; Adjacent Premises Ground Lease, Adjacent Premises Memorandum of Lease; and such necessary ancillary documents as are necessary to permit the refinancing approved herein. The Chairman or Vice Chairman be and

hereby are authorized to make such changes, additions or deletions to the documents approved herein, in their sole discretion as may be necessary to complete the refinancing approved herein.

BE IT FURTHER RESOLVED, that this resolution shall not take effect until it is countersigned, accepted and agreed to by the applicant and all related entities.

ACCEPTED AND AGREED:

BROWNING HOTEL PROPERTIES, LLC

BROWNING REALTY MANAGEMENT, LLC

RIVERHEAD HOTEL MANAGEMENT CORP.

BY: \_\_\_\_\_

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

VOTING      Yes Tom Cruso

VOTING      Yes Lou Kalogeras

VOTING      Yes Paul Thompson

VOTING      Yes Dawn Thomas

VOTING      Absent Carl Gabrielsen

The resolution was thereupon declared duly adopted.

\* \* \* \*

**RESOLUTION #45-12** was tabled until the next meeting. It was explained that the Agency is still waiting on documentation from the lender.

**CORRESPONDENCE:** None

**TREASURER'S REPORT:** The Treasurer reported that we have

Cash Balance as of June 30, 2012	\$64,169.72
Revenue for June	\$1,792.30
Profit and Loss (June)	\$-9,530.75
Total Year	\$14,534.34
Accounts Receivable (Country Limo, Island)	\$1,792.30
Total Bills Paid for June	\$10,729.15

**# 46-12 RESOLUTION ACCEPTS REPORT OF EXPENSES AND AUTHORIZES PAYMENT OF BILLS AS OF JUNE 30, 2012**

**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 June 1 to June 30, 2012 **as attached**,

**NOW, THEREFORE, BE IT RESOLVED**, that said monthly financial report dated July 5, 2012 covering the month of June, be and are hereby accepted and expenses as listed are authorized for payment.

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

**Vote: 4 Yes**

**COMMITTEE REPORTS:**

There were no committee reports provided. Personnel Committee meeting that was scheduled to immediately follow the board meeting was postponed. ED reported that a draft budget will be sent to the Finance Committee within the next week or so.

**OLD BUSINESS:**

**A. Protrack Status –** ED reported that she had spoken with SVAM representative Mike Capilets and had expressed concern over annual hosting cost to the agency to operate a program that seemed to be excessive for the use of the agency. Mr. Capilets instructed the ED to hold off on the hosting fee and that he would forward specs for hosting so the agency could get other quotes. However he warned that the cost would be comparable at other web companies. ED

noted that she would attempt to use the program a little more extensively to see if she could adapt it to the agency's needs. Should the Agency decide not to use the program, Mr. Capilets said he would work with the Agency, however he hopes that we will use it. ED expressed to the board that to date she had operating issues with the program, but admittedly would like to give the program more time before making a final decision on its use.

**NEW BUSINESS:** There was no new business reported.

At this point member Paul Thompson was excused from the meeting.

**EXECUTIVE DIRECTOR'S REPORT:**

- Updates on Browning Properties, Hampton Jitney and Concordia were reported earlier in the meeting.
- ED reported that she attended the CFA seminar hosted by ESD. She has begun working on the Crescent Duck Farm grant application with Diamond Kongoletos. ED distributed correspondence from the Corwins indicating an amendment to the size of the hatchery to 7,040 sq ft.
- ED reported on new leads: Subzero Technologies and a Homeopathic remedy manufacturer.
- The Board discussed the option of hosting the LIBDC luncheon. ED noted the sponsorship level of \$4000 and potential options to defer the cost. Board decided to forego the luncheon unless sponsorship could be obtained and agreed to hosting the Agency's own luncheon with assistance from a sponsor as recommended by the ED. The Board authorized the ED to come up with the best option.
- Agency should be receiving a refund check for overpayment of \$2940 for overpayment for WC insurance.
- ED reported that this would be the time to send out requests for proposals for Auditors or Bond Counsel. Board decided that they are happy with the current service unless there is a significant change, and then they would revisit.
- ED reported that she has explored other office options. The former office across from TH is available for \$750. However she spoke with broker for Citibank office and he is going to provide a letter of intent describing the terms and will give the Agency 3 mos free rent to wait until Oct. Closing must occur in July on the Citibank building. Rent discussed was \$1000 yr 1, 1250 yr 2, and 1500 yr 3 and broker was going to try and create a less complicated lease agreement. Should the Agency take site control prior to Oct. the free rent would be reduce consistent with the date of occupancy. Board agreed to wait under those conditions. ED must get something in writing within the next week or so.
- Empire Zone – EZ board meeting was postponed by notice of the County Executive who had a conflict. A new meeting date TBA.

Date for the next business meeting is August 6, 2012

Lou Kalogeras motioned to adjourn the meeting, Dawn Thomas seconded.  
**There being no further business, the meeting was adjourned at 6:06pm**

\_\_\_\_\_  
Date

*Col. D. H. ...*  
\_\_\_\_\_  
Secretary