

**MINUTES OF A REGULAR MEETING
RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY
August 4, 2014**

Meeting was called to order by Chairman Tom Cruso at 5:05p.m.

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

Others in Attendance: Tracy James, Executive Director

Richard Ehlers, Counsel

Councilman John Dunleavy, TOR Board Liaison to the IDA

Paul Thompson moved to approve the proposed agenda. Dawn Thomas seconded. Motion approved.

MINUTES:

The Board moved to dispense with the reading of and voted on the June 2, 2014 meeting minutes.

#39-14 RESOLUTION APPROVES MINUTES OF REGULAR MEETING OF June 2, 2014.

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

RESOLVED, the minutes of the meeting of June 2, 2014 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
1 Absent

PRESENTATIONS – Peconic United Methodist Housing Development Fund Co. (PUMHD) aka John Wesley I

Jim Moore (Managing Member), Peter Danowski (Counsel to JWI) and Jon Krabbenschmidt (CPA Representative) came before the board for an initial presentation to request assistance with refinancing and renovating of property owned by Peconic United Methodist Housing Development aka John Wesley I.

John Wesley I is the oldest of three facilities built in 1984 as Low Income Housing for Seniors. The property has 115 units that need updating. They are proposing a \$3 million renovation to include converting gas stoves to electric stoves for the safety of the aging in place residents, the conversion of the need assistance call system to a wireless central call service, updating bathrooms, handicap accessibility and possibly solar powered heated sidewalks.

As a not for profit entity, PUMHD/John Wesley I is currently exempt from property tax and only pay sewer and water tax. However, it is seeking the use of tax credits which requires entering into a pilot program. JWI is requesting that the IDA enter into a minimum PILOT agreement of 16 years to facilitate the use of Low Income Housing tax credits and will be refinancing with the use of bonds issued through the NYS Department of Community Renewal. The 16 years will allow for a complete tax credit cycle. Thereafter the facility would be taxable. Absent the use of the tax credits and PILOT, it was explained to the board that the facility would continue as an exempt use and not renovate the property.

Chairman Cruso asked if the facility was currently compliant in both local code and with HUD requirements. Jim Moore responded that they are compliant.

Member Lou Kalogeras asked if the \$3 million dollars was a realistic budget given the amount of renovations anticipated. Mr. Moore explained that they will complete as much as they can within the capped amount of \$3 million. The ED asked for an explanation for prioritizing renovations and for a construction schedule detailing the specific items of construction.

Jon Krabbenschmidt explained how 99% of the current nonprofit structure would be purchased by wall street investors (as wall street money coming into the community) and a new for profit limited partnership would be formed, but that PUMHD would retain managing member status and continue operations. The new structure would no longer be a not for profit.

The ED requested an explanation as to how the \$9 million dollar loan translates into a \$3 million dollar capital investment on renovations. Mr. Krabbenschmidt reviewed the projection schedule and the amount of the investment and overall project. He explained that the current projections do not allow for property tax and that the projections will have to be amended. Therefore, they are requesting to at least have the first five years reflect the current tax scenario with a sliding scale for the remainder of the benefit period by 50% then 100%. The renovations would be capped at \$3 million and the limited partnership agreement would require a building and completion schedule in order to access the credits. The construction would have to be completed by 12/15. He explained that if they do not spend the money, they do not get the credits. They will need to close before the end of the year. This will all be dictated in the land use agreement between the partners (?).

Paul Thompson asked what happens after the benefit period, does the new structure go back off the tax rolls and can the agency require that it remain fully on the tax rolls after the benefit

period is retired? Counsel stated that it may be difficult to forecast that scenario, but that would be language explored in the lease agreement.

Given the time frame for this transaction, the applicants requested to have a public hearing during the next board meeting.

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

44-14 A RESOLUTION AUTHORIZING THE SCHEDULING AND NOTICE OF A PUBLIC HEARING WITH RESPECT TO THE PROVIDING OF FINANCIAL ASSISTANCE BY THE TOWN OF RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY TO PECONIC UNITED METHODIST HOUSING DEVELOPMENT FUND COMPANY, INC DBA JOHN WESLEY VILLAGE LP

(waiting on resolution)

CORRESPONDENCE – The Agency received its NYS Bond Allocation amount.

TREASURER’S REPORT: The Asst. Treasurer reported that the Agency’s

Cash Balance as of July	\$161,046.10
Revenue for July	\$10.38
Profit and Loss (July)	\$-17,156.84
Total Year	\$-41,318.05
Accounts Receivable	\$11,424.99
 Total Bills Paid for June	 \$13,799.05

The ED noted that several outstanding receivable have been received since the date the report was generated. Additionally, another bill in the amount of \$765 for web services was subsequently included for payment.

#40-14 RESOLUTION ACCEPTS REPORT OF EXPENSES AND AUTHORIZES PAYMENT OF BILLS AS OF July 31, 2014

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 July 1 to July 31, 2014 **as attached**,

NOW, THEREFORE, BE IT RESOLVED, that said monthly financial report dated July 31, 2014 covering the month of July, 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

1 Absent

The ED brought to the attention of the board that a few of the receivables are long overdue. The board authorized the ED to call Country Limo and Lenape Associates to come before the board for hearings during the next meeting.

#41-14 RESOLUTION AUTHORIZING NOTICE OF HEARING FOR DETERMINATION ON COMPLIANCE

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

Whereas, GML Title 1 874 (5) states that Payment in Lieu of taxes (PILOT) that are delinquent shall be subject to late payment penalties, and

Whereas, the Riverhead Industrial Development Agency reserves the right to impose late penalties for Payments in Lieu of Taxes that are delinquent 5 days beyond the due date, and

Whereas, Lenape Associates, LP submitted PILOT payments after the due date of January 10, 2014 and beyond the 5 day grace period, and

Whereas, The Riverhead Industrial Development Agency received the PILOT payment on January 22, 2014, and

Whereas, during the meeting of March 24, 2014 the board of directors adopted Resolution #23-14 RESOLUTION CONSIDERING REQUEST FOR WAIVER FOR LATE PILOT PAYMENT WAIVER LENAPE ASSOCIATES, LP, and

Whereas, Lenape Associates, LP was notified in correspondence dated April 1, 2014 of the denial of its request, and

Whereas, Lenape Associates, LP has not submitted the imposed penalties, and

Whereas, the Board of Directors of the IDA finds it necessary to request Lenape Associates, LP to appear before the board for a review to determine whether the company has failed to submit the required payments which has created an event of default of the company obligations to the Agency which could result in a termination of future Agency benefits and possible recapture of benefits, and

Now, Therefore, Be it resolved, the Board of Directors of the RIDA hereby directs the Executive Director to serve a certified return receipt Notice of Hearing to Lenape Associates, LP notifying it to appear before the board during the September 8th board meeting.

Vote: 4 Yes
1 Absent

The ED then informed the board that a request for a waiver had been submitted electronically by Michael Butler of the Woolworth Revitalization Project regarding the late compliance report fee. The board reviewed the request and determined that it was not consistent with the agency policy.

**#42-14 RESOLUTION CONSIDERING REQUEST FOR LATE COMPLIANCE REPORT WAIVER
WOOLWORTH REVITALIZATION, LLC**

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

Whereas, the Agency has in place a Fee Waiving Policy, and

Whereas, on July 24, 2014 WOOLWORTH REVITALIZATION, LLC submitted a request to waive the late compliance report fee, and

Whereas, the board determined that the request to waive the late compliance report fee is not consistent with the board policy.

Now, Therefore, Be it Resolved, that the WOOLWORTH REVITALIZATION, LLC be notified that the request to waive the late compliance reporting fee is denied and to promptly remit the payment due.

Vote: 4 Yes
1 Absent

#43-14 RESOLUTION AUTHORIZING ENDORSEMENT FOR DEPOSITORY ACCOUNTS

Dawn Thomas offered the following resolution, which was seconded by Paul Thompson

RESOLVED, that Paul Thompson as Treasurer, Lou Kalogeras as Assistant Treasurer, Dawn Thomas as Secretary and 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 and/or Suffolk County National Bank.

Vote: 4 Yes
1 Absent

COMMITTEE REPORTS: There were no committee reports for the Audit, Governance and Finance Committees.

Personnel Committee – reported that the board’s evaluation of personnel was provided to staff.

OLD BUSINESS: The ED reported that 400 Burman Boulevard and Cal 81 have come into compliance by submitting all outstanding fees and reports. Therefore she recommended closing the hearing.

RESOLUTION #44-14 RESOLUTION CLOSING COMPLIANCE HEARINGS.

Dawn Thomas offered the following resolution which was seconded by Paul Thompson.

Resolved, the board accepts the recommendation and report of the Executive Director that 400 Burman Boulevard and Cal 81 have come into compliance and recommends closing the hearing.

Vote: 4 Yes
1 Absent

NEW BUSINESS: None

EXECUTIVE DIRECTOR’S REPORT


- The ED reported on new leads established during the last couple months
- The ED notified the board of the need to purchase new computer programs. It was recommended to research Microsoft Office 365.
- ED distributed a suggested local labor policy to be considered during the next board meeting.
- The ED informed the board that she was working on a luncheon offering a topic on creative financing and the new NYS Mentor Program to be scheduled for September.

The next board meeting is scheduled for September 8th.

Dawn Thomas motioned to adjourn the meeting, Paul Thompson seconded.

There being no further business, the meeting was adjourned at 6:15 pm.

9/8/14
Date


Secretary