

**MINUTES OF A REGULAR MEETING  
RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY  
September 8, 2014**

Meeting was called to order by Chairman Tom Cruso at 5:03p.m.

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

Others in Attendance: Tracy James, Executive Director

Richard Ehlers, Counsel

Councilman John Dunleavy, TOR Board Liaison to the IDA

Lou Kalogeras moved to approve the proposed agenda. Paul Thompson seconded. Motion approved.

**MINUTES:**

The Board moved to dispense with the reading of and voted on the August 4, 2014 meeting minutes.

**#45-14 RESOLUTION APPROVES MINUTES OF REGULAR MEETING OF August 4, 2014.**

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

**RESOLVED**, the minutes of the meeting of August 4, 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:** 5 Yes

**PUBLIC HEARING– Chairman Cruso called the public hearing to order at 5:06pm for Peconic United Methodist Housing Development Fund Co. (PUMHD) aka John Wesley I**

Peter Danowski (Counsel to JWI) submitted a written description of the project for the record. He explained that John Wesley Village I (JWI) is a fully tax exempt organization that wishes to enter into a pilot program with the agency which would allow the town to collect some tax revenue from the project. The project will provide improvements for tenants, investment into the community, and some tax relief to the community.

James Moore (Managing Member) of John Wesley described the project history and need for assistance from the IDA. JWI was built in 1980 and is comprised of 114 subsidized senior housing units for 65 and older residents. The facility is in need of updating. Handicap units were not built to today's specifications, so they are in need of updating. The proposed renovations include solar heated sidewalks, new asphalt and curbing, new emergency wireless call system, updated kitchens and bathrooms to include new fixtures. Ten percent of the project have units that are considered handicap accessible on the ground level and those will be modernized as well. New electric ranges will replace the gas ranges. The residents will not be displaced during the renovations and their will not be any increase in the rent. JWI has a contract with HUD and the families must meet certain income levels of not more than \$40,000. Rents are approximately \$850, but the tenant only pays approximately \$250 per month. Rent rates are based on the tenant income. Mr. Moore went on to explain that they will need approval from HUD to assign the rental agreement and to transfer HAP, but that will succeed the IDA approval.

In order to make the renovations, JWI would like to utilize the Low Income Housing Tax Credit Program (LIHTC) to access approximately \$12 million in bonds. If they cannot use the program, then they would otherwise keep the property off the tax rolls and not make the improvements.

Jon Krabbenschmidt (CPA Representative) with Novogradic & Co described the benefits of the federal program. The LIHTC program will provide investor money to assist in building and renovating low income housing. The program is tied into how much the company spends to acquire or renovate. JWI is ideally located in a Community Renewal Area so it is appealing to HUD. They will invest approximately \$8.9 million into the project: approximately \$3.2 mil rehab costs, \$5 mill used for purposes of the project. The remaining cash will be used to pay down debt service. It is a 15 year program from the date of service and then another 15 years with land use restrictions. Investors receive credit to offset their income taxes. It is a 15 year credit accelerated into 10 years, but there are recapture provisions. Requirements of Federal Law forces them to create a new entity & transfer to a limited partnership. The bank will come in at 99%, Peconic Methodist will remain as managing partner. If the GM fails, the agreement forces a new general manager – the Limited Partnership becomes a springing partnership.

Counsel Richard Ehlers informed the board that initial discussions regarding the pilot reflect the need for a real property tax abatement to remain at 100% for the first 5 years, then increase to a flat payment of \$50,000 until year thirteen and years 13-16 the payment would be \$100,000. Mr. Krabbenschmidt informed the board that an expedited approval is necessary for the FHA and requested a special meeting. The ED will arrange a special meeting within the next two weeks.

No one from the public spoke during the hearing. The public hearing was closed at 5:38pm

The Chairman resumed the regular meeting at 5:39pm

**CORRESPONDENCE** – The ED informed the board of correspondence from Apple Honda requesting consideration for assistance.

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

Cash Balance as of August	\$150,945.28
Revenue for August	\$4,2443.59
Profit and Loss (August)	\$-7,753.88
Total Year	\$-50,988.59
Accounts Receivable	\$4,408.33
Total Bills Paid for August	\$18,494.41

The ED requested the CFO to include 2 complete detailed reconciliation reports for the board.

**#46-14 RESOLUTION ACCEPTS REPORT OF EXPENSES AND AUTHORIZES PAYMENT OF BILLS AS OF August 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 August 1 to August 31, 2014 **as attached**,

**NOW, THEREFORE, BE IT RESOLVED**,that said monthly financial report dated September 2, 2014 covering the month of August, be and are hereby accepted and expenses as listed are authorized for payment.

Carl Gabrielsen made a motion to accept Treasurer’s Report, which was seconded by Dawn Thomas. **Motion approved.**

**Vote:** 5 Yes

**FINANCE COMMITTEE MEETING**

At this time Paul Thompson motioned to adjourn the regular meeting and to open a Finance Committee meeting. Dawn Thomas seconded. The Finance committee meeting commenced at 5:33pm

The committee re-reviewed the proposed draft budget for 2015. Lou Kalogeras motioned to recommend the draft budget to the board of directors for approval.

Dawn Thomas seconded. The Finance Committee approved recommending the proposed draft budget for 2015 to the board.

Lou Kalogeras motioned to adjourn the Finance Committee Meeting and resume the regular board meeting. Dawn Thomas seconded. The Finance Committee meeting was adjourned at 5:53pm

Lou Kalogeras motioned to reopen the regular board meeting. Paul Thompson seconded. The regular meeting of the IDA resumed at 5:53pm

**COMMITTEE REPORTS:**

**Finance Committee** – Consideration of draft budget for 2015.

Paul Thompson, Chairman of the Finance Committee, informed the board that it is the recommendation of the committee to adopt the proposed budget.

**RESOLUTION #47-18 APPROVING DRAFT BUDGET FOR FISCAL YEAR 01/01/15-12/31/15 AND SUBMISSION TO THE GOVERNING BODY FOR THE RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY**

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

**WHEREAS**, it is recommended accounting practice that an operating budget be established for the Riverhead Industrial Development Agency; and

**WHEREAS**, Section 2801 of Public Authorities Law provides budget reporting requirements for state and local public authorities and requires the submission of proposed budget reports not more than 90 days and no less than 60 days before the commencement of their fiscal year; and

**WHEREAS**, Article 18-A of GML requires a copy of the draft budget to be forwarded to the chief executive office and the governing body of the municipality for whose benefit the agency was established for inspection and comment of its proposed budget for the forthcoming fiscal year, no later than twenty business days before its adoption.

**NOW, THEREFORE BE IT RESOLVED**, that the attached is hereby approved for submission to the CEO and governing body of the Town of Riverhead as the proposed Operating Budget of the Riverhead Industrial Development Agency for fiscal year 01/01/15 through 12/31/15; and

**BE IT FURTHER RESOLVED**, copies of this resolution be and hereby are authorized to be filed with all necessary parties as described by law.

**Vote:** 5 Yes

**OLD BUSINESS:**

- a. Consideration of compliance hearings: The ED brought to the attention of the board that a few of the receivables are overdue. However, the ED informed the board that Lenape has come into compliance and recommends closing the scheduled hearing.

**RESOLUTION #49-14 RESOLUTION CLOSING COMPLIANCE HEARINGS.**

Dawn Thomas offered the following resolution which was seconded by Carl Gabrielsen.

**Resolved**, the board accepts the recommendation and report of the Executive Director that Lenape/Dr's Path has come into compliance and recommends closing the hearing.

Vote: 5 Yes

The board then authorized the ED to call Country Limo, Woolworth Revitalization, and RGR to come before the board for hearings during the next meeting.

**#50-14 RESOLUTION AUTHORIZING NOTICE OF HEARING FOR DETERMINATION ON COMPLIANCE**

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

**Whereas**, State law requires that the Town of Riverhead Industrial Development Agency file an Annual Financial and Compliance Report with the State of New York, and

**Whereas**, much of the information within the report is required to be furnished by companies that have, received or are receiving IDA benefits, and

**Whereas**, the initial agreement between the IDA and the business benefited by the IDA involvement includes a requirement for the project owner to make this information available to the IDA by a certain due date, and

**Whereas**, Woolworth Revitalization and Country Limousine did not submitted their annual compliance reports by the due date and were subject to late fees, and

**Whereas**, the Board of Directors of the IDA finds it necessary to request that Woolworth Revitalization and Country Limousine come before the board for a review to determine whether the company 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 direct the Executive Director to serve certified return receipt Notices of Hearing by to Woolworth Revitalization and Country Limousine notifying each to appear before the board during the October 6<sup>th</sup> board meeting.

**VOTE:** 5 Yes

The ED informed the board that RGR has an outstanding balance due for refinancing its project. The board directed the ED to call RGR principles in for a hearing as well.

#### **#51-14 RESOLUTION AUTHORIZING NOTICE OF HEARING FOR DETERMINATION ON COMPLIANCE**

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

**Whereas**, the Riverhead Industrial Development Agency has a set fee structure for services rendered, and

**Whereas**, refinancing services were rendered to RGR on March 31, 2014, and

**Whereas**, RGR has not furnished payment of a fee for its project, and

**Whereas**, the Board of Directors of the IDA finds it necessary to request RGR principles to come before the board for a review to determine whether the company 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 direct the Executive Director to serve certified return receipt Notices of Hearing by to RGR notifying it to appear before the board during the October 6<sup>th</sup> board meeting.

**VOTE:** 5 Yes

#### **b. Consideration of Local Labor Policy:**

#### **RESOLUTION #48-14 ESTABLISHES LOCAL LABOR POLICY**

The following resolution was offered by Member Dawn Thomas, who moved its adoption, seconded by Member Lou Kalogeras, to wit:

##### **Purpose**

The purpose of this resolution is to encourage companies receiving economic benefit and/or incentive from the Riverhead Industrial Development Agency (the "Agency") to engage local residents from the Town of Riverhead and the County of Suffolk during the construction phase of projects through the addition of an amendment to the Agency project application. All Agency projects are subject to monitoring by the Riverhead IDA.

##### **Construction Jobs**

Construction jobs, although limited in duration, are vital to the overall employment opportunities within the region since construction wages earned by local residents are reinvested in the local economy. It is hereby established to be the policy of the Agency that

companies to which it has provided inducement use best efforts to employ local residents during the construction phase of projects. This will ensure that maximum public benefit is realized from Agency assistance.

#### Requirements of the Applicant

As a condition of receiving inducement and/or financial assistance from the Agency, the Company will agree to satisfy the following requirements, in form and substance satisfactory to the Agency.

The Company hereby represents and warrants that it will use commercially reasonable efforts to advertise, hire and cause any agent of the Company, general contractor, subcontractor, or subcontractor to a subcontractor working on the Project, to hire employees who live within Suffolk County, prioritizing Riverhead residents. The Agency understands and acknowledges that at certain times local labor may not be available.

Submit to the Agency a "Construction Completion Report" listing the names and business locations of prime contractors, subcontractors and vendors who have been engaged for the construction phase of the project by companies benefitting from the Agency programs. Said report shall identify the name, title, mailing address, phone/fax/email of the project contact person who will be responsible and accountable for providing information about the award of construction contracts relative to the project.

The Agency, may at any time during the benefit period, enhance the monitoring and reporting requirements relative to tracking and encouraging the use of local labor.

Now, Therefore, Be It Resolved, the Agency shall state the policy in full within the agency's application for financial assistance, and

Be It Further Resolved, this policy is adopted, ratified and confirmed.

Vote: 5 Yes

**NEW BUSINESS:** None

#### **EXECUTIVE DIRECTOR'S REPORT**

- The ED reported on new leads established during the last couple months.
- The ED informed the board that the agency had been contacted by the ABO for clarification within the summary financial information.
- The ED reminded the board of the Sept 11 luncheon.

- The ED informed the board of the LIBDC conference in Montauk. It was the board's decision pass on this year's event.

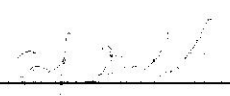
The next board meeting will be a special meeting TBD, followed by the regular scheduled meeting set for October 6<sup>th</sup>.

Lou Kalogeras motioned to adjourn the meeting. Dawn Thomas seconded.

**There being no further business, the meeting was adjourned at 6:13 pm.**

10-4-14

Date

  
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Secretary