

MINUTES OF MEETING
RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY
February 5, 2018, 2018

Meeting was called to order at 5:00PM by Chairman Thomas Cruso.

Present: Thomas Cruso, Chairman
Lori Ann Pipczynski, Secretary
Robert (Bob) Kern, Treasurer

Absent: Anthony Barresi

Signifying a quorum.

Others in Attendance: Tracy Stark-James, Executive Director
Richard Ehlers, IDA Counsel

By motion of Bob Kern and Lori Ann Pipczynski second by the agenda was adopted.

#11-18 A RESOLUTION RATIFYING 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 JOHN WESLEY VILLAGE III, L.P.

Lori Ann Pipczynski offered the following resolution, which was seconded by Bob Kern.

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 John Wesley Village III, L.P., (the "Applicant") a New York limited partnership with

respect to the acquisition of interest and renovation and improvement of John Wesley Village III, a 92 one-story senior citizen affordable apartment complex located at 1400 Aldersgate, Riverhead, New York (SCTM No. 0600-82-2-4.13). John Wesley Village III was developed in 2003 by The Benjamin Companies (Arlen Contracting Corp.) as General Partner, Sterling Corporate Tax Credit Fund IX, L.P. (Investment Limited Partner) and Sterling Corporate Senior Housing L.P. (Special Limited Partner). The General Partner of the project will remain the same, however, the Investor and Special Limited partnerships will be held by JWLLL DDC LLC. The renovation and improvement of the senior citizen affordable apartment complex shall include site improvements of replacement of asphalt roads, concrete sidewalks and curbs, signage, landscaping/wind screen, and replacement of site lighting with energy efficient LED lights. The renovation and improvement of building exteriors shall include replacement of shingles/flashing, siding, fascia/soffits, roof shingles, and painting where necessary. The renovation and improvement of building interiors shall include replacement of office flooring, unit flooring where necessary, unit shower/tub surrounds where necessary, replacement of heating equipment/AC system with energy efficient units, installation of new call-for-aid system, installation of firestopping where necessary, replacement of community center HVAC, and replacement of hot water heaters with energy efficient units. Renovation and improvements are estimated at a cost of \$1,416,457. The acquisition of interest together with renovations and improvements as described herein by John Wesley Village III, L.P. are at a total project cost of \$11,694,457 (the "Project"). All affordable housing assistance contracts will be maintained and there will be no change in tenant eligibility or selection. All tenants will remain in place during the renovations; and

WHEREAS, Section 859-a of the General Municipal Law, being part of Article 18-A of the General Municipal Law, provides that, prior to providing financial assistance to any applicant with respect to any project, industrial development agencies, including the Agency, must hold a public hearing with respect to the project and the proposed financial assistance being contemplated to be provided by the agency; and

WHEREAS, it is now desired to ratify the scheduling of a public hearing with respect to the application for financial assistance and the Project and the proposed financial assistance now being contemplated by the Agency to be provided to Applicant with respect to the Project.

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

Section 1. A public hearing will be held at Riverhead Town Hall, 200 Howell Avenue, in Riverhead, New York, on February 5, 2018 at 5:00 p.m. prevailing time with respect to the Project and the proposed financial assistance now being contemplated to be provided to Applicant by the Agency with respect to the Project, as described in Section 4 of this Resolution, and to hear all persons interested in the subject thereof, concerning the same. At said public hearing, interested parties shall be provided reasonable opportunity, both orally and in writing, to present their views with respect to the Project and the providing of financial assistance now being contemplated to be provided to Applicant by the Agency with respect to the Project.

Section 2. The Agency has declared itself "lead agency", in accordance with the provisions of the State Environmental Quality Review Act with respect to the Agency's providing financial assistance to Applicant with respect to the Project, as

described in Section 4 of this Resolution and as authorized pursuant to Article 18-A of the General Municipal Law, and has determined that the provision of said financial assistance will not have a significant effect on the environment.

Section 3. It is hereby determined that a general, functional description of the Project is as follows: the acquisition of interest and renovation and improvement of John Wesley Village III, a 92 one-story senior citizen affordable apartment complex located at 1400 Aldersgate, Riverhead, New York (SCTM No. 0600-82-2-4.13). John Wesley Village III was developed in 2003 by The Benjamin Companies (Arlen Contracting Corp.) as General Partner, Sterling Corporate Tax Credit Fund IX, L.P. (Investment Limited Partner) and Sterling Corporate Senior Housing L.P. (Special Limited Partner). The General Partner of the project will remain the same, however, the Investor and Special Limited partnerships will be held by JWLLD DDC LLC. The renovation and improvement of the senior citizen affordable apartment complex shall include site improvements of replacement of asphalt roads, concrete sidewalks and curbs, signage, landscaping/wind screen, and replacement of site lighting with energy efficient LED lights. The renovation and improvement of building exteriors shall include replacement of shingles/flushing, siding, fascia/soffits, roof shingles, and painting where necessary. The renovation and improvement of building interiors shall include replacement of office flooring, unit flooring where necessary, unit shower/tub surrounds where necessary, replacement of heating equipment/AC system with energy efficient units, installation of new call-for-aid system, installation of firestopping where necessary, replacement of community center HVAC, and replacement of hot water heaters with energy efficient units. Renovation and improvements are estimated at a

cost of \$1,416,457. The acquisition of interest together with renovations and improvements as described herein by John Wesley Village III, L.P. are at a total project cost of \$11,694,457 (the "Project").

Section 4. It is hereby determined that the financial assistance that the Agency is now contemplating providing to Applicant with respect to the Project is (i) the provision of an exemption from Sales and Compensating Use Taxes on certain property, including tangible personal property, and (ii) a partial abatement of real property taxes, and (iii) the provision of an exemption from Mortgage Recording Taxes. The Payment In Lieu of Tax Agreement (PILOT) contemplated by this application is a deviation from the Agency Uniform Tax Abatement Policy. John Wesley Village III is completed and placed in service. The action requested of the Agency would reinstate the previously granted real property tax exemption in the provision of a partial abatement of real property taxes.

Section 5. The Secretary of the Agency is hereby authorized and directed to cause a copy of the attached Notice of Public Hearing to be published once in the January 25, 2018 edition of The News Review, the newspaper hereby designated as the official newspaper of the Agency for this purpose, and being a newspaper having a general circulation in, and available to residents of the Town.

Section 6. This resolution shall take effect immediately.

VOTE: 3 Yes

1 Absent (Barresi)

PUBLIC HEARING - John Wesley Village III, LP

Eric Russo, Attorney for the applicant provided a brief history of the company's operations in Riverhead citing that the business had previously received IDA financing and used 9% Low Income Housing Tax Credits to develop the 92 unit 55 and older, senior affordable housing complex back in. The project has restructured its ownership and needs refinancing in order to maintain the affordability committed to within the Housing and Community Renewal contract which extends another 15 years. In addition and with the assistance of the IDA, the bank will agree to additional monies to expedite the funding of improvements to the property such as a superintendent unit, upgraded water heaters, new asphalt and sidewalks, emergency call systems, roof repairs, etc. His client is requesting mortgage recording tax, sales tax and a ten year real property tax abatement.

Meredith Black, in house accountant, explained that the current interest rate of the financing is 5.5%. She stated that 3 years ago there were different partners looking to pull out of the project. They have been working on a restructuring and refinancing for over a year and now have come up with a structure and interest rate that is viable to buy out the investors. The total investment back into the property will be approximately \$1.4 million. They will retain the 2 full time employees and create approximately 12-14 construction jobs. The financing amount is approximately \$9 million.

In responding to Chairman Cruso, Russ Mohr who is the Assistance Secretary for John Wesley Village III, LP explained that the vacancy rate runs approximately 3%, but they are seeing a downward trend in the Housing Choice Vouchers. Tom Cruso also asked if the company would to be granted assistance, what they plan to do in ten years from now? The representatives responded that with the reduced interest rate and assistance of the IDA, they will be able to increase reserves for future improvements. Chairman Cruso continued with a request to explain the difference between operating reserve and replacement reserve and how each are used. Dan Smith the company CFO stated that the operating reserve is put in place to protect the investors. The replacement reserve is currently \$300,000.

The Chairman opened the floor for public questions. Larry Simms requested an explanation of all the involved different entities, how many investors, and for a detail of the \$223,000 outstanding obligations. Meredith Black explained the structures. Dan Smith responded that the outstanding obligations does not represent a developer fee. Mr. Simms asked if the IDA fees were included in the expenses. The applicant responded that they will provide a detailed sheet to the board. Mr. Simms continued to berate the board with individually directed questioning outside of the scope of the hearing then noted that the hearing should be left open.

Seeing no one else requesting to comment, Chairman Cruso moved to close the public hearing and leave it open for written comment only for 10 days (February 15th). Lori Ann Pipczynski seconded. The public hearing for John Wesley Village III, LP was closed to include written comment within ten days.

The public hearing was closed at 6:07pm

PRESENTATIONS - 48 Kroemer, LLC

Developer Ray Dickoff representing 48 Kroemer, LLC and Susan Tucci presented a proposal for a 4.05 acre industrial site located on Kroemer Avenue to build a 68,000 sq ft

multi-tenant contractor/workshop space with mezzanine level for office space. The property would be constructed for a propane distribution facility as well as approximately 20 miscellaneous contractors such as landscaper, warehouse, auto and sanitation businesses. There are currently two vacant buildings on the site which is next to an existing propane facility. They estimate 150 jobs. The projected capital investment is 6.7 million. They are requesting financial assistance using sales tax, mortgage recording tax and real property tax deferment. They noted a contingency in the financing for a P3 (public private partnership). They had an initial meeting with site plan and are working on a preliminary submission to the town.

MINUTES

The Board moved to dispense with the reading of and voted on the January 8, 2017 meeting minutes.

#12-18 RESOLUTION APPROVES MINUTES OF REGULAR MEETING OF January 8, 2018

Lori Ann Pipczynski offered the following resolution, which was seconded by Bob Kern.

RESOLVED, the minutes of the meetings of January 8, 2018 as prepared and e-mailed be and are hereby approved, and

BE IT FURTHER RESOLVED, that copies of said minutes be maintained in the files of the Agency and become a part of the record of the Agency.

Vote: 3 Yes
1 Absent (Barresi)

CORRESPONDENCE: None

TREASURER'S REPORT:

Cash Balance in as of January 31	\$227,216.73
Revenue for January	\$13,406.25
Profit and Loss	\$-2,426.77
Accounts Receivable (Pilots)	\$53,818.62
Total Bills Paid	\$15,055.15

#13-18 RESOLUTION ACCEPTS REPORT OF EXPENSES AND AUTHORIZES PAYMENT OF BILLS AS OF January 31, 2018

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 January 1 to January 31, 2018 **as attached**,

NOW, THEREFORE, BE IT RESOLVED, said monthly financial report dated February 1, 2018 covering the month of January, be and are hereby accepted and expenses as listed are authorized for payment.

Lori Ann Pipczynski made a motion to accept Treasurer's Report, which was seconded by Tom Cruso. **Motion approved.**

Vote: 3 yes
1 Absent (Barresi)

COMMITTEE REPORTS:

There were no committee reports.

OLD BUSINESS: None

NEW BUSINESS: None

EXECUTIVE DIRECTORS REPORT

The ED reviewed some retention efforts that she has begun to work on as well as some new companies and expansions. The ED provided a brief overview of the conference in Albany and coordinate marketing efforts with the CDA.

The next board meeting is currently schedule for March 5, 2018
Lori Ann Pipczynski motioned to adjourn the meeting. Bob Kern seconded.
There being no further business, the meeting was adjourned at 6:36pm

Dated: 3/5/2018



Secretary/Asst.