

**MINUTES OF THE MEETING
RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY**

November 4, 2019

Meeting was called to order at 5:07PM by Chairman Thomas Cruso.

Present: Thomas (Tom) Cruso, Chairman
Lori Ann Pipczynski, Vice Chairwoman
Robert (Bob) Kern, Treasurer
Anthony (Tony) Barresi, Secretary
James Farley, Asst. Treasurer

Absent:

Signifying a quorum.

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

Member Bob Kern motioned to approve the proposed agenda. Member Tony Barresi seconded. The agenda was adopted.

MINUTES

The Board moved to dispense with the reading of and voted on the October 21, 2019 meeting minutes.

#45-19 RESOLUTION APPROVES MINUTES OF REGULAR MEETING OF October 21, 2019.

Member James Farley offered the following resolution, which was seconded by Member Anthony Barresi.

RESOLVED, the minutes of the meeting of October 21, 2019 as prepared e-mailed and amended 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: 5 Yes

CORRESPONDENCE: None

TREASURER'S REPORT:

Cash Balance in as of October 31st	\$63,787.24
CD	\$30,000
Money Market	\$140,441.97
Revenue for August	\$180.56
Profit and Loss	\$-33,559.79
Total Expenses Paid	\$30,350.89

#46-19 RESOLUTION ACCEPTS REPORT OF EXPENSES AND AUTHORIZES PAYMENT OF BILLS AS OF November 1, 2019

WHEREAS, Denise Cooper, CPA and Tracy Stark-James, Executive Director, submitted monthly financial reports, including a report of expenses, to the Riverhead Industrial Development Agency for the period of October 1 to October 31, 2019 **as attached**,

NOW, THEREFORE, BE IT RESOLVED, said monthly financial report dated November 1, 2019 covering the month of October, be and are hereby accepted and expenses as listed are authorized for payment.

Member James Farley made a motion to accept Treasurer's Report, which was seconded by Member Anthony Barresi. **Motion approved.**

Vote: 5 Yes

COMMITTEE REPORTS:

Audit: None

Governance Committee:

Chairwoman Lori Ann Pipczynski reported that the committee met on October 29th and was provided an update on a number of items under consideration by the board of assessors. Nothing definitive yet just ongoing discussions. There was a discussion regarding the increase in project cost as was brought before the board during the last board meeting by Calverton Addiction Treatment Center. The committee was considering the proposal by the applicant to accept the "as built" costs upon the completion of the project. Several considerations were discussed regarding the increase especially the need to accurately reflect the scope of the project to the public and the state. The size of the increase was also discussed as well as the project application fee that should be applied. (She reminded the board that the Agency specifically addressed a fee for project increases post approval.) She explained that Agency benefits are based upon an evaluation of a project at the time of application and that the process requires accurate information from applicants in terms of project impacts upon the local and regional economy.

One of the primary considerations is the cost of the project relative to the financial assistance requested. The preparation of a meaningful cost benefit analysis is not possible without accurate project costs. Additionally, the public process is intended to be transparent

regarding all aspects of the project. This includes the notice of public hearing to the community and the testimony given by the applicant at the public hearing. Therefore accurate project estimated costs are essential to this process.

In the case of the Calverton Addiction Treatment facility, the applicant has suggested that the Project costs stated in the application are not important and that true costs should be determined after project completion. The committee felt that this approach would not allow for proper review by the Agency or the public. She added that the application requires sworn certification that the facts stated within the application are true and correct. The applicant is required to reaffirm the accuracy of all statements contained in the inducement resolution and to further confirm these facts at the time of closing. These requirements are all designed to ensure that the Project costs presented in the Application - and upon which the Agency decision is based - are true, complete and accurate.

It is for this reason that the Agency adopted a policy of increased fees when project costs increase post approval – as a way to emphasize the importance of accurate project costs in the application.

She explained that the Committee decided that they would not accept “as built” fee consideration, as it deemed it a potential unwanted precedent for future applicants.

She stated that the Applicant has provided new project cost figures that total \$94,151,744 (compared to the original \$59 million). The committee agreed with the project costs and the construction costs of \$75,509,082. The outstanding issue remains the \$18,642,662 categorized as “non-IDA related expenses.” The Committee Chair informed the board that it is the recommendation of the committee to approve the \$94,151,744 project cost, require more detailed information of “non-IDA related expenses” to be received by November 11th and if it is not received by November 11th the board will use its own discretion to determine categories as stated expense in determining the total project cost for recommendation to the board for determining the most accurate scope of the project and any additional application fees that might be due.

#47-19 RESOLUTION AUTHORIZES APPROVAL OF PROJECT INCREASE SUBJECT TO ADDITIONAL EXPLANATION AND CERTIFICATION FOR CALVERTON ADDICTION TREATMENT CENTER

Member James Farley offered the following resolution, which was seconded by Member Bob Kern.

WHEREAS, the Board of Directors accepts the project increase cost presented by Calverton Addiction Treatment Center of \$94,151,744 as submitted by the applicant within initial correspondence received July 29, 2019, and

WHEREAS, the Board of Directors does not accept consideration of the “as built” project cost as suggested by the applicant, and

RESOLVED, the Board requires the submission of a detailed explanation of the “non-IDA related expenses” totaling \$18,642,662 from the applicant within five (5) business days from email notification by the Agency to the applicants counsel or the board will use its own discretion to determine categories as stated expenses in determining the total project cost and the most accurate scope of the project, and

BE IT FURTHER RESOLVED, the applicant be required to reaffirm the accuracy of all statements contained in the inducement resolution and to further confirm these facts by recertifying the changes to the application.

Vote: 5 Yes

- *This resolution contains a post meeting amendment approved by board member correspondence reflecting a 5 day response requirement versus a specified date.*

Finance Committee: No report.

OLD BUSINESS:

#43-19 RESOLUTION APPROVES TENANT (Hampton Rum Company, Inc.) FOR WOLF PROPERTIES ASSOCIATES, LP/FIREHOUSE PROJECT

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

WHEREAS, Resolution #50-15, dated August 3, 2015 appointed Wolf Properties Associates, LP Agent of the Town of Riverhead Industrial Development Agency and approved documents in connection with the provision of financial assistance by the Town of Riverhead Industrial Development Agency to Wolf Properties Associates, LP, and

WHEREAS, It was determined that the Agency shall provide Wolf Properties Associates, LP and the Related Parties with financial assistance with respect to the Project, and

WHEREAS, All tenants shall be subject to Agency approval upon 60 days written notice by Wolf Properties Associates, LP to the Agency, and

WHEREAS, Wolf Properties Associates, LP, has proposed to lease the premise to Hampton Rum Company, Inc. dba Montauk Distilling and

WHEREAS, written notification and necessary documents have been provided to the Agency for application approval, and

WHEREAS, it is now desired to approve Hampton Rum Company, Inc as a tenant and as a related party to the approved Agent, Wolf Properties Associates, LP.

RESOLVED that Riverhead Industrial Development Agency, does hereby approve Hampton Rum Company, Inc dba Montauk Distilling as tenant of Wolf Properties Associates, LP subject to execution

of a written agreement between the Agency, Wolf Properties Associates, LP and Hampton Rum Company, Inc,

AND FURTHER RESOLVED, that the Riverhead Industrial Development Agency does hereby approve Hampton Rum Company, Inc dba Montauk Distilling as tenant of Wolf Properties Associates, LP subject to tenant obtaining all necessary building permits, applicable NYS Liquor Authority licenses and Certificate of Occupancy with all same being filed within the Agency 20 days on their receipt.

Vote: 5 Yes

NEW BUSINESS: None

Member Lori Ann Pipczynski motioned to adjourn the board meeting. Member Bob Kern seconded. The meeting was adjourned at 5:19pm.

Dated: 12/6/19


Secretary/Asst.