

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

February 7, 2022

Meeting was called to order at 5:29 PM by Chairman James Farley after a technical delay for virtual access.

Present: James Farley, Chairman
Lori Ann Pipczynski, Vice Chairwoman
Anthony (Tony) Barresi, Secretary

Absent: Thomas (Tom) Cruso, Asst. Treasurer

Signifying a quorum.

Others in Attendance: Tracy Stark-James, Executive Director
William Weir, Counsel (Virtual Attendance)
Bob Kern, Town Board Liaison

Anthony Barresi moved to adopt the proposed agenda. Lori Ann Pipczynski seconded. The agenda was adopted.

MINUTES:

The Board moved to dispense with the reading of and voted on the December 2021 meeting minutes.

#01-22 RESOLUTION APPROVES MINUTES OF REGULAR MEETINGS OF December 6th and December 14th, 2021. Member Lori Ann Pipczynski offered the following resolution, which was seconded by Member Anthony Barresi.

RESOLVED, the minutes of the meetings of December 6th and 14th, 2021 as prepared and e-mailed be and are hereby approved, and

BE IT FURTHER RESOLVED, that the 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

CORRESPONDENCE: The ED informed the board of the bond allocation from NYS in the amount of \$658,084.

TREASURER'S REPORT:

Cash Balance in as of January 31	\$ 26,808.71
Money Market	\$ 110,004.00

Revenue for January	\$10,862.13
Profit and Loss	\$-9,837.09
Total Expenses Paid	\$ 20,450.22

All first quarter PILOTS have been paid

#02-22 RESOLUTION ACCEPTS REPORT OF EXPENSES AND AUTHORIZES PAYMENT OF BILLS AS OF January 31, 2022

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 December 1, 2021 to January 31, 2022 **as attached**,

NOW, THEREFORE, BE IT RESOLVED, said monthly financial reports dated January 4, 2022 February 2, 2022 covering the months of December and January be and are hereby accepted and expenses as listed are authorized for payment.

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

VOTE: 3 Yes
1 Absent

COMMITTEE REPORTS:

Audit: None

Governance Committee:

Lori Ann Pipczynski reported that there were two Governance Committee meetings since the last board meeting, Dec 16th and Jan 5th. During the December meeting the committee discussed the resignation of Bob Kern. The committee entered executive session to discuss a contractual matter and they reviewed the taxable status of Lenape Associates and John Wesley Village LP. During the Jan 5th meeting, the committee entered into executive session again to further discuss a contractual matter and no other business was conducted.

The Chairman of the Board then thanked Bob Kern for his service on the board and welcomed him in his new role as town board liaison. He then wished Tim Hubbard well and thanked him for his time as town board liaison.

Finance Committee: None

OLD BUSINESS:

#03-21 RESOLUTION RATIFIES AMENDMENT TO RESOLUTION #46-21 AUTHORIZES PUBLICATION OF NOTICE OF MEETING

Lori Ann Pipczynski offered the following resolution, which was seconded by Anthony Barresi.

WHEREAS, Resolution #46-21 AUTHORIZES PUBLICATION OF NOTICE OF MEETING was approved during the December 6, 2021 meeting, and

WHEREAS, there were subsequent changes to the meeting dates prior to publishing, and

NOW THEREFORE BE IT RESOLVED, that RESOLUTION #46-21 be rescinded and the following Notice of Meeting be published once in The Riverhead News Review:

PUBLIC NOTICE

PLEASE TAKE NOTICE, that the meetings of the Riverhead Industrial Development Agency and the Riverhead IDA Economic Job Development Corporation shall take place on the first Monday of each month at 5:00pm at the Riverhead Town Hall, 200 Howell Avenue, Riverhead, New York. The annual meetings will take place in January of the calendar year. If a legal holiday should occur on the first Monday of a month then the meeting will be held on the second Monday of that month, unless otherwise amended by this Board. One additional meeting is scheduled at the end of March and only held as necessary to meet NYS deadlines.

BY ORDER OF THE BOARD OF DIRECTORS
RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY
Anthony Barresi, Secretary

2022 Meeting Schedule

February 7, 2022

March 7, 2022 Annual

March 28, 2022

April 4, 2022

May 2, 2022

June 6, 2022

July 11, 2022

August 1, 2022

September 12, 2022

October 3, 2022

November 7, 2022

December 5, 2022

Vote: 3 Yes
1 Absent

NEW BUSINESS:

#04-22 RESOLUTION AUTHORIZES CHAIRMAN TO EXECUTE ENGAGEMENT CONTRACT WITH JONES, LITTLE & CO, LLP AS OFFICIAL AUDITING FIRM FOR THE RIVERHEAD IDA

Lori Ann Pipczynski offered the following resolution, which was seconded by Anthony Barresi.

RESOLVED, that the Chairman of the Agency is hereby authorized to execute a contract with Jones, Little & Co, LLP as the official auditing firm of this Agency for 2021 fiscal year and that said books are to be audited annually with a copy of said audit to be provided to the Agency and become part of the record of such Agency.

Vote: 3 Yes
1 Absent

#05-22 RESOLUTION RATIFIES AUTHORIZING ENGAGEMENT OF MRB GROUP

Lori Ann Pipczynski offered the following resolution, which was seconded by Anthony Barresi.

WHEREAS, Inform ANALYTICS, a web-based program to assess the costs and benefits of projects evaluated by IDAs and LDCs has discontinued its service, and

WHEREAS, MRB Group an engineering, architectural and surveying firm has developed cost benefit analysis tool designed for economic development professionals to assess direct and spillover economic impacts of a proposed project, and

WHEREAS, it is a requirement of the Public Authorities Law for IDA's to include an cost benefit analysis on its projects, and

WHEREAS, the tool is customizable with tax rates and economic multipliers that are unique to our region. It uses the well-known IMPLAN input/output tables and regional multipliers and is updated annually, and

WHEREAS, there is a fixed fee of \$1,000 to purchase the program and on-call assistance ranging between \$130 to \$210 on an hourly rate depending on the service and billed by monthly invoicing, and

RESOLVED by the Members of the Town of Riverhead Industrial Development Agency ratify the purchase of MRB Group's CBA tool at an initial cost not to exceed \$1,000.

Vote: 3 Yes
1 Absent

Resolution #06-22 was discussed.

Counsel reminded the board that Browning Properties had separate hotels on the one lot. The property owner is looking to subdivide the property into two separate lots. The town is requiring covenants and declarations so there is parking for both facilities as well as ingress and egress for each hotel. The first part of that is a condition to the subdivision, the IDA approving those two agreements that the town is requiring. Once the subdivision is completed, approximately at the end of the month, the IDA projects will become 2 projects under separate leases instead of on project with one lease. However the PILOT for phase one is completed, there is no more benefit on that the first phase so the Agency will likely terminate that phase and just keep the one hotel continuing with its benefit in a new lease agreement. No benefits are extended and there are no other changes to the project.

Charles Cuddy, counsel for the applicant noted that there are just two cross easements for the property that are needed.

#06-22 RESOLUTION AUTHORIZES EXECUTION AND DELIVERY OF NECESSARY DOCUMENTS TO PERMIT LOT DIVISION OF 2012 AND 2038 OLD COUNTRY ROAD, RIVERHEAD, NEW YORK 11901, SUFFOLK COUNTY TAX MAP NUMBER 0600-118-2-3.2 AND THE AMENDING AND RESTATING OF THE LEASE AND PROJECT DOCUMENTS ASSOCIATED THEREWITH

Lori Ann Pipczynski offered the following resolution, which was seconded by Anthony Barresi.

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" which resolution provided financial assistance to construct and equip a 114 key, 62,589 square foot Hilton Garden Inn Hotel (the "Hilton Project") at a total project cost of \$18,110,489. This facility has been constructed and placed in service and has a valid and subsisting certificate of occupancy, and

WHEREAS, upon proceedings held upon the Application, the Agency adopted a determination by resolution, dated April 6, 2015 entitled "A RESOLUTION APPROVING THE PROVISION OF FINANCIAL ASSISTANCE BY THE TOWN OF RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY TO BROWNING HOTEL PROPERTIES, LLC AND RELATED ENTITIES PHASE II" which resolution provided financial assistance to construct and equip the Phase II facility consisting of 140 key, 114,900 square foot Marriott Residence Inn (the "Marriott Project") with meeting space and amenities at a total project cost of \$26,849,775. All documents necessary to provide Agency assistance were executed and delivered at a closing October 22, 2015. This facility has been constructed and placed in service and has a valid and subsisting Certificate of Occupancy, and

WHEREAS, the Hilton Project and the Marriott Project are a phased development with common features of design for ingress and egress, plantings and site layout on a single tax map parcel at 2012 Old Country Road, Riverhead, New York 11901, Suffolk County Tax Map Number 0600-118-2-3.2 (the "Tax Map Parcel"), and

WHEREAS, upon proceedings held upon the Application, the Agency adopted a determination by resolution, dated March 4, 2019 entitled "AUTHORIZES EXECUTION AND DELIVERY OF NECESSARY DOCUMENTS TO PERMIT REFINANCING FOR MARRIOTT RESIDENCE INN LOCATED 2012 OLD COUNTRY ROAD, RIVERHEAD WITH STERLING NATIONAL BANK" which resolution provided authority for the Agency to execute and

delivery documents necessary for refinancing loans for the Hilton Project in the amount of up to \$16,000,000 and refinancing for the Marriott Project in an amount of up to \$19,000,000 both for premises located at the Tax Map Parcel. All documents necessary to provide Agency assistance were executed and delivered at a closing March 14, 2019, and

WHEREAS, Browning desires to seek out the division of the Tax Map Parcel into two separate tax map parcels, one for the Hilton Project and one for the Marriot Project, and

WHEREAS, The Sale Agreement by and between the Agency and Browning Hotel Properties, LLC dated May 4, 2007, as amended by that certain First Amendment to Sale Agreement, dated as of March 14, 2019, is in full force and effect and no further proceedings by the Agency are necessary to grant an abatement of mortgage recording tax for the necessary mortgages and other financing documents to be recorded with the Clerk of Suffolk County.

NOW, THEREFORE, BE IT RESOLVED, that the Chairman or Vice-Chairman, be and hereby are authorized to execute and deliver the necessary Amendments to, or Releases of, Mortgages, Amended and Restated Assignments of Leases and Rents, Amended and Restated Ground Lease with Browning Realty Management, LLC and Riverhead Hotel Management Corp., Amended and Restated PILOT Agreement, Amended and Restated Guaranty Agreements, Cross Access Parking Declaration and Covenant, Cross Access Declaration and Covenant, Estoppel Certificates, Compliance Certificates and all other documents necessary to permit the division of the Tax Map Parcel into two separate tax map parcels, one for the Hilton Project, and one for the Marriott Project. The Agency processing of \$2,500 and all expenses of the Agency, including reasonable attorney's fees, shall be paid by the Applicant.

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.

Vote: 3 Yes
1 Absent

**#07-22 RATIFIES AUTHORIZING NOTIFICATION TO JOHN WESLEY VILLAGE LP
RE: PILOT PAYMENT FOR 2021/2022 TAX YEAR**

Lori Ann Pipczynski offered the following resolution, which was seconded by Anthony Barresi.

WHEREAS, John Wesley Village LP has entered into a Payment In Lieu of Tax Agreement (“PILOT”) with the Agency dated March 28, 2018 which requires a PILOT payment of \$75,000. for the 2021/2022 tax year, and

WHEREAS, John Wesley Village LP has received and owes a property tax payment for 2019/2020 in the amount of \$788,748.18, which bill was paid in full, and

WHEREAS, John Wesley Village LP commenced litigation to challenge this erroneous tax, which litigation has been determined in favor of John Wesley Village LP. However, the tax refund and interest owed have not been refunded by the appropriate jurisdiction and therefore, real property taxes paid greatly exceed the 2021 and 2022 PILOT payment, and

WHEREAS, Section 2.01(b) of the PILOT provides that PILOT payments are replaced by the obligation to pay Real Estate Taxes.

NOW, THEREFORE, BE IT RESOLVED, that pursuant to the Payment In Lieu of Tax Agreement between John Wesley Village LP and the Agency dated March 28, 2018, no PILOT payment shall be due and owing for the 2021/2022 tax year, and

BE IT FURTHER RESOLVED, that upon receipt of the erroneous tax refund, an accounting shall be made by John Wesley Village LP detailing all costs and expenses of the erroneous tax charge and reconciling such costs with all monies refunded to determine if a PILOT payment for 2021 and 2022 is due and such amount, if any, and

BE IT FURTHER RESOLVED that the Executive Director shall send a copy of this resolution to John Wesley Village LP. and the taxing jurisdictions.

Vote: 3 Yes
1 Absent

#08-22 RESOLUTION RATIFIES AUTHORIZING NOTIFICATION TO LENAPE ASSOCIATES, LP RE: PILOT PAYMENT FOR 2021/2022 TAX YEAR

Counsel explained that the Agency discovered that the Assessor had put the property back on the tax roll and issued a tax bill even though there was still a year left on the PILOT. Now with the extended PILOT the project is coming back off the tax rolls, but the tax bill was greater than the PILOT. Therefore, the project will receive 100% PILOT credit for this tax year and a partial credit for next year. The ED noted that in negotiating the PILOT agreement for the extension of two years, the client agreed to not bring an Article 78 against the town with regard to the erroneous taxation and instead accepted the PILOT credit.

Anthony Barresi offered the following resolution, which was seconded by Lori Ann Pipczynski.

WHEREAS, the Town of Riverhead (the "Agency") previously entered into a Payment In Lieu of Tax Agreement ("PILOT") with Halandia Associates-Riverhead dated as of May 26, 1981, with a term and payments in lieu thereof calculated in accordance with that certain Tax Exemption Agreement, pertaining to the Property and the project, and

WHEREAS, Lenape Associates, LP entered into a PILOT with the Agency dated as of December 1, 2005 as amended, restated and extended as of December 14, 2021, which requires a PILOT payment of \$72,000 for the 2021/2022 tax year, and

WHEREAS, Lenape Associates, LP has received and owes a property tax payment for 2021/2022 in the amount of \$131,996.86, which bill was paid in full, and

WHEREAS, Lenape Associates, LP challenged this erroneous tax, and together with the Agency agreed that in lieu of bringing an Article 78 proceeding against the Town and the Assessor, Lenape

Associates, LP shall receive a credit against the above referenced PILOT payments for the 2021/2022 and 2022/2023 Tax Years an amount equal to the excess of the tax bill that was paid, over the PILOT payments owed, and

WHEREAS, Section 5.25(a) of the Amended and Restated Lease Agreement dated as of December 14, 2021, provides that PILOT payments are replaced by the obligation to pay Real Estate Taxes.

NOW, THEREFORE, BE IT RESOLVED, that pursuant to the Payment In Lieu of Tax Agreement between Lenape Associates, LP and the Agency dated December 1, 2005 and amended, restated and extended December 14, 2021, no PILOT payment shall be due and owing for the 2021/2022 tax year, and

BE IT FURTHER RESOLVED, that pursuant to the erroneous tax payment made by Lenape Associates, LP, they shall receive a credit against a portion of the PILOT payment for the 2022/2023 Tax Year in an amount equal to the excess of the tax bill with respect to Suffolk County, Town of Riverhead Central School District and Riverhead Fire District real property taxes above such PILOT payment, and

BE IT FURTHER RESOLVED that the Executive Director shall send a copy of this resolution to Lenape Associates, LP. and the taxing jurisdictions.


Vote: 3 Yes
1 Absent

EXECUTIVE DIRECTORS REPORT

The ED reported that the compliance reports went out to the projects and the Agency has begun receiving responses. All the PILOTs went out and have been received with only one late payment. All the sales tax reporting reminders were issued. The Agency has also begun its annual audit. She reported on the status of pending projects.

Seeing no further business, Lori Ann Pipczynski motioned to adjourn the meeting. Anthony Barresi seconded. The meeting adjourned at 5:45pm

Dated: 3/28/2022


Secretary/Chairman

