

331 East Main Street, LLC

36 New York Avenue, 2nd Floor
Huntington, New York 11743

June 26, 2020

Mrs. Tracy Stark-James
Executive Director/CEO
Town of Riverhead Industrial Development Agency
200 Howell Avenue
Riverhead, New York 11901-2596

Re: 331 East Main Street, LLC

Dear Mrs. Stark-James:

I am the Manager of 331 East Main Street, LLC. Attached please find our Application for Financial Assistance in connection with the potential development of a 36-unit multifamily residential rental housing community located at 331 East Main Street, Riverhead (the "Proposed Project").

331 East Main Street, LLC will serve as the owner and operator of the Proposed Project. The Applicant's members have vast real estate development experience, and include members of G2D Development Corp., a full-service real estate development company with a portfolio of residential and commercial properties valued at over [REDACTED]. Members of 331 East Main Street, LLC have developed transformative multifamily residential communities in downtown Hicksville and downtown Huntington.

As you are well aware, multifamily rental housing developments cannot be financed or developed without the assistance of Industrial Development Agencies. The Proposed Project would be the first market-rate multi-family residential housing community in downtown Riverhead. While we are confident the Proposed Project will be a success, it is first-to-market and poses considerable risk to the equity and debt investors. To attract the capital necessary to finance the project, and neutralize the risk associated with being first-to-market, the Applicant needs the financial assistance of the Town of Riverhead Industrial Development Agency.

The \$12.9 million Proposed Project includes demolishing two underutilized structures on East Main Street and developing a highly-amenitized 36 market-rate unit rental community that will include a rooftop deck overlooking the iconic Peconic River. The ground floor will include display areas along East Main Street that can be utilized by the Town of Riverhead or local not-for-profit organizations (East End Arts Council, Chamber of Commerce, the Business Improvement District, the Marine Research Foundation, the Long Island Farm Bureau, etc.) to display artwork, advertise upcoming events or provide information to residents and visitors to the Town. Both the Riverhead Chamber of Commerce and the Riverhead Business Improvement District support the Project. Their letters of support are included in the Application.

Town of Riverhead

**Industrial Development Agency
Application for Financial Assistance**

*Rec'd
7/13/2000
via hand
delivery*



PROJECT SUMMARY

GENERAL

Name of Project: 331 East Main Street, LLC

Location of Project: 331 East Main Street, Riverhead, New York

Urban Renewal Area ☒ Empire Zone _____ Brownfield _____ Vacant _____ Blighted _____

PROJECT TYPE

Industrial _____ Not-for-Profit _____ Commercial _____ Office _____ Other _____

Housing ☒ Manufacturing _____ Retail _____ Services _____

KEY DATES

Application Submitted: June 19, 2020 Proposed Public Hearing: TBD

PROJECT SIZE

Acreage: .36 Building Sq. Ft: 15,706 New Construction (sq. ft.): 37,385

Add Rehab/Expansion (sq. ft.) N/A Estimated Project Cost: \$12,943,851

TYPE OF ASSISTANCE REQUESTED

Tax Exempt Bonds _____ Taxable Bonds _____

Sales Tax ☒ Mortgage Recording Tax ☒ Real Property Tax Deferment _____

Standard 485-b _____ Not-for-Profit _____ Double 485B ☒

Affordable Housing _____ Downtown Policy _____

Other _____ Additional _____

JOBS/PAYROLL (Estimated)

Retained Jobs N/A Current Payroll N/A Avg. Annual Wage: N/A

New Jobs: 2 FTE Projected Payroll \$120,000 (inclusive of benefits)

New Avg. Annual Wage \$45,000

Construction Jobs: 125 FTE Avg. Wage: \$75,000 per annum

ASSESSED VALUE/TAXES

Current Assessed Value: \$81,800 Projected Increase AV \$793,400 (per Assessor)

Current Taxes: \$17,906.56 Projected Increase in Taxes \$173,680 (AV X Tax Rates)



RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY
TOWN OF RIVERHEAD

200 Howell Avenue
Riverhead, New York 11901

P(631) 369-5129
F (631) 369-6925

APPLICATION FOR FINANCIAL ASSISTANCE

Date: May __, 2020

APPLICATION OF: 331 East Main Street, LLC
Name of owner/user of Proposed Project

36 New York Avenue, Second Floor, Huntington, New York 11743-2796
Address

Type of Application: ☐ Tax-Exempt Bond ☐ Taxable Bond
☒ Straight Lease ☐ Refinance
☐ Not-for-Profit ☐ Other

Please respond to all items either by filling in blanks, by attachment (by marking space "See Attachment Number 1," etc.) or by N.A., where not applicable. Unless otherwise directed, this application must be filed in 1 copy and forwarded electronically. A non-refundable application fee is required at the time of submission of this application to the Riverhead Industrial Development Agency (the "Agency"). The non-refundable application fee is \$2,000 for applications under \$5 million and \$4,000 for applications for \$5 million or more. This fee will be applied to the Agency's Administrative Fee at closing.

If applicable and at the time of inducement, Bond Counsel will require a \$2,000 deposit which will be applied to actual out-of-pocket disbursements made during the inducement and negotiation processes, and will be reflected on their final statement at closing.

Information provided herein will not be made public by the Agency prior to the passage of an Official Inducement Resolution, but may be subject to disclosure under the New York State Freedom of Information Law.

PLEASE NOTE: Prior to submitting a completed final application, please arrange to meet with the Agency's staff to review your draft application.

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Please answer all questions. Do not leave blanks. Answer N/A where applicable.

Part I: Owner & User Data

1. Owner Data:

A. Owner of Facility (Applicant for assistance): 331 East Main Street, LLC
(Company Name)

Address: 36 New York Avenue, 2nd Floor

Huntington, New York 11743-2796

Federal Employer ID #: [REDACTED] Website: www.g2dgroup.com

NAICS Code: 531390

Owner Officer Certifying Application: Gregory DeRosa

Title of Officer: Manager

Phone Number: (631) 923-1700

E-mail: [REDACTED]

B. Business Type:

Sole Proprietorship ☐ Partnership ☐ Privately Held ☒

Public Corporation ☐ Listed on _____

Date & State of Incorporation/Formation: December 18, 2018, New York

C. Nature of Business:

(e.g., "manufacturer of _____ for _____ industry"; "distributor of _____"; or "real estate holding company")

Real Estate Development Company

D. Owner Counsel:

Firm Name: Farrell Fritz, P.C. _____

Address: 100 Motor Parkway, Suite 300, Hauppauge, NY 11788

Individual Attorney: Christopher E. Kent, Esq.

Phone Number: (631) 547-8400 E-mail: ckent@farrellfritz.com

E. Principal Stockholders, Members or Partners, if any, of the Owner (5% or more equity):

Name	Percent Owned
Class A Members	40%
Jerome Wood	60%
331 Riverhead, LLC	40%
Class B Members	60%
John Paci	66.66%
Jerome Wood	16.67%
331 Riverhead, LLC	16.67%

F. Has the Owner, or any subsidiary or affiliate of the Owner, or any stockholder, partner, member, officer, director or other entity with which any of these individuals is or has been associated with:

- i. ever filed for bankruptcy, been adjudicated bankrupt or placed in receivership or otherwise been or presently is the subject of any bankruptcy or similar proceeding? (if yes, please explain)

No.

- ii. been convicted of a felony, or misdemeanor, or criminal offense (other than a motor vehicle violation)? (if yes, please explain)

No.

G. If any of the above persons (see "E", above) or a group of them, owns more than 50% interest in the Owner, list all other organizations which are related to the Owner by virtue of such persons having more than a 50% interest in such organizations.

N/A.

H. Is the Owner related to any other organization by reason of more than a 50% ownership? If so, indicate name of related organization and relationship:

No.

I. List parent corporation, sister corporations and subsidiaries:

None.

J. Has the Owner (or any related corporation or person) been involved in or benefited by any prior industrial development financing in the municipality in which this Project is located, whether by this agency or another issuer? If so, explain in full:

No.

K. Has the Owner/Company made a public offering or private placement of stock within the last 3 years? If so, please describe and provide the Offering Statement used.

No.

L. List major bank references of the Owner:

Bob Bernard, Senior Director
Sterling National Bank



Keith Lawlor, SVP, Regional Vice President
TD Bank



2. User Data

***** (for co-applicants for assistance or where a landlord/tenant relationship will exist between the owner and the user) *****

The Applicant will serve as the real estate holding company and the operating company.

A. User (together with the Owner, the "Applicant"): N/A

(Company Name)

Address: N/A

Federal Employer ID #: N/A Website: N/A

NAICS Code: N/A

User Officer Certifying Application: N/A

Title of Officer: N/A

Phone Number: N/A E-mail: N/A

B. Business Type:

Sole Proprietorship ☐ Partnership ☐ Privately Held ☐

Public Corporation ☐ Listed on _____

Date and State of Incorporation/Formation: N/A

C. Nature of Business:

(e.g., "manufacturer of _____ for _____ industry"; "distributor of _____"; or "real estate holding company")

N/A

D. Are the User and the Owner Related Entities? Yes ☐ No ☐

- i. If yes, the remainder of the questions in this Part I, Section 2 (with the exception of "F" below) need not be answered if answered for the Owner.
- ii. If no, please complete all questions below.

E. User's Counsel:

Firm Name: N/A Phone Number: N/A

Address: N/A E-mail: N/A

Individual Attorney: N/A

F. Principal Stockholders or Partners, if any (5% or more equity):

Name	Percent Owned
<u>N/A</u>	<u>N/A</u>

G. Has the User, or any subsidiary or affiliate of the User, or any stockholder, partner, officer, director or other entity with which any of these individuals is or has been associated with:

- i. ever filed for bankruptcy, been adjudicated bankrupt or placed in receivership or otherwise been or presently is the subject of any bankruptcy or similar proceeding? (if yes, please explain)

N/A

- ii. been convicted of a felony or criminal offense (other than a motor vehicle violation)? (if yes, please explain)

N/A

H. If any of the above persons (see "E", above) or a group of them, owns more than 50% interest in the User, list all other organizations which are related to the User by virtue of such persons having more than a 50% interest in such organizations.

N/A

I. Is the User related to any other organization by reason of more than a 50% ownership? If so, indicate name of related organization and relationship:

N/A

J. List parent corporation, sister corporations and subsidiaries:

N/A

- K. Has the User (or any related corporation or person) been involved in or benefited by any prior industrial development financing in the municipality in which this Project is located, whether by this agency or another issuer? (Municipality herein means city, town or village, or if the Project is not in an incorporated city, town or village, the unincorporated areas of the county in which it is located.) If so, explain in full:

N/A

- L. List major bank references of the User:

N/A

Part II – Applicant's Operation at Current Location

*** (This section seeks information related to the current location of the applicant's business operations. If the Owner and the User are unrelated entities, please answer separately for each.) ***

1. Current Location Address: N/A
2. Owned or Leased: N/A
3. Describe your present location (acreage, square footage, number buildings, number of floors, etc.):

N/A

4. Type of operation (manufacturing, wholesale, distribution, retail, etc.) and products and/or services at this location:

N/A

5. Are other facilities or related companies of the Applicant located within the State?
Yes ☒ No ☐

- A. If yes, list the Addresses:

Companies related to the Applicant developed, constructed and manage numerous real estate Projects on Long Island, including multi-family residential communities in Huntington and Hicksville.

6. If yes to above ("5"), will the completion of the Project result in the removal of such facility or facilities from one area of the state to another OR in the abandonment of such facility or facilities located within the State? Yes ☐ No ☒

- A. If no, explain how current facilities will be utilized: _____

The Applicant is a newly-formed entity established to develop and operate the Project.

B. If yes, please indicate whether the Project is reasonably necessary for the Applicant to maintain its competitive position in its industry or remain in the State and explain in full:

N/A

7. Has the Applicant actively considered sites in another state? N/A Yes ☐ No ☐

A. If yes, please list states considered and explain: N/A

8. Is the requested financial assistance reasonably necessary to prevent the Applicant from moving out of New York State? Yes ☒ No ☐

A. Please explain: Without financial assistance, the Applicant would pursue Projects in different localities, including Projects outside of New York.

9. Have you contacted or been contacted by other Local, State and/or Federal Economic Development Agencies? Yes ☐ No ☒

A. Please explain: _____

10. Number of full-time employees at current location and average salary: 0

11. Current annual payroll: N/A

Part III – Proposed Project Data

1. Project Type:

A. What type of transaction are you seeking?: (Check one)

Straight Lease ☒ Taxable Bonds ☐ Tax-Exempt Bonds ☐

Equipment Lease Only ☐

B. Type of benefit(s) the Applicant is seeking: (Check all that apply)

Sales Tax Exemption ☒

Mortgage Recording Tax Exemption ☒

PILOT Agreement: ☒

Bond Financing: ☐

2. Location of proposed Project:

A. Street Address: 331 East Main Street, Riverhead, NY 11901

B. Tax Map: District: 0600 Section: 129 Block: 04.00 Lot(s) 015.00

3. Project Components (check all appropriate categories):

- A. Acreage: .36
- B. Construction of a new building ☒ Yes ☐ No
i. Square footage: 37,385
- C. Acquisition of an existing building ☒ Yes ☐ No
i. Square footage of existing building: 2,040
- D. Construction of addition to an existing building ☐ Yes ☒ No
i. Square footage of addition: _____
ii. Total square footage upon completion: _____
- E. Renovations of an existing building ☐ Yes ☒ No
i. Square footage: _____
- F. Demolition of an existing building ☒ Yes ☐ No
i. Square footage: 2,040
- G. Installation of machinery and/or Equipment ☒ Yes ☐ No
i. List principal items or categories of equipment to be acquired: _____

Machinery and equipment consistent with a multi-family residential apartment community.

4. Current Use(s) at Proposed Location:

- A. Present use of the proposed location: The present use of the location is two (2) vacant buildings consisting of vacant retail tenancies on the ground floor and three (3) vacant residential apartments above.

B. Does the Applicant currently hold fee title to the proposed location?

- i. If no, please list the present owner of the site: Phillip C. Hancock and Eileen M. Hancock.
- ii. If yes, indicate:
a) Date of Purchase _____
b) Purchase Price _____
c) Balance of existing mortgage _____
d) Holder of mortgage _____
e) Special conditions _____

- C. Is there an option or contract to purchase the site? ☒ Yes ☐ No

- D. Is there an existing or proposed lease for the site? ☐ Yes ☒ No

- E. If yes to C. or D. above, please attach a copy of the option, contract or lease and indicate:

- i. Date signed: December 14, 2018

- ii. Purchase Price: \$1,700,000
- iii. Proposed settlement/closing date: Conditioned on receiving municipal approvals.

5. Proposed Use:

- A. Describe the specific operations of the Applicant or other users to be conducted at the Project site. What will the building or buildings to be acquired, constructed or expanded be used for

The Applicant proposes developing a highly-amenitized 36 market-rate rental unit apartment community that will include a rooftop deck overlooking the Peconic River. The ground floor will include three window display areas along Main Street that can be utilized by the Town of Riverhead, and local not-for-profit organizations to display artwork, advertise events and provide information.

The highly-amenitized Project will be pet-friendly and feature a rooftop deck overlooking the Peconic River, a dedicated package room and a virtual doorman. In light of COVID-19, the Applicant will maintain an aggressive cleaning and maintenance program for all common touchpoints in the project facility. Additionally, the Applicant will build fresh-air intakes into all of the rooms and common spaces within the units to provide constant fresh-air circulation.

- B. Proposed product lines and market demands:

There is significant demand for rental units on Long Island and extremely low supply of rental housing relative to the national average and neighboring markets. According to Long Island's Needs for Multifamily Housing: Measuring How Much We Are Planning to Build vs. How Much We Need for Long Island's Future, published by the Long Island Index in 2016, Long Island could gain up to 158,000 new households over the next 15 years but is likely to only develop 64,000 new housing units in the best case scenario, leaving a gap of up to 94,000 units. This Project would help close that sizeable gap and provide critical new housing supply. The demand for this project is further discussed and analyzed in "Market Analysis and Economic Impact Report" (the "Economic Impact Report") drafted by Camoin Associates attached to the Application.

Specifically, high-quality, new, professionally-managed apartments are in short supply in the Town of Riverhead. The proposed Project presents a compelling opportunity to deliver high-quality, for-rent housing to an underserved group living in the greater Riverhead area possessing few options presently meeting their housing needs. The existing rental stock in Riverhead is aging, under-amenitized and generally of low quality. This Project will incorporate the core elements of sustainable development, thoughtful land-use planning, Smart Growth principles and high design standards to support Riverhead's efforts to revitalize its downtown into a lively walkable community. While always important, the feet-on-the-street dynamism and economic impact generated by this project will be essential to Riverhead's economic recovery after COVID-19. Indeed, the Economic Impact Report estimates that new household spending produced by this Project will generate \$1.7 million in annual economic impact to the Town of Riverhead.

- C. If any space is to be leased to third parties, indicate the tenant(s), total square footage of the Project to be leased to each tenant, and the proposed use by each tenant (an additional sheet may be used):

36 rental units will be leased to future residents. The unit mix includes ten (10) one-bedroom apartments and twenty-six (26) two-bedroom apartments with an average size of 600-1200 square feet

D. Will any portion of the Project be used for the making of retail sales to customers who personally visit the Project location? Yes ☐ No ☒

i. If yes, what percentage (sq footage) of the Project location will be utilized in connection with the sale of retail goods and/or services to customers who personally visit the Project location? N/A

E. Existing Assessed Land Value from latest tax bill: \$32,500
Total Assessed Value from latest tax bill: \$81,800
Current Tax amount on property: \$18,358

Retail Questionnaire

To ensure compliance with Section 862 of the New York General Municipal Law, the Agency requires additional information if the proposed Project is one where customers personally visit the Project site to undertake either a retail sale transaction or to purchase services.

Please answer the following:

A. Will any portion of the Project consist of facilities or property that are or will be primarily used in making sales of goods or services to customers who personally visit the Project site?

☐ Yes or ☒ No. If the answer is yes, please continue. If no, proceed to section V

For purposes of Question A, the term "retail sales" means (i) sales by a registered vendor under Article 28 of the Tax Law of the State of New York (the "Tax Law") primarily engaged in the retail sale of tangible personal property (as defined in Section 1101(b)(4)(i) of the Tax Law).

B. What percentage of square feet of the Project will be primarily used in making sales of goods or services to customers who personally visit the Project? _____%. If the answer is less than 33% do not complete the remainder of the retail determination and proceed to page 11, Adaptive Reuse.

If the answer to A is Yes AND the answer to Question B is greater than 33.33%, indicate which of the following questions below apply to the Project:

1. Will the Project be operated by a not-for-profit corporation ☐ Yes or ☐ No.

2. Is the Project location or facility likely to attract a significant number of visitors from outside the economic development region (Long Island) in which the Project will be located?

☐ Yes or ☐ No

If yes, please provide a third party market analysis or other documentation supporting your response.

3. Is the predominant purpose of the Project to make available goods or services which would not, but for the Project, be reasonably accessible to the residents of the municipality within which the proposed Project would be located because of a lack of reasonably accessible retail trade facilities offering such goods or services?

☐ Yes or ☐ No

If yes, please provide a third party market analysis or other documentation supporting your response.

4. Will the Project preserve permanent, private sector jobs or increase the overall number of permanent, private sector jobs in the State of New York?

☐ Yes or ☐ No.

If yes, explain _____

5. Is the Project located in a Highly Distressed Area? ☐ Yes or ☐ No

Adaptive Reuse Determination

(Adaptive Reuse is the process of adapting old structures or sites for new purposes)

- A) What is the age of the structure (in years) 91 years (the existing structures were built in 1929)
- B) Has the structure been vacant or underutilized for a minimum of 3 years? (Underutilized is defined as a minimum of 50% of the rentable square footage of the structure not being utilized or being utilized for a use for which the structure was not designed or intended) ☒ Yes or ☐ No. How many years? 2 years.
- C) Is the structure currently generating insignificant income? (Insignificant income is defined as income that is 50% or less than the market rate income average for that property class) ☒ Yes or ☐ No
If yes, what is the current market rate average income for this type of property: \$100,000 per annum when fully leased and please provide dollar amount of income currently being generated, if any: The property is currently vacant and not generating any income.
- D) Does the site have historical significance? ☐ Yes or ☒ No
- E) Are you applying for either State/Federal Historical Tax Credit Programs? ☐ Yes or ☒ No. If yes, provide estimated value of tax credits _____
- F) Summarize the financial obstacles to development that this Project faces without Agency or other public assistance. Please provide the Agency with documentation to support the financial obstacles to development (you may be asked to provide cash flow Projections, documenting costs, expenses and revenues with and without IDA and other tax credits included indicating below average return on investment rates compared to regional industry averages):

This Project can only be financed and developed if the Agency provides property tax stabilization through a payment in lieu of taxes agreement as well as exemptions from mortgage recording tax and sales and use tax. It is well established that developers cannot access capital to develop large, impactful Projects without the assistance of industrial development agencies. Without the Riverhead IDA's financial assistance, the Applicant would not be able to secure financing to develop this Project. Additionally, the Project will be the

first market-rate apartment complex developed in Downtown Riverhead in recent history. While the Applicant is confident the Project will be successful, and the Economic Impact Report confirms same, there still is inherent risk for a project being first-to-market. Assistance provided by the IDA will help neutralize that risk.

- G) Briefly summarize the demonstrated support that you intend to receive from local government entities. Please provide the Agency documentation of this support in the form of signed letters from these entities:

The Riverhead Chamber of Commerce and the Riverhead Business Improvement District support this Project. Their letters of support are attached to the Application.

- H) Please indicate other factors that you would like the Agency to consider such as: structure or site presents significant public safety hazard and/or environmental remediation costs, site or structure is located in distressed census tract, structure presents significant costs associated with building code compliance, site has historical significance, site or structure is presently delinquent in property tax payments:

The Project is located within a Qualified Opportunity Zone, Empire Zone, and Urban Renewal Area. According to the Internal Revenue Service, Qualified Opportunity Zones were created by the 2017 Tax Cuts and Jobs Act. These zones are designed to spur economic development and job creation in distressed communities throughout the country and U.S. possessions by providing tax benefits to investors who invest eligible capital into these communities. The Applicant will serve as an Opportunity Zone Fund for the purpose of applying for and securing Opportunity Zone federal tax advantages available at this location.

6. Project Work:

A. Builder or contractor information:

G2D Construction Corp.
36 New York Avenue
Huntington, NY 11743

Fed ID #

B. Architect Information:

Noel F. Rodgers Architect, DPC
36 New York Avenue
Huntington, NY 11743

C. Has construction work on this Project begun? If yes, complete the following:

i.	Site Clearance:	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	% COMPLETE	_____
ii.	Foundation:	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	% COMPLETE	_____
iii.	Footings:	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	% COMPLETE	_____
iv.	Steel:	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	% COMPLETE	_____
v.	Masonry:	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	% COMPLETE	_____
Other:		_____			

D. Will the Project meet zoning requirements at the proposed location?

Yes ☒ No ☐

- a) What is the present town zoning? Downtown Center Main Street (DC-1)

Zoning District

- b) What town zoning is required? DC-1
- c) If a change of zoning is required, please provide the details/status of any change of zoning request.

An application for Special Permit for the Project is required to permit the proposed 89% lot coverage. Under the Riverhead Town Code, if connected to sewer, parcels within the DC-1 District may exceed 80% lot coverage and develop up to 100% lot coverage by Special Permit of the Town Board.

E. Have site plans been submitted to the appropriate planning department? Yes ☒ No ☐

F. Has the Project received site plan approval? Yes ☐ No ☒
If yes, please provide the Agency with a copy of the planning department approval along with the related SEQRA approval.

G. Is the proposed Project located on a site where environmental constraints inhibits the development/use of the property? If yes, explain: No

7. Project Completion Schedule:

A. What is the proposed commencement date for the acquisition and the construction/renovation/equipping of the Project?

i. Acquisition: August 2020.

ii. Construction/Renovation/Equipping: 12-14 months.

B. Provide an accurate estimate of the time schedule to complete the Project and when the first use of the Project is expected to occur: Applicant plans on beginning construction as soon as the transaction closes.

Part IV – Project Costs and Financing

1. **Project Costs:**

A. Give an accurate estimate of cost necessary for the acquisition, construction, renovation, improvement, and/or equipping of the Project location. This page must be completed in addition to any attachments of sources and uses and/or detailed budgets. Translate your attached detailed budget to match the line items below. Be sure that the totals equal.

Description

Amount

Land* (cost or current market value)

N/A

<u>Description</u>	<u>Amount</u>
Land* (cost or current market value)	N/A
Acquisition and Rehabilitation**	\$1,921,250
New construction	\$6,600,000
New additions/expansions of existing	\$N/A
Site Work	\$2,558,000
Machinery and Equipment	N/A
Legal Fees	\$50,000
Architectural/Engineering Fees	\$523,000
Financial Charges	\$1,371,600
Other (Specify)	\$120,000 (Permit Fees)
Total	\$13,143, 850

* If acquiring land, please note that Federal law prohibits the use of 25% or more of tax-exempt IDB proceeds for the purchase of land.

** If acquiring existing buildings, please note that Federal law prohibits the acquisition of existing buildings with tax-exempt IDB proceeds unless the rehabilitation expenses of the building are equal to or greater than 15% of the portion of the cost of acquiring the building that is financed with tax-exempt IDB proceeds. Rehabilitation does not include any amount expended on new construction (additions or expansions).

2. Method of Financing: (Must equal budget on page 13)

	<u>Amount</u>	<u>Term</u>
A. Tax-exempt bond financing:	\$ _____	_____ years
B. Taxable bond financing:	\$ _____	_____ years
C. Conventional Mortgage:	<u>\$10,515,080</u>	_____ years
D. SBA (504) or other governmental financing:	\$ _____	_____ years
E. Public Sources (include sum of all State and federal grants and tax credits):	\$ _____	
F. Other loans:	\$ _____	_____ years
G. Owner/User equity contribution***:	<u>\$2,628,770</u>	_____ years

Total Project Costs **\$13,143,850**

i. What percentage of the Project costs will be financed from public sector sources?

N/A

- A. Are costs of working capital, moving expenses, work in progress, or stock in trade included in the proposed uses of bond proceeds? Give details:

N/A

- B. Will any of the funds borrowed through the Agency be used to repay or refinance an existing mortgage or outstanding loan? Give details:

N/A

- D. Has the Applicant made any arrangements for the marketing or the purchase of the bond or bonds? If so, indicate with whom:

N/A

- E. Has a commitment for financing been received as of this application date Yes ☒ No
If so, please attach a copy of the commitment and provide the institution name and contact:

Part V – Requested Project Benefits

1. Mortgage Recording Tax Benefit:

- A. Mortgage Amount for exemption (include sum total of construction/permanent/bridge financing):

\$10,355,080

- B. Estimated Mortgage Recording Tax Exemption (product of Mortgage Amount and .75%):

\$77,653

2. Sales and Use Tax Benefit:

- A. Estimated gross amount of COSTS for goods and services that will be subject to State and local Sales and Use Tax (such amount to benefit from the Agency's exemption):

New Construction line item \$6,400,000 (inclusive of labor and FFE) + Site Work line item \$2,558,000 (inclusive of labor and FFE) = \$8,958,000 x 60% of total = \$5,374,800

- B. Estimated State and local Sales and Use Tax exemption (typically a product of 8.625% and figure above):

\$463,576 (\$5,374,800 x 8.625%)

331 East Main Street, LLC
Riverhead IDA
Applicant Addendum

List of Appliances

Appliance	Brand	Appliance Specs	Cost	Amount	Total
Refrigerator	Fridgidaire	36" side by side with water and ice	\$1,100.00	36	\$39,600.00
Range	Fridgidaire	30" w/ 5 burner electric range	\$905.00	36	\$32,580.00
Dish Washer	Fridgidaire	24" fully integrated	\$375.00	36	\$13,500.00
Clothes Washer	GE	27" front load stackable	\$750.00	36	\$27,000.00
Clothes Dryer	GE	27" vent-less stackable	\$670.00	36	\$24,120.00
Microwave	GE	24" counter top microwave oven	\$189.00	36	\$6,804.00
					\$143,604.00

C. If your Project has a landlord/tenant (owner/user) arrangement, please provide a breakdown of the number in "B" above:

i. Owner: N/A

ii. User: N/A

****Please attach a copy of the calculations used to derive the above numbers**

See above.

3. Real Property Tax Benefit:

A. Identify and describe if the Project will utilize a real property tax exemption benefit in addition to the Agency's PILOT benefit:

No.

B. Agency PILOT Benefit:

RIDA provides real property tax abatements on the increased assessment (value added) as the result of the Project. The real property tax abatement is applied uniformly to all eligible taxing jurisdictions. As a general rule the term of the real property tax abatement is 10 years. The basic real property tax abatement provided by RIDA is based upon the equivalent of Section 485(b) of the New York State Real Property Tax Law. This section provides for a 50% real property tax abatement on the increased assessed value in the first year; 45% real property tax abatement in the second year; 40% abatement in the third year; and thereafter declining 5% per year over a 10-year period. A 485(b) real property tax abatement is the standard that RIDA provides. An enhanced or reduced real property tax abatement is considered and/or provided under certain circumstances.

 We are requesting the standard PILOT Abatement

X Yes No Based upon the RIDA Uniform Tax Exempt Policy, I believe this Project qualifies for an enhanced real property tax abatement or one that deviates from the standard and request consideration for a variation from the standard abatement in order to make the Project viable.

If you check yes above, please provide a brief explanation as to why:

This Project provides the Town of Riverhead the ability to further its commitment to creating vibrant and walkable downtown community. The Applicant will transform an existing vacant eyesore property on Main Street into an exciting multi-family residential community that will provide needed rental housing units and feet-on-the-street economic dynamist. As noted in this Agency's UTEP, the Agency may consider providing an enhanced PILOT to Projects that "encourage reuse and upgrading of existing building stock." As this proposed Project is located within an Opportunity Zone and will upgrade and transform an existing vacant structure, we are hopeful the Agency will consider an enhanced PILOT.

- i. Term of PILOT requested: 20
- ii. Upon acceptance of this application, the Agency staff will draft a PILOT schedule and indicate the estimated amount of PILOT Benefit based on anticipated tax rates and assessed valuation and attach such information to Exhibit A hereto. At such time, the Applicant will certify that it accepts the proposed PILOT schedule and the schedule will become part of the application.

**** This application will not be deemed complete and final until Exhibit A hereto has been completed and executed****

Part VI – Measures of Growth and Benefits

1. List the Applicant's and each users present employment at the proposed location, and estimates of (i) employment at the proposed Project location at the end of year one and year two following Project completion and (ii) the number of residents of the Labor Market Area* ("LMA") that would fill the full-time and part-time jobs at the end of the second year following completion:

* The Labor Market Area includes Nassau and Suffolk Counties.

	<u>Present</u>	<u>First Year</u>	<u>Second Year</u>	<u>Residents of LMA</u>
Full-Time	0			
Part-Time**	0	<u>4</u>	<u>4</u>	<u>4</u>

Please prepare a separate attachment describing in detail the types of employment at the Project site. Such attachment should outline the titles and corresponding pay scale/benefits.

The Applicant commits to hiring an aggregate of four part-time employees whose hours will equate to two full-time equivalent employees the first year of operation and maintain those employees for the duration of the Project. The employees will be responsible for property management, cleaning, maintenance, leasing and marketing the Project. Some of these employees may be based at other locations, but will work at the Project at least 17.5 hours per week to be considered Part-Time.

**** Agency staff converts Part-Time jobs into FTEs for state reporting purposes by dividing the number of Part-Time jobs by two (2).**

2. Salary and Fringe Benefits:

Category of Jobs to be Retained and Created	Average Salary	Average Fringe Benefits
Salary Wage Earners	\$40,000 - \$50,000 per annum	Approximately 20% of salary
Commission Wage Earners		
Hourly Wage Earners		
1099 and Contract Workers		

3. INDIRECT/CONSTRUCTION JOBS – please indicate the projected number of indirect construction jobs that will be created as a result of the Project: 125

Please provide the estimated average wage for the indirect jobs: \$75,000

4. What, if any, will be the expected increase in the annual gross dollar amount of sales (or rent)?

The property currently is vacant and not producing any rent. Upon completion, the Applicant estimates the annual gross rent will be \$1,062,000 (26 two-bedroom units at \$2,500 per month and 10 one-bedroom units at \$2,350 per month for 12 months).

5. How many jobs will be retained as a result of this Project? N/A

6. Describe other public benefits anticipated as a result of this Project.

This Project will generate significant new sales-tax revenue and local spending within the Town of Riverhead. The Economic Impact Report, estimates that the construction phase of the project will generate \$7.8 million in economic impact and the operational phase will generate \$1.7 in economic impact annually. Additionally, the Applicant estimates it will pay approximately \$150,000 in permit fees to the Town of Riverhead. The Project will generate more revenue to the Town through a payment in lieu of tax agreement than the property taxes currently at the site. As an added amenity to the Town, the Project will include innovative displays on the ground floor allowing for the Town and related entities to advertise and advocate for local shopping.

Note: The Agency reserves the right to visit the facility to confirm that job creation numbers are being met.

Part VII – Representations, Certifications and Indemnification

1. Is the Applicant in any litigation or does the Applicant anticipate any litigation which would have a material adverse effect on the Applicant's financial condition? (if yes, furnish details on a separate sheet)

Yes ☐ No ☒

2. Has the Applicant or any of the management of the Applicant, the anticipated users or any of their affiliates, or any other concern with which such management has been connected, been cited for a violation of federal, state or local laws or regulations with respect to labor practices, hazardous wastes, environmental pollution or other operating practices? (If yes, furnish details on a separate sheet)

Yes ☐ No ☒

3. Is there a likelihood that the Project would not be undertaken but for the financial assistance provided by the Agency? (If yes, explain why)

Yes ☒ No ☐

Without the assistance of the Riverhead IDA, the Project would not be financially feasible. There have been no significant residential Projects undertaken on Long Island without IDA assistance. Maintaining real estate taxes at a partially-abated level will allow the Applicant to construct the improvements, lease the units quickly, stabilize the Project, generate revenue for the Town of Riverhead, and assist the Town with its redevelopment efforts.

4. If the Project could be undertaken without the financial assistance of the Agency, then provide a statement in the space below indicating why the Project should be undertaken by the Agency and what would be the impact on the Applicant and on the municipality if the applicant was unable to obtain financial assistance?

The Applicant would be unable to move forward with the approximately \$12 million investment in Riverhead. Subsequently, Riverhead would lose the significant economic impact, new construction jobs, and new type of housing option (market rate apartments) in downtown, which will provide economic balance to Riverhead's downtown housing stock. Additionally, Riverhead would not benefit from the significant household spending, estimated to be over \$34 MM over 20 years, this Project would generate. This shovel-ready Project will be critical to the post-COVID-19 economic recovery as it generates feet-on-the-street economic dynamism and assists in the Town's downtown revitalization effort.

5. The Applicant understands and agrees that the provisions of Section 862(1) of the New York General Municipal Law, as provided below, will not be violated if financial assistance is provided for the proposed Project:

§ 862. Restrictions on funds of the agency. (1) No funds of the agency shall be used in respect of any Project if the completion thereof would result in the removal of an industrial or manufacturing plant of the Project occupant from one area of the state to another area of the state or in the abandonment of one or more plants or facilities of the Project occupant located within the state, provided, however, that neither restriction shall apply if the agency shall determine on the basis of the application before it that the Project is reasonably necessary to discourage the Project occupant from removing such other plant or facility to a location outside the state or is reasonably necessary to preserve the competitive position of the Project occupant in its respective industry.

Initial 

6. The Applicant understands and agrees that in accordance with Section 858-b(2) of the General Municipal Law and any amendment thereto, except as otherwise provided by collective bargaining agreements, new employment opportunities created as a result of the Project will be listed with the New York State Department of Labor, Community Services Division and with the administrative entity of the service delivery area created pursuant to the Job Training Partnership Act (PL 97-300) in which the Project is located (collectively, the "Referral Agencies").

Initial 

7. The Applicant confirms and acknowledges that the owner, occupant, or operator receiving financial assistance for the proposed Project is in substantial compliance with applicable local, state and federal tax, worker protection and environmental laws, rules and regulations.

Initial [REDACTED]

8. The Applicant confirms and acknowledges that the submission of any knowingly false or knowingly misleading information may lead to the immediate termination of any financial assistance and the reimbursement of an amount equal to all or part of any tax exemption claimed by reason of the Agency's involvement the Project.

Initial [REDACTED]

9. The Applicant confirms and hereby acknowledges that as of the date of this Application, the Applicant is in substantial compliance with all provisions of Article 18-A of the New York General Municipal Law, including, but not limited to, the provision of Section 859-a and Section 862(1) of the New York General Municipal Law.

Initial [REDACTED]

10. In accordance with Section 862(1) of the New York General Municipal Law the Applicant understands and agrees that Projects which result in the removal of an industrial or manufacturing plant of the Project occupant from one area of the State to another area of the State or in the abandonment of one or more plants or facilities of the Project occupant within the State is ineligible for financial assistance from the Agency, unless otherwise approved by the Agency as reasonably necessary to preserve the competitive position of the Project in its respective industry or to discourage the Project occupant from removing such other plant or facility to a location outside the State.

Initial [REDACTED]

11. The Applicant represents and warrants that to the Applicant's knowledge neither it nor any of its affiliates, nor any of their respective partners, members, shareholders or other equity owners, and none of their respective employees, officers, directors, representatives or agents is, nor will they become a person or entity with who United States persons or entities are restricted from doing business under regulations of the Office of Foreign Asset Control (OFAC) of the Department of the Treasury (including those named on OFAC's Specially Designated and Blocked Persons List or under any statute, executive order including the September 24, 2001, Executive Order Block Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism, or other governmental action and is not and will not assign or otherwise transfer this Agreement to, contract with or otherwise engage in any dealings or transactions or be otherwise associated with such persons or entities.

Initial [REDACTED]

12. The Applicant confirms and hereby acknowledges it has received the Agency's fee schedule attached hereto as Schedule A and agrees to pay such fees, together with any expenses incurred by the Agency, including those of Transaction Counsel, with respect to the Facility. The

Applicant agrees to pay such expenses and further agrees to indemnify the Agency, its members, directors, employees and agents and hold the Agency and such persons harmless against claims for losses, damage or injury or any expenses or damages incurred as a result of action taken by or on behalf of the Agency in good faith with respect to the Project.

Initial [REDACTED]

13. The Applicant confirms and hereby acknowledges it has received the Agency's Local Labor Policy attached hereto as Schedule B and agrees to comply with the same.

Initial _____

14. The Applicant hereby agrees to comply with Section 875 of the General Municipal Law. The Company further agrees that the financial assistance granted to the Project by the Agency is subject to recapture pursuant to Section 875 of the Act and the Agency's [Recapture and Termination] Policy, attached hereto as Schedule C.

Initial [REDACTED]

Date: 7/10/20

PHILIP P. FOOTE
Notary Public, State of New York
No. 02FO6203482
Qualified in Nassau County
Commission Expires April 6, 2020

Sworn to me before this 10
Day of July, 20 20

(seal)

Applicant Signature

Gregory DeRosa
Manager

Continued from page 21

Date: _____

Facility User Applicant Signature

Printed Name _____

Print Title

Sworn to me before this _____
Day of _____, 20____

(seal)

Part VIII – Submission of Materials

1. A cover letter providing a narrative of the Project and the purpose. (New build, renovations and/or equipment purchases). Identify specific uses occurring within the Project. Describe any new tenants and end users. Provide an historical picture and overview of the Project.
2. Certified Financial statements for the last two fiscal years (unless included in the Applicant's annual report).
3. Applicant's annual reports (or 10-K's if publicly held) for the two most recent fiscal years.
4. Quarterly reports (form 10-Q's) and current reports (form 8-K's) since the most recent annual report, if any.
5. In addition, please attach the financial information described in items A, B, and C of any expected guarantor of the proposed bond issue.
6. Completed Long Environmental Assessment Form and/or applicable short form.
7. Most recent quarterly filing of NYS Department of Labor Form 45, as well as the most recent fourth quarter filing. Please remove the employee Social Security numbers and note the full-time equivalency for part-time employees.
8. A copy of the most recent real property tax bill for the proposed Project location.
9. Attach a map highlighting the location of the Project.
10. An electronic copy and 2 paper copies of preliminary plans or sketches of the proposed Project.
11. Attach a detailed budget for the Project
12. A copy of the proposed employment schedule reference on page 17 under Part VI Measures of Growth
13. Socio/Economic Impact Study or Market Study if requested or if you answered yes to questions 2 or 3 within the Retail Questionnaire on page 10, then you must also submit a third party market study.
14. Attach an explanation of how you calculated the requested sales tax exemption.
15. In addition to 7 hard copies, THE APPLICATION MUST BE PROVIDED IN ELECTRONIC FORM along with a separate electronic redacted version to be used by the Agency in the event of a FOIL request. Signatures, ID Numbers, personal contact phone numbers and other confidential information should be redacted. If you have any questions, please contact the Agency personnel.

Part IX – Certification


Gregory DeRosa (name of representative of company submitting application) deposes and says that he is the Manager (title) of 331 East Main Street, LLC, the corporation (company name) named in the attached application; that he or she has read the foregoing application and knows the contents thereof; and that the same is true to his or her knowledge.

Deponent further says that s/he is duly authorized to make this certification on behalf of the entity named in the attached Application (the "Applicant") and to bind the Applicant. The grounds of deponent's belief relative to all matters in said Application which are not stated upon his/her personal knowledge are investigations which deponent has caused to be made concerning the subject matter this Application, as well as information acquired by deponent in the course of his/her duties in connection with said Applicant and from the books and papers of the Applicant.

As representative of the Applicant, deponent acknowledges and agrees that Applicant shall be and is responsible for all costs incurred by the Riverhead Industrial Development Agency (hereinafter referred to as the "Agency") in connection with this Application, the attendant negotiations and all matters relating to the provision of financial assistance to which this Application relates, whether or not ever carried to successful conclusion. If, for any reason whatsoever, the Applicant fails to conclude or consummate necessary negotiations or fails to act within a reasonable or specified period of time to take reasonable, proper, or requested action or withdraws, abandons, cancels or neglects the application or if the Applicant is unable to find buyers willing to purchase the total bond issue required, then upon presentation of invoice, Applicant shall pay to the Agency, its agents or assigns, all actual costs incurred with respect to the application, up to that date and time, including fees to bond or transaction counsel for the Agency and fees of general counsel for the Agency. Upon successful conclusion and sale of the transaction contemplated herein, the Applicant shall pay to the Agency an administrative fee set by the Agency in accordance with its fee schedule in effect on the date of the foregoing application, and all other appropriate fees, which amounts are payable at closing.



Applicant Signature

Sworn to me before this 10
Day of July, 2020


(seal)

PHILIP P. FOOTE
Notary Public, State of New York
No. 02FO6203482
Qualified In Nassau County
Commission Expires April 6, 2020

EXHIBIT A

Proposed PILOT Schedule

Upon acceptance of the Application and completion of the Cost Benefit Analysis, the Agency will attach the proposed PILOT Schedule, together with the estimates of net exemptions based on estimated tax rates and assessment values to this Exhibit.

RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY FEE SCHEDULE

A non-refundable application fee of \$2,000 for applications for projects costs under \$5 million and \$4,000 for applications for project costs over \$5 million is required at the time of application. This fee will be credited to the Agency's Administrative Fee, payable at closing. The **Administrative Fee** charged by the Agency at closing are based on the project costs as determined by the Agency (and as depicted in Section IV of the application for financial assistance) and is as follows:

¾ of 1% of the total project costs for financial assistance on the first \$10 million.

¼ of 1% of the total project costs for financial assistance on projects over \$10,000,000

1% of the increase of the total project over the original cost projections for amended applications post initial financial approval.

Reporting/Compliance Fee:

State law requires that the Town of Riverhead Industrial Development Agency file certain financial and compliance reports with the State of New York. Much of the information within these reports is required to be furnished by your company and the IDA is obligated to meet a state submission deadline.

Annual Compliance Reporting fee for Lease Projects \$250 annually

Annual Compliance Reporting fee for Bond Projects \$300 annually

Annual Compliance Reporting fee for Commercial Mixed Use and Multi Family Housing Projects \$500

(with 21 or more residential units and/or more than 3 commercial tenant spaces)

*Compliance fees apply to each phase of a project which necessitates a separate NYS filing for reporting.

Late Reporting/Compliance Fee: commencing the day following report due date

State law requires that the Town of Riverhead Industrial Development Agency file an Annual Financial and Compliance Report with the State of New York. Much of the information within this report is required to be furnished by your company and the IDA is obligated to meet a state submission deadline. In order to meet this deadline, the Agency will impose a \$500 penalty for late or incomplete filings (applied the day immediately following the due date) with an additional two hundred and a \$250 pro-ratable fee for every 30 days thereafter until the submission of the report or benefit recapture provision is implemented. For timely incomplete submissions, the pro-rata fee will commence from the date of notification by the Agency of the deficiencies.

Processing Fee:

During the course of IDA ownership/involvement, the Agency may occasionally be required, by the company, to consent to a variety of items, i.e. prepayment of bonds, sales tax extension, etc. The Agency will charge a \$250 processing fee for each request.

Assignments & Assumptions:

Occasionally, the IDA is asked to transfer benefits that were assigned to the original company, i.e. PILOT or mortgage recording tax benefits, to a different company, typically upon the sale of the IDA property. The new company often wishes to continue IDA involvement to maintain the viability of the project and needs to retain the incentives. The Agency will charge a \$4000 fee for each of these transactions if requests are made prior to any transfer, otherwise the assignment/assumption will require a full administrative fee of ¾ of 1%.

Reprocessing/Refinance Fee:

During the course of IDA ownership/involvement, the Agency may be required, by the company, to consent to a variety of simple refinancing mechanisms i.e. second mortgages, additional secured financing, refinancing, etc. The Agency will charge a \$2500 processing fee for each request and reserves the right to increase the fee to reflect the complexity of each transaction, but not to exceed the basic administrative application fee.

Late PILOT Payment:

In addition to requirements of GML 874(5), the Agency shall impose its own 5% penalty, plus \$1000 administrative fee for delinquent PILOT payments that are 5 days late, commencing on the sixth day.

Re-Notification Fee

Occasionally, an applicant will cause an adjournment of a public hearing. The IDA will charge a fee of \$100 per requested adjournment to re-notify and repost public notice and payment by the applicant of any necessary stenography or incidental costs associated with the reprocessing.

Recapture Fee

Ten percent 10% of the recapture amount will be assessed on the amount determined to be recaptured.

- All Agency fees are non-refundable and are as amended from time to time.

Adopted as Amended 6-2020

Recapture Fee – Ten percent 10% of the recapture amount will be assessed on the amount determined to be recaptured.

- All Agency fees are non-refundable and are as amended from time to time.


Initial

SCHEDULE B

Agency's Local Labor Policy

Purpose

The purpose of this part is to request companies benefitting from the Riverhead Industrial Development Agency (the "Agency") programs 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.

3. 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.

 Initial

SCHEDULE C
RECAPTURE AND TERMINATION POLICY
RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY
EFFECTIVE June 16, 2016

Pursuant to Sections 874(10) and (11) of Title 1 of Article 18-A of the New York State General Municipal Law (the "Act"), the Riverhead Industrial Development Agency (the "Agency") is required to adopt policies (i) for the discontinuance or suspension of any financial assistance provided by the Agency to a Project or the modification of any payment in lieu of tax agreement and (ii) for the return of all or part of the financial assistance provided by the Agency to a Project.

Termination or Suspension of Financial Assistance

The Agency, in its sole discretion and on a case-by-case basis, may determine (but shall not be required to do so) to terminate or suspend the Financial Assistance (defined below) provided to a Project upon the occurrence of an Event of Default, as such term is defined and described in the Lease Agreement entered into by the Agency and a Project applicant (the "Applicant") or any other document entered into by such parties in connection with a Project (the "Project Documents"). Such Events of Default may include, but shall not be limited to, the following:

- 1) Sale or closure of the Facility (as such term is defined in the Project Documents);
- 2) Failure by the Applicant to pay or cause to be paid amounts specified to be paid pursuant to the Project Documents on the dates specified therein;
- 3) Failure by the Applicant to create and/or maintain the FTEs as provided in the Project Documents;
- 4) A material violation of the terms and conditions of the Project Documents; and
- 5) A material misrepresentation contained in the application for Financial Assistance, any Project Documents or any other materials delivered pursuant to the Project Documents.

The decision of whether to terminate or suspend Financial Assistance and the timing of such termination or suspension of Financial Assistance shall be determined by the Agency, in its sole discretion, on a case-by-case basis, and shall be subject to the notice and cure periods provided for in the Project Documents.

For the purposes of this policy, the term "Financial Assistance" shall mean all direct monetary benefits, tax exemptions and abatements and other financial assistance, if any, derived solely from the Agency's participation in the transaction contemplated by the Project Documents including, but not limited to:

- (i) any exemption from any applicable mortgage recording tax with respect to the Facility on mortgages granted by the Agency on the Facility at the request of the Applicant;
- (ii) sales tax exemption savings realized by or for the benefit of the Applicant, including the savings realized by any agent of the Applicant pursuant to the Project Documents in connection with the Facility; and

- (iii) real property tax abatements granted under the Project Documents.

I. Recapture of Financial Assistance

The Agency, in its sole discretion and on a case-by-case basis, may determine (but shall not be required to do so) to recapture all or part of the Financial Assistance provided to a Project upon the occurrence of a Recapture Event, as such term is defined and described in the Project Documents at least as stringent as stated in the attached Exhibit A and Exhibit B. Such Recapture Events may include, but shall not be limited to the following:

- 1) Sale or closure of the Facility (as such term is defined in the Project Documents);
- 2) Failure by the Applicant to pay or cause to be paid amounts specified to be paid pursuant to the Project Documents on the dates specified therein;
- 3) Failure by the Applicant to create and/or maintain the FTEs as provided in the Project Documents;
- 4) A material violation of the terms and conditions of the Project Documents; and
- 5) A material misrepresentation contained in the application for Financial Assistance, any Project Documents or any other materials delivered pursuant to the Project Documents.

The timing of the recapture of the Financial Assistance shall be determined by the Agency, in its sole discretion, on a case-by-case basis, and is subject to the notice and cure periods provided for in the Project Documents. The percentage of such Financial Assistance to be recaptured shall be determined by the provisions of the Project Documents along with statutory interest as provided by law.

All fees and costs including reasonable attorney fees shall be paid by the Applicant.

All recaptured amounts of Financial Assistance shall be redistributed to the appropriate affected taxing jurisdiction, unless agreed to otherwise by any local taxing jurisdiction.

The Agency may determine to terminate, suspend and/or recapture Financial Assistance in its sole discretion. Such actions may be exercised simultaneously or separately and are not mutually exclusive of one another.

II. Modification of Payment In Lieu of Tax Agreement

In the case of any Event of Default or Recapture Event, in lieu of terminating, suspending or recapturing the Financial Assistance, the Agency may, in its sole discretion, adjust the payments in lieu of taxes due under the Project Documents, so that the payments in lieu of taxes payable under the Project Documents are adjusted upward retroactively and/or prospectively for each tax year until such time as the Applicant has complied with the provisions of the Project Documents. The amount of such adjustments shall be determined by the provisions of the Project Documents.

EXHIBIT A to Schedule C
PROJECT AGREEMENT RECAPTURE PROVISIONS

Termination, Modification and/or Recapture of Agency Financial Assistance. It is understood and agreed by the Parties hereto that the Agency is entering into the Ground Lease Agreement, the Lease Agreement, the PILOT Agreement, the Sales Tax Authorization Letter and the Project Agreement in order to provide Financial Assistance to the Company for the Facility and to accomplish the public purposes of the Act. The Company hereby makes the following representations and covenants in order to induce the Agency to proceed with the Project/Facility:

(a) In accordance with Section 875(3) of the New York General Municipal Law, the policies of the Agency, and the Resolutions, the Company covenants and agrees that it may be subject to a Recapture Event (as hereinafter defined) resulting in the potential recapture of any and all Financial Assistance, as described below, if the Company receives, or its Subagents receives any Financial Assistance from the Agency, and it is determined by the Agency that:

(1) the Project shall be placed in service no later than five (5) years from the date hereof and shall have received a valid and subsisting Certificate of Occupancy for all structures and uses; or

(2) the Company or its Subagents, if any, authorized to make purchases for the benefit of the Project is not entitled to the sales and use tax exemption benefits; or

(3) the sales and use tax exemption benefits are in excess of the amounts authorized by the Agency to be taken by the Company or its Subagents, if any; or

(4) the sales and use tax exemption benefits are for property or services not authorized by the Agency as part of the Project; or

(5) the Company has made a material false or misleading statement, or omitted any information which, if included, would have rendered any information in the application or supporting documentation false or misleading in any material respect, on its application for Financial Assistance; or

(6) the Company fails to meet and maintain the thresholds and requirements representing certain material terms and conditions, said Investment Commitment, Employment Commitment, and Local Labor Commitment, all as further defined below, being additional purposes to be achieved by the Agency with respect to its determination to provide Financial Assistance to the Project and required by the Agency to be complied with and adhered to, as evidenced by submission, as so required by the Agency, of written confirmation certifying and confirming on an annual basis beginning in the first year in which Financial Assistance is so claimed, through the conclusion of the later of either two (2) years following the (i) construction completion date or (ii) the calendar year of the termination of the PILOT Agreement or final bond payment whichever is later (said date hereinafter referred to as the "Project Completion Date" and the time period so referenced being hereinafter defined as the "Material Terms and Conditions Monitoring Period") confirming the following:

(a) Investment Commitment - that the total investment actually made with respect to the Project at the Project's construction completion date equals or exceeds (insert amount) (which represents the product of 85% multiplied by (insert amount) being the total Project cost as stated in the Company's application for Financial Assistance); and

(b) Employment Commitment - that there are at least (insert number) existing full time equivalent ("FTE") employees located at, or to be located at, the Facility as stated in the Company's application for Financial Assistance (the "Baseline FTE"); and

• the number of current FTE employees in the then current year at the Facility; and
that the Company has maintained and created FTE employment at the Facility equal to (insert number) FTE employees (representing the sum of (insert number) Baseline FTE plus the product

of 85% multiplied by (insert number) (being the total number of new FTE employee positions as proposed to be created by the Company as stated in the Company's application for Financial Assistance); and

(c) Local Labor Commitment - that the Company adheres to and undertakes or has undertaken construction activities in compliance with the Agency's Local Labor Workforce Policy on an annual reporting basis during the construction period; and

(d) Project Assessment Reporting Commitment - that the Company shall provide, annually, to the Agency, certain information to confirm that the Project is achieving the investment, job retention, job creation, and other objectives of the Project.

In order to accomplish the foregoing, the Company shall provide annually, to the Agency, a certified statement and documentation: i) enumerating the full time equivalent jobs retained and the full time equivalent jobs created as a result of the Financial Assistance, by category, including full time equivalent independent contractors or employees of independent contractors that work at the Project location, and (ii) indicating that the salary and fringe benefit averages or ranges for categories of jobs retained and jobs created in form as supplied by the Agency and as may be amended from time to time by the Agency.

The findings made by the Agency with respect to Section 3(a)(1), (2), (3) and/or (4) and/or failure to provide the written confirmation as required by Section 3(a)(5) with respect to the thresholds and requirements as identified in Section 3(a)(5), above, and/or failure to meet the thresholds and requirements as identified in Section 3(a)(5) above, may potentially be determined by the Agency, in accordance with the Sales Tax Authorization Letter and Section 6.15 Recapture of Agency Benefits contained in the Lease Agreement and/or a failure to comply with the Agency's policies and Resolutions (collectively, findings and determinations made as described herein with respect to Section 3(a)(1), (2), (3) and/or (4) and/or the failure under Section 3(a)(5) to submit the required certification and/or the failure to meet the required thresholds and requirements as specified in Section 3(a)(5) are hereby defined as a "Recapture Event"). If the Agency declares a Recapture Event, the Company agrees and covenants that it will (i) cooperate with the Agency in its efforts to recover or recapture any or all Financial Assistance obtained by the Company and (ii) promptly pay over any or all such amounts to the Agency that the Agency demands in connection therewith. Upon receipt of such amounts, the Agency shall then redistribute such amounts to the appropriate affected tax jurisdiction(s). The Company further understands and agrees that in the event that the Company fails to pay over such amounts to the Agency, the New York State Tax Commissioner may assess and determine the New York State and local sales and use tax due from the Company, together with any relevant penalties and interest due on such amounts.

(b) In accordance with the Resolutions the Company further: (i) covenants that the purchase of goods and services relating to the Project and subject to New York State and local sales and use taxes are estimated in an amount up to (insert amount), and, therefore, the value of the sales and use tax exemption benefits authorized and approved by the Agency, subject to Section 3(a) of this Agent Agreement, cannot exceed (insert amount).

(c) The Company acknowledges and understands that a Recapture Event made with respect to Section 3(a)(4) of this Project Agreement will, in addition, immediately result in the loss and forfeiture of the Company's right and ability to obtain any and all future Financial Assistance with respect to the Project.

EXHIBIT B to Schedule C
LEASE AGREEMENT RECAPTURE PROVISIONS

Recapture of Agency Benefits.

(a) It is understood and agreed by the parties to this Lease Agreement that the Agency is entering into this Lease Agreement in order to accomplish the public purposes of the Act. In consideration therefor, the Company hereby agrees as follows:

(i) If there shall occur a Recapture Event (as defined below) prior to the completion of the construction and equipping of the Project and the Company thereafter sells all or substantially all of the Project or causes all or substantially all of the Project to be sold within two years of the exercise of such option to terminate this Lease Agreement, the Company shall pay to the Agency, as a return of public benefits conferred by the Agency, all Benefits as defined below.

(ii) If there shall occur a Recapture Event after the earlier of (i) the date on which the Project shall have been substantially completed, or (ii) twenty-four months from the date of execution of this Lease Agreement (the earlier of said dates hereinafter the "Operations Commencement Date"), the Company shall pay to the Agency as a return of public benefits conferred by the Agency, the amounts set forth in this paragraph (a)(ii) of Section 6.15.

1. one hundred percent (100%) of the Benefits if the Recapture Event occurs within the first six (6) years after the Operations Commencement Date;
2. eighty percent (80%) of the Benefits if the Recapture Event occurs during the seventh (7th) year after the Operations Commencement Date;
3. sixty percent (60%) of the Benefits if the Recapture Event occurs during the eighth (8th) year after the Operations Commencement Date;
4. forty percent (40%) of the Benefits if the Recapture Event occurs during the ninth (9th) year after the Operations Commencement Date;
5. twenty percent (20%) of the Benefits if the Recapture Event occurs during the tenth (10th) year after the Operations Commencement Date.

The term "Benefits" shall mean, collectively, all Financial Assistance realized by the Company including, but not limited to, exemption from real property tax, mortgage recording tax, transfer tax, sales or use tax, and filing and recording fees.

The term "Recapture Event" shall mean any of the following events:

1. The Company shall have liquidated its operations and/or assets or shall have ceased all or substantially all of its operations at the Project (whether by relocation to another facility or otherwise, or whether to another facility either within or outside of the Town);
2. The Company shall have leased all or any portion of the Project in violation of the limitations imposed by Section 7.1 hereof, without the prior written consent of the Agency;
3. The Company shall have effected substantial changes in the scope and nature of the Company's operations at the Project;
4. The Company shall have transferred all or substantially all of its employees to a location outside of the Town; or
5. The Company shall have sold, leased, transferred or otherwise disposed of all or substantially all of its interest in the Project.

Notwithstanding the foregoing, a Recapture Event shall not be deemed to have occurred if the Recapture Event shall have arisen as a direct immediate result of (i) a taking or condemnation by governmental authority of all or substantially all of the Project, (ii) the inability at law of the Company to rebuild, repair, restore or replace the Project after the damage or destruction of the Project, in whole or in part, to substantially its condition prior to such event, which inability shall

have arisen in good faith through no fault on the part of the Company, or (iii) a matter to which the Agency shall have given its express prior written consent.

6. The submission of any knowingly materially false or knowingly materially misleading information in the Application or proceedings held by the Agency on the Application. This is a continuing obligation of the Company.

7. Failure to comply with the requirements of General Municipal Law Section 875.

(b) The Company covenants and agrees to furnish the Agency with written notification upon any Recapture Event occurring within ten (10) years of the Operations Commencement Date, which notification shall set forth the terms thereof. The provisions of this Section 6.15 shall survive the termination of this Lease Agreement for any reason whatsoever, notwithstanding any provision of this Lease Agreement to the contrary.

(c) In the event any payment owing by the Company under this Section 6.15 shall not be paid on demand by the Company, such payment shall bear interest from the date of such demand at the rate of nine percent (9%) per annum until the Company shall have paid such payment in full, together with such accrued interest to the date of payment, to the Agency.

(d) The Agency, in its sole discretion, may waive all or any portion of any payment owing by the Company under this Section 6.15.

(e) The Company covenants and agrees to furnish the Agency with written notification upon any such disposition of the Project or any portion thereof made within ten (10) years of its completion, which notification shall set forth the terms of such sale. The provisions of this Section 6.15 shall survive the termination of this Lease Agreement for any reason whatsoever, notwithstanding any provision of this Lease Agreement to the contrary.

(f) In the event of a conflict between this section 6.15 "Recapture of Agency Benefits" and the General Municipal Law Section 875, Section 875 shall control.

RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY
TOWN OF RIVERHEAD



200 Howell Avenue
Riverhead, NY 11901

(631) 369-5129

NEW YORK STATE FINANCIAL REPORTING
REQUIREMENTS FOR INDUSTRIAL DEVELOPMENT AGENCIES

Section 859 of the General Municipal Law requires additional financial reporting requirements by all IDA's in New York State and is of particular importance to IDA applicants. (copy attached). This section requires the Agency to transmit financial statements within 90 days following each December end of the Agency's fiscal year., prepared by an independent, certified public accountant, to the New York State Comptroller, the Commissioner of the New York State Department of Economic Development, and the governing body of the municipality for whose benefit the Agency was created (Town of Riverhead). These audited financial statements shall include supplemental schedules listing the following information:

All bonds and notes issued, outstanding or retired during the period and whether or not they are obligations of the Agency.

All new bond issues shall be listed and for each new bond issue, the following information is required:

Name of the Project financed with the bond proceeds.

Name and address of each owner of the Project.

The amount of tax exemptions granted for each Project.

Purpose for which the bond was issued.

Bond interest rate at issuance and, if variable, the range of interest rates applicable.

Bond maturity date.

Federal tax status of the bond issue.

The Public Authorities Reform Act of 2009, Section 2800 requires annual reports of operations and accomplishments which includes Projects undertaken by the Agency. The Annual Compliance Reports shall include company provided information relative to individual Projects including but not limited; to capital investment made, salaries, employee count, exemptions received, and pilot payments made. Your company must submit this information no later than February 10th of each year.

Please sign below to indicate that you have read and understood the above.



Chief Executive Officer of Applicant

7/10/20
Date



Christopher E. Kent
Partner

Direct Dial: 631.367.0710
Direct Fax: 631.367.0795
ckent@farrellfritz.com

100 Motor Parkway
Suite 300
Hauppauge, NY 11788
www.farrellfritz.com

Our File No.
35363.103

August 19, 2020

Tracy Stark-James
Executive Director / CEO
Town of Riverhead Industrial Development Agency
200 Howell Avenue
Riverhead, New York 11901-2596

Re: 331 East Main Street, LLC

Dear Tracy:

As you know, we represent 331 East Main Street, LLC (the "Applicant") in their application to the Town of Riverhead Industrial Development Agency ("RIDA") for financial assistance in connection with the development of a 36-unit multifamily housing community located in Riverhead, NY (the "Project"). The Applicant submitted a signed application and accompanying application check to RIDA on July 13, 2020 (the "Application").

Due to Project modifications requested by the Town of Riverhead Board (the "Town Board") as conditions in the preliminary site plan approval for the Project, the RIDA Application needs to be amended and updated. Please accept this letter as our request that the RIDA consider the following information as an amendment to the Application.

1. Commercial/Retail

As a condition of site plan approval, the Town Board required that the Applicant add a ground floor commercial/retail component to the Project. To satisfy that requirement, the Applicant eliminated two (2) residents' parking spaces in the garage to accommodate the development of eight hundred thirty eight (838) square feet of commercial/retail space in the northwest corner of the ground floor that fronts on East Main Street and the Parking District access road for use by a commercial tenant.

2. Project Cost, Mortgage Recording Tax Exemption, and Sales Tax Exemption

Creating the commercial/retail space, will increase the cost of the Project by an estimated \$100,000.00. In the Application, the Applicant estimated the total Project cost to be \$12,943,851. The new estimated total Project cost is \$13,043,851.

As a result of the increased Project cost, we request additional corresponding MRT Exemption. The Applicant will finance 80% of the Project with construction and permanent loans, totaling \$10,435,080. The corresponding MRT exemption equals \$78,263. This MRT Exemption is \$610 greater than the MRT Exemption requested in the Application.

Additionally, the Application calculated Sales and Use Tax Benefit as 60% of the New Construction budget line and Site Work budget line, totaling \$5,374,800. The additional cost of adding the commercial/retail space increases this number to \$5,434,800. Therefore, the requested sales tax exemption has increased from \$463,576 to \$468,751.

Project Costs (updated):

Acquisition and Rehabilitation	\$ 1,921,250
New Construction	\$ 6,500,000
New additions/expansions of existing	\$ N/A
Site Work	\$ 2,558,000
Machinery and Equipment	\$ N/A
Legal Fees	\$ 50,000
Architectural / Engineering Fees	\$ 523,000
Financial Charges	\$ 1,371,601
Other (Specify)	\$ 120,000 (permit fees)
Total:	\$ 13,043,851

3. Full Time Equivalent ("FTE") Employees

The Applicant estimates the commercial/retail space will yield one (1) FTE employee per annum. The commercial/retail space FTE employee is in addition to the two (2) FTE employees dedicated to the residential community, as outlined in the Application. Therefore, the new total FTE employees for the Project is three (3).

4. Community Benefit / Additional Cost

In addition to creating the commercial/retail space, the Applicant agreed to provide financial assistance to the Town of Riverhead to relocate the historic "Norton House" that is on the development site. As per the Town Board request, the Applicant will provide \$70,000 to the cost of removing and relocating the historic building to a site identified by the Town. This additional community benefit is not included in the Project budget.

Please find enclosed the updated and amended application pages reflecting these updates and amendments.

Lastly, we have provided you with an updated proposed PILOT schedule to be made part of the Application.

Tracy Stark-James
Page 3

As always, we greatly appreciate your attention to and consideration of our request.

Very truly yours,



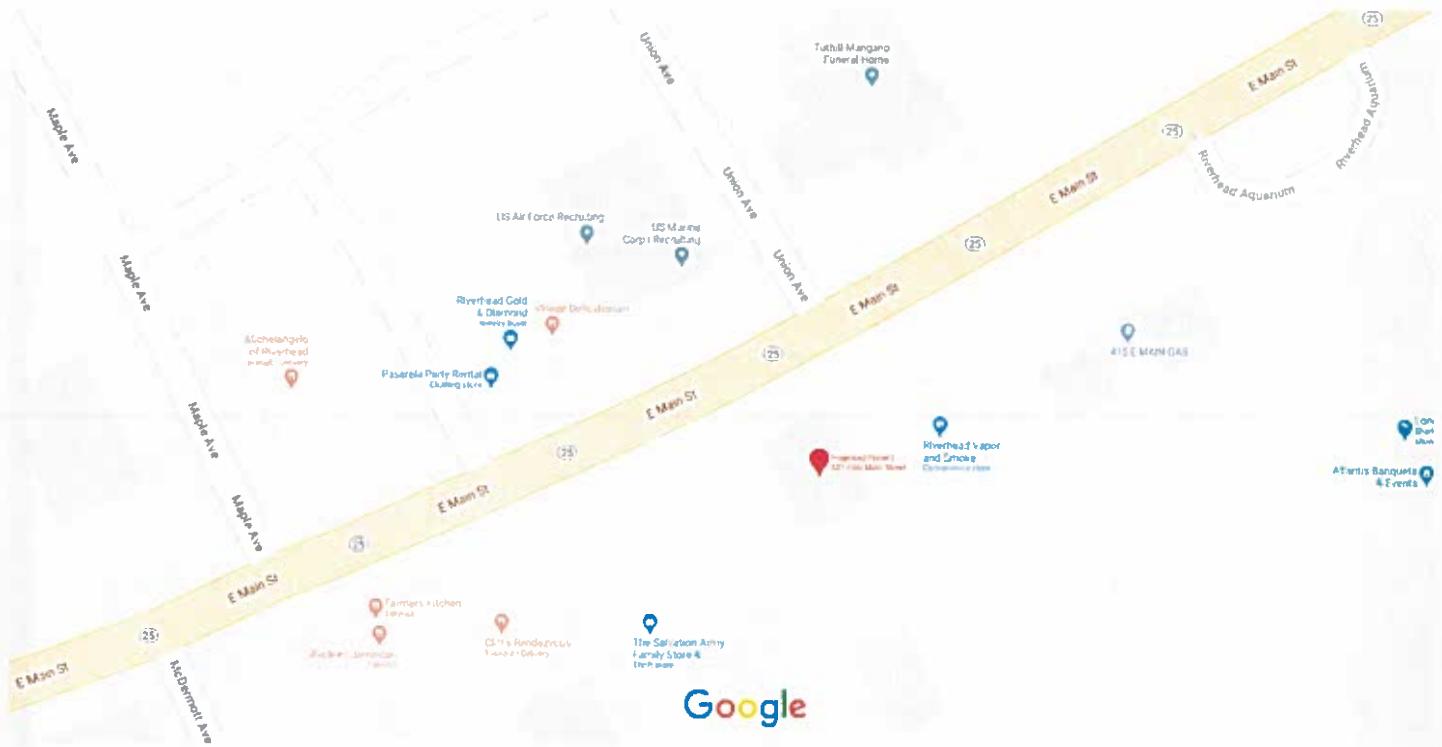
Christopher E. Kent

Enclosures



331 E Main St

Location of Proposed Project



Map data ©2020 Google 20 ft



Proposed Project

331 E Main St

Riverhead, NY 11901



Directions



Save



Nearby

Send to your
phone

Share



W89V+72 Riverhead, New York

RECEIVER OF TAXES

TOWN OF RIVERHEAD
200 HOWELL AVENUE
RIVERHEAD, NEW YORK 11901

NOTE: TAXES ARE PAYABLE BY CHECK, CASH, OR MONEY ORDER.
ONLINE PAYMENTS ARE ACCEPTED (subject to a site fee): Visit
www.townofriverheadny.gov to pay by credit/debit card or electronic
check. Checks will be accepted subject to collection for which
this office assumes no responsibility. No cash by mail accepted.

473000 0600 129.000 0004 015.000 0000
PROPERTY CODE CODE ACREAGE TAX CODE ROLL SECTM
482 0.36 09 1

CURRENT OWNER & TAX BILLING ADDRESS
HANCOCK PHILIP C
HANCOCK EILEEN
PO BOX 1275
RIVERHEAD, NY 11901

OWNER AS OF TAXABLE STATUS DATE OF MARCH 1, 2019
HANCOCK PHILIP C
HANCOCK EILEEN
EQUALIZATION RATE/RESIDENTIAL ASSESSMENT RATIO/UNIFORM
PERCENT OF VALUE: 12.35%

CODE	EXEMPTION INFORMATION DESCRIPTION	APPLIED TO	AMOUNT	FULL AMOUNT

PHYSICAL LOCATION	BANK & LOAN #	LAND ASSESSMENT	TOTAL ASSESSMENT	FULL VALUE AS OF JULY 1, 2018
131 E MAIN ST		32,500	81,800	662,348

LEVY DESCRIPTION	TOTAL DISTRICT LEVY	% CHANGE OVER LAST YEAR	TAXABLE VALUE	TAX RATE PER \$1000	TAX TO BE LEVIED	TAX AMOUNT
IVERHEAD CSD #2	104,541,394	2.2	81,800	111.854	9,149.66	9,149.66
IVERHEAD FREE LIBRARY	3,612,557	0.0	81,800	4.080		333.74
AITNG HLLW FREE LIB	18,050	45.9	81,800	0.020		1.64

This year's STAR savings cannot exceed last year's amount.
YOUR TAX SAVINGS THIS YEAR RESULTING FROM THE NEW YORK STATE SCHOOL TAX RELIEF (STAR) PROGRAM IS: \$

TOTAL TAX TO BE LEVIED FOR SCHOOL: 52.97 % \$ 9,485.04

COUNTY GENERAL FUND	49,036,632	0.0	81,800	1.439		117.71
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TOTAL TAX TO BE LEVIED FOR COUNTY: 00.66 % \$ 117.71

IVERHEAD TOWN TAX	39,647,994	2.1	81,800	46.511		3,804.60
IGHWAY 1,2,3 & 4	7,039,477	-1.2	81,800	8.258		675.50

TOTAL TAX TO BE LEVIED FOR TOWN: 25.02 % \$ 4,480.10

YS REAL PROP TX LAW	409,048	-81.5	81,800	0.488		39.92
Y STATE MTA TAX	1,778,385	-5.5	81,800	0.048		3.93
UT OF COUNTY TUITION	15,661,881	-10.8	81,800	0.395		32.31
VRHD AMBULANCE DIST	1,517,313	2.0	81,800	2.037		166.63
US IMPRVMENT DIST 1	123,762	2.1	81,800	4.768		390.02
VRHD FIRE ZONE 1	4,837,121	2.0	81,800	7.738		632.97
IGHT DISTRICT	1,212,619	-3.3	81,800	1.299		106.26
ARKING	178,704	2.5	81,800	9.517		778.49
HD FULL SEWER CAP	192,084	2.5	81,800	0.892		72.97
HD SEWER RENT	0	0.0	236	6.323		1,492.23
IVERHEAD WATER	1,384,609	2.6	81,800	1.320		107.98

OTHER TOTAL TAX TO BE LEVIED: 21.35 % \$ 3,823.71

FIRST HALF DUE JANUARY 10, 2020 W/O PENALTY: \$	\$8,953.28	SECOND HALF DUE MAY 31, 2020 W/O PENALTY: \$	\$8,953.28	TOTAL TAXES TO BE LEVIED	\$17,906.56
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TOWN HALL WILL BE CLOSED ON DEC. 25, JAN. 1 & MAY 25

WHEN PAYING BY MAIL, DETACH AND RETURN THIS STUB WITH
REMITTANCE FOR SECOND HALF GENERAL TAX LEVY.
DUE AND PAYABLE DECEMBER 1, 2019
NO PENALTY IF PAID ON OR BEFORE
MAY 31, 2020
TOWN OF RIVERHEAD
SWIS CODE SECTION BLOCK LOT SUFFIX
BILL # 14683

PROJECT SUMMARY

GENERAL

Name of Project: 331 East Main Street, LLC

Location of Project: 331 East Main Street, Riverhead, New York

Urban Renewal Area ☒ Empire Zone _____ Brownfield _____ Vacant _____ Blighted _____

PROJECT TYPE

Industrial _____ Not-for-Profit _____ Commercial _____ Office _____ Other _____

Housing ☒ Manufacturing _____ Retail ☒ Services _____

KEY DATES

Application Submitted: June 19, 2020 Proposed Public Hearing: TBD

PROJECT SIZE

Acreage: .36 Building Sq. Ft: 15,706 New Construction (sq. ft.): 37,385

Add Rehab/Expansion (sq. ft.) N/A Estimated Project Cost: \$13,043, 851

TYPE OF ASSISTANCE REQUESTED

Tax Exempt Bonds _____ Taxable Bonds _____

Sales Tax ☒ Mortgage Recording Tax ☒ Real Property Tax Deferment _____

Standard 485-b _____ Not-for-Profit _____ Double 485B ☒

Affordable Housing _____ Downtown Policy _____

Other _____ Additional _____

JOBS/PAYROLL (Estimated)

Retained Jobs N/A Current Payroll N/A Avg. Annual Wage: N/A

New Jobs: 3 FTE Projected Payroll \$160,000 (inclusive of benefits)

New Avg. Annual Wage \$45,000

Construction Jobs: 125 FTE Avg. Wage: \$75,000 per annum

ASSESSED VALUE/TAXES

Current Assessed Value: \$81,800 Projected Increase AV \$793,400 (per Assessor)

- E. If yes to C. or D. above, please attach a copy of the option, contract or lease and indicate:
- i. Date signed: December 14, 2018
 - ii. Purchase Price: \$1,700,000
 - iii. Proposed settlement/closing date: Conditioned on receiving municipal approvals.

5. Proposed Use:

- A. Describe the specific operations of the Applicant or other users to be conducted at the Project site. What will the building or buildings to be acquired, constructed or expanded be used for

The Applicant proposes developing a highly-amenitized 36 market-rate rental unit apartment community that will include a rooftop deck overlooking the Peconic River. The ground floor will include eight hundred thirty eight (838) square feet of commercial/retail space designed to provide services complementing the housing community.

The highly-amenitized Project will be pet-friendly and feature a rooftop deck overlooking the Peconic River, a dedicated package room and a virtual doorman. In light of COVID-19, the Applicant will maintain an aggressive cleaning and maintenance program for all common touchpoints in the project facility. Additionally, the Applicant will build fresh-air intakes into all of the rooms and common spaces within the units to provide constant fresh-air circulation.

- B. Proposed product lines and market demands:

There is significant demand for rental units on Long Island and extremely low supply of rental housing relative to the national average and neighboring markets. According to Long Island's Needs for Multifamily Housing: Measuring How Much We Are Planning to Build vs. How Much We Need for Long Island's Future, published by the Long Island Index in 2016, Long Island could gain up to 158,000 new households over the next 15 years but is likely to only develop 64,000 new housing units in the best case scenario, leaving a gap of up to 94,000 units. This Project would help close that sizeable gap and provide critical new housing supply. The demand for this project is further discussed and analyzed in "Market Analysis and Economic Impact Report" (the "Economic Impact Report") drafted by Camoin Associates attached to the Application.

Specifically, high-quality, new, professionally-managed apartments are in short supply in the Town of Riverhead. The proposed Project presents a compelling opportunity to deliver high-quality, for-rent housing to an underserved group living in the greater Riverhead area possessing few options presently meeting their housing needs. The existing rental stock in Riverhead is aging, under-amenitized and generally of low quality. This Project will incorporate the core elements of sustainable development, thoughtful land-use planning, Smart Growth principles and high design standards to support Riverhead's efforts to revitalize its downtown into a lively walkable community. While always important, the feet-on-the-street dynamism and economic impact generated by this project will be essential to Riverhead's economic recovery after COVID-19. Indeed, the Economic Impact Report estimates that new household spending produced by this Project will generate \$1.7 million in annual economic impact to the Town of Riverhead.

- C. If any space is to be leased to third parties, indicate the tenant(s), total square footage of the Project to be leased to each tenant, and the proposed use by each tenant (an additional sheet may be used):

36 rental units will be leased to future residents. The unit mix includes ten (10) one-bedroom apartments and twenty-six (26) two-bedroom apartments with an average size of 600-1200 square feet

- D. Will any portion of the Project be used for the making of retail sales to customers who personally visit the Project location? Yes ☐ No ☒

- i. If yes, what percentage (sq footage) of the Project location will be utilized in connection with the sale of retail goods and/or services to customers who personally visit the Project location? N/A

- E. Existing Assessed Land Value from latest tax bill: \$32,500
Total Assessed Value from latest tax bill: \$81,800
Current Tax amount on property: \$18,358

Retail Questionnaire

To ensure compliance with Section 862 of the New York General Municipal Law, the Agency requires additional information if the proposed Project is one where customers personally visit the Project site to undertake either a retail sale transaction or to purchase services.

Please answer the following:

- A. Will any portion of the Project consist of facilities or property that are or will be primarily used in making sales of goods or services to customers who personally visit the Project site?

X Yes or No. If the answer is yes, please continue. If no, proceed to section V

For purposes of Question A, the term "retail sales" means (i) sales by a registered vendor under Article 28 of the Tax Law of the State of New York (the "Tax Law") primarily engaged in the retail sale of tangible personal property (as defined in Section 1101(b)(4)(i) of the Tax Law).

- B. What percentage of square feet of the Project will be primarily used in making sales of goods or services to customers who personally visit the Project? 2.2 %. If the answer is less than 33% do not complete the remainder of the retail determination and proceed to page 11, Adaptive Reuse.

If the answer to A is Yes AND the answer to Question B is greater than 33.33%, indicate which of the following questions below apply to the Project:

1. Will the Project be operated by a not-for-profit corporation ☐ Yes or ☐ No.
2. Is the Project location or facility likely to attract a significant number of visitors from outside the economic development region (Long Island) in which the Project will be located?

Yes ☒ No ☐

- a) What is the present town zoning? Downtown Center Main Street (DC-1) Zoning District
- b) What town zoning is required? DC-1
- c) If a change of zoning is required, please provide the details/status of any change of zoning request.

An application for Special Permit for the Project is required to permit the proposed 89% lot coverage. Under the Riverhead Town Code, if connected to sewer, parcels within the DC-1 District may exceed 80% lot coverage and develop up to 100% lot coverage by Special Permit of the Town Board.

E. Have site plans been submitted to the appropriate planning department? Yes ☒ No ☐

F. Has the Project received site plan approval? Yes ☐ No ☒
If yes, please provide the Agency with a copy of the planning department approval along with the related SEQRA approval.

G. Is the proposed Project located on a site where environmental constraints inhibits the development/use of the property? If yes, explain: No

7. Project Completion Schedule:

A. What is the proposed commencement date for the acquisition and the construction/renovation/equipping of the Project?

i. Acquisition: August 2020.

ii. Construction/Renovation/Equipping: 12-14 months.

B. Provide an accurate estimate of the time schedule to complete the Project **and** when the first use of the Project is expected to occur: Applicant plans on beginning construction as soon as the transaction closes.

Part IV – Project Costs and Financing

1. **Project Costs:**

A. Give an accurate estimate of cost necessary for the acquisition, construction, renovation, improvement, and/or equipping of the Project location. This page must be completed in addition to any attachments of sources and uses and/or detailed budgets. Translate your attached detailed budget to match the line items below. Be sure that the totals equal.

<u>Description</u>	<u>Amount</u>
Land* (cost or current market value)	N/A
Acquisition and Rehabilitation**	\$1,921,250
New construction	\$6,500,000
New additions/expansions of existing	\$N/A
Site Work	\$2,558,000
Machinery and Equipment	N/A
Legal Fees	\$50,000
Architectural/Engineering Fees	\$523,000
Financial Charges	\$1,371,601
Other (Specify)	\$120,000 (Permit Fees)
Total	\$13,043, 851

* If acquiring land, please note that Federal law prohibits the use of 25% or more of tax-exempt IDB proceeds for the purchase of land.

** If acquiring existing buildings, please note that Federal law prohibits the acquisition of existing buildings with tax-exempt IDB proceeds unless the rehabilitation expenses of the building are equal to or greater than 15% of the portion of the cost of acquiring the building that is financed with tax-exempt IDB proceeds. Rehabilitation does not include any amount expended on new construction (additions or expansions).

2. Method of Financing: (Must equal budget on page 13)

	<u>Amount</u>	<u>Term</u>
A. Tax-exempt bond financing:	\$ _____	_____ years
B. Taxable bond financing:	\$ _____	_____ years
C. Conventional Mortgage:	<u>\$10,435,080</u>	_____ years
D. SBA (504) or other governmental financing:	\$ _____	_____ years
E. Public Sources (include sum of all State and federal grants and tax credits):	\$ _____	
F. Other loans:	\$ _____	_____ years
G. Owner/User equity contribution***:	<u>\$2,608,770</u>	_____ years

Total Project Costs **\$13,043,851**

i. What percentage of the Project costs will be financed from public sector sources?

N/A

*** If a Project financing with IDB proceeds is to be owned by a realty company/partnership, but will be subleased for use by another person, at least a 5% owner equity contribution is suggested.

3. Project Financing:

- A. Are costs of working capital, moving expenses, work in progress, or stock in trade included in the proposed uses of bond proceeds? Give details:

N/A

- B. Will any of the funds borrowed through the Agency be used to repay or refinance an existing mortgage or outstanding loan? Give details:

N/A

- D. Has the Applicant made any arrangements for the marketing or the purchase of the bond or bonds? If so, indicate with whom:

N/A

- E. Has a commitment for financing been received as of this application date Yes ☒ No
If so, please attach a copy of the commitment and provide the institution name and contact:

Part V – Requested Project Benefits

1. **Mortgage Recording Tax Benefit:**

- A. Mortgage Amount for exemption (include sum total of construction/permanent/bridge financing):

\$10,435,080

- B. Estimated Mortgage Recording Tax Exemption (product of Mortgage Amount and .75%):

\$78,263

2. **Sales and Use Tax Benefit:**

- A. Estimated gross amount of COSTS for goods and services that will be subject to State and local Sales and Use Tax (such amount to benefit from the Agency's exemption):

New Construction line item \$6,500,000 (inclusive of labor and FFE) + Site Work line item \$2,558,000 (inclusive of labor and FFE) = \$8,958,000 x 60% of total = **\$5,434,800**

- B. Estimated State and local Sales and Use Tax exemption (typically a product of 8.625% and figure above):

\$468,751 (\$5,434,800 x 8.625%)

- C. If your Project has a landlord/tenant (owner/user) arrangement, please provide a breakdown of the number in "B" above:

i. Owner: N/A

ii. User: N/A

****Please attach a copy of the calculations used to derive the above numbers**

See above.

3. Real Property Tax Benefit:

- A. Identify and describe if the Project will utilize a real property tax exemption benefit in addition to the Agency's PILOT benefit:

No.

B. Agency PILOT Benefit:

RIDA provides real property tax abatements on the increased assessment (value added) as the result of the Project. The real property tax abatement is applied uniformly to all eligible taxing jurisdictions. As a general rule the term of the real property tax abatement is 10 years. The basic real property tax abatement provided by RIDA is based upon the equivalent of Section 485(b) of the New York State Real Property Tax Law. This section provides for a 50% real property tax abatement on the increased assessed value in the first year; 45% real property tax abatement in the second year; 40% abatement in the third year; and thereafter declining 5% per year over a 10-year period. A 485(b) real property tax abatement is the standard that RIDA provides. An enhanced or reduced real property tax abatement is considered and/or provided under certain circumstances.

_____ We are requesting the standard PILOT Abatement

X Yes _____ No Based upon the RIDA Uniform Tax Exempt Policy, I believe this Project qualifies for an enhanced real property tax abatement or one that deviates from the standard and request consideration for a variation from the standard abatement in order to make the Project viable.

If you check yes above, please provide a brief explanation as to why:

This Project provides the Town of Riverhead the ability to further its commitment to creating vibrant and walkable downtown community. The Applicant will transform an existing vacant eyesore property on Main Street into an exciting multi-family residential community that will provide needed rental housing units and feet-on-the-street economic dynamist. As noted in this

Agency's UTEP, the Agency may consider providing an enhanced PILOT to Projects that "encourage reuse and upgrading of existing building stock." As this proposed Project is located within an Opportunity Zone and will upgrade and transform an existing vacant structure, we are hopeful the Agency will consider an enhanced PILOT.

- i. Term of PILOT requested: 20
- ii. Upon acceptance of this application, the Agency staff will draft a PILOT schedule and indicate the estimated amount of PILOT Benefit based on anticipated tax rates and assessed valuation and attach such information to Exhibit A hereto. At such time, the Applicant will certify that it accepts the proposed PILOT schedule and the schedule will become part of the application.

***** This application will not be deemed complete and final until Exhibit A hereto has been completed and executed*****

Part VI – Measures of Growth and Benefits

1. List the Applicant's and each users present employment at the proposed location, and estimates of (i) employment at the proposed Project location at the end of year one and year two following Project completion and (ii) the number of residents of the Labor Market Area* ("LMA") that would fill the full-time and part-time jobs at the end of the second year following completion:

* The Labor Market Area includes Nassau and Suffolk Counties.

	<u>Present</u>	<u>First Year</u>	<u>Second Year</u>	<u>Residents of LMA</u>
Full-Time	0			
Part-Time**	0	<u>6</u>	<u>6</u>	<u>6</u>

Please prepare a separate attachment describing in detail the types of employment at the Project site. Such attachment should outline the titles and corresponding pay scale/benefits.

The Applicant commits to hiring an aggregate of four part-time employees whose hours will equate to two full-time equivalent employees the first year of operation and maintain those employees for the duration of the Project. The employees will be responsible for property management, cleaning, maintenance, leasing and marketing the Project. Some of these employees may be based at other locations, but will work at the Project at least 17.5 hours per week to be considered Part-Time. Additionally, the commercial/retail space is anticipated to generate two (2) part-time employees annually beginning in the First Year following project completion.

**** Agency staff converts Part-Time jobs into FTEs for state reporting purposes by dividing the number of Part-Time jobs by two (2).**

2. Salary and Fringe Benefits:

Category of Jobs to be Retained and Created	Average Salary	Average Fringe Benefits
Salary Wage Earners	\$40,000 - \$50,000 per annum	Approximately 20% of salary
Commission Wage Earners		
Hourly Wage Earners		
1099 and Contract Workers		

3. INDIRECT/CONSTRUCTION JOBS – please indicate the projected number of indirect construction jobs that will be created as a result of the Project: 125

Please provide the estimated average wage for the indirect jobs: \$75,000

4. What, if any, will be the expected increase in the annual gross dollar amount of sales (or rent)?

The property currently is vacant and not producing any rent. Upon completion, the Applicant estimates the annual gross rent will be \$1,062,000 (26 two-bedroom units at \$2,500 per month and 10 one-bedroom units at \$2,350 per month for 12 months).

5. How many jobs will be retained as a result of this Project? N/A

6. Describe other public benefits anticipated as a result of this Project.

This Project will generate significant new sales-tax revenue and local spending within the Town of Riverhead. The Economic Impact Report, estimates that the construction phase of the project will generate \$7.8 million in economic impact and the operational phase will generate \$1.7 in economic impact annually. Additionally, the Applicant estimates it will pay approximately \$150,000 in permit fees to the Town of Riverhead. The Project will generate more revenue to the Town through a payment in lieu of tax agreement than the property taxes currently at the site.

Note: The Agency reserves the right to visit the facility to confirm that job creation numbers are being met.

Part VII – Representations, Certifications and Indemnification

1. Is the Applicant in any litigation or does the Applicant anticipate any litigation which would have a material adverse effect on the Applicant's financial condition? (if yes, furnish details on a separate sheet)

Yes ☐ No ☒

2. Has the Applicant or any of the management of the Applicant, the anticipated users or any of their affiliates, or any other concern with which such management has been connected, been cited for a violation of federal, state or local laws or regulations with respect to labor practices,

hazardous wastes, environmental pollution or other operating practices? (If yes, furnish details on a separate sheet)

Yes ☐ No ☒

3. Is there a likelihood that the Project would not be undertaken but for the financial assistance provided by the Agency? (If yes, explain why)

Yes ☒ No ☐

Without the assistance of the Riverhead IDA, the Project would not be financially feasible. There have been no significant residential Projects undertaken on Long Island without IDA assistance. Maintaining real estate taxes at a partially-abated level will allow the Applicant to construct the improvements, lease the units quickly, stabilize the Project, generate revenue for the Town of Riverhead, and assist the Town with its redevelopment efforts.

4. If the Project could be undertaken without the financial assistance of the Agency, then provide a statement in the space below indicating why the Project should be undertaken by the Agency and what would be the impact on the Applicant and on the municipality if the applicant was unable to obtain financial assistance?

The Applicant would be unable to move forward with the approximately \$12 million investment in Riverhead. Subsequently, Riverhead would lose the significant economic impact, new construction jobs, and new type of housing option (market rate apartments) in downtown, which will provide economic balance to Riverhead's downtown housing stock. Additionally, Riverhead would not benefit from the significant household spending, estimated to be over \$34 MM over 20 years, this Project would generate. This shovel-ready Project will be critical to the post-COVID-19 economic recovery as it generates feet-on-the-street economic dynamism and assists in the Town's downtown revitalization effort.

5. The Applicant understands and agrees that the provisions of Section 862(1) of the New York General Municipal Law, as provided below, will not be violated if financial assistance is provided for the proposed Project:

§ 862. Restrictions on funds of the agency. (1) No funds of the agency shall be used in respect of any Project if the completion thereof would result in the removal of an industrial or manufacturing plant of the Project occupant from one area of the state to another area of the state or in the abandonment of one or more plants or facilities of the Project occupant located within the state, provided, however, that neither restriction shall apply if the agency shall determine on the basis of the application before it that the Project is reasonably necessary to discourage the Project occupant from removing such other plant or facility to a location outside the state or is reasonably necessary to preserve the competitive position of the Project occupant in its respective industry.

Initial _____