

At a regular meeting of the Members of the Town of Riverhead Industrial Development Agency, Suffolk County, New York, held at the Town Hall, 200 Howell Avenue, in Riverhead, New York, in said Town, on September 11, 2017 at 5:00 p.m. o'clock, Prevailing Time.

The meeting was called to order by Thomas Cruso and upon roll being called, the following were

PRESENT: Thomas Cruso, Chairman

Elias (Lou) Kalogeras

Bob Kern, Treasurer

Lori Ann Pipczynski, Secretary

Anthony Barresi

ABSENT:

The following resolution was offered by Member Lori Ann Pipczynski, who moved its adoption, seconded by Member Anthony Barresi, to wit:

RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY

RESOLUTION #42-17

DATED SEPTEMBER 11, 2017

A RESOLUTION AUTHORIZING THE PROVISION OF FINANCIAL ASSISTANCE BY
THE TOWN OF RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY TO GEORGICA
GREEN VENTURES, LLC AND RELATED ENTITIES

WHEREAS, the Town of Riverhead Industrial Development Agency was created by Chapter 624 of the Laws of 1980 and is a public benefit corporation and an industrial development agency of the State of New York (the "Agency") having those powers set forth in, and subject to the requirements of, Article 18-A of the General Municipal Law; and

WHEREAS, the Agency has received an application for financial assistance from Georgica Green Ventures, LLC, a limited liability company qualified to do business in the State of New York; Riverhead Apartments LLC, as owner of the real property comprising the Project which is a limited liability company qualified to do business in the State of New York; Arco Management Corp., management entity of the Project which is a corporation qualified to do business in the State of New York; Jobco Incorporated, the entity which will construct and furnish the Project ("collectively referred to herein as Applicant"), with respect to a proposed development located within a New York State Empire Zone and a designated urban renewal area at 221 East Main Street (S.C.T.M. No. 0600-129-01-21) and 31 McDermott Avenue (S.C.T.M. No. 0600-129-01-22) to replace the existing deteriorated and outdated retail storefront with a five-story, mixed-use building consisting of 116 rental apartments and 12,623 square feet of ground floor retail. The unit mix will consist of 31 studio, 57 one-bedroom and 28 two-bedroom units (which includes one two-

bedroom unit for building superintendent). The majority of apartments will be kept affordable to residents earning 60% of the AMI with tiers of units available to residents earning between 90% and 130% of the AMI. Rents for studio units will range between \$976 and \$1,326, for one-bedrooms between \$1,210 and \$1,639 and for two-bedrooms between \$1,452 and \$1,955 subject to adjustment based on increases in published AMI. Parking spaces will be located sub-grade to East Main Street. In addition to providing resident parking, this arrangement will raise critical structural and mechanical components well above the base flood elevation. Other flood resilient measures proposed include flood barriers, on-site backup power and wind and water resistant design and materials. Project cost is estimated to be \$57,072,763 (the "Project"); and

WHEREAS, a public hearing pursuant to Section 859-a of the General Municipal Law was held by the Agency on July 7, 2017 with respect to the application for financial assistance and the Project and the proposed financial assistance requested by Applicant with respect to the Project: and

WHEREAS, the Agency provided notice of the public hearing to the chief executive officer of each affected tax jurisdiction within which the Project is located; and

WHEREAS, at the Public Hearing all interested parties were provided with reasonable opportunity, both orally and in writing, to present their views with respect to the Project and the providing of financial assistance therefore, as set forth in the notice of Public Hearing.

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

Section 1. Based upon the record of the proceedings of this application the Board makes the following findings necessary to provide a reasonable basis for the decisions of the

Agency made herein. The total Project cost is estimated to be \$57,072,763 and would include 116 residential units (31 studio units, 57 one-bedroom units and 28 two-bedroom units, which includes one two-bedroom unit for building superintendent), a parking garage to be located sub-grade to East Main Street, and approximately 12,623 square feet of ground floor retail. The retail portion of the Project is approximately 12, 623 square feet, which is less than one-third of the Project. The majority of apartments will be kept affordable to residents earning 60% of the AMI with tiers of units available to residents earning between 90% and 130% of the AMI. Rents for studio units will range between \$976 and \$1,326, for one-bedrooms between \$1,210 and \$1,639 and for two-bedrooms between \$1,452 and \$1,955 subject to adjustment based on increases in published AMI. The term of these rental restriction and income guidelines shall be for not less than 30 years from completion based on issuance of final certificate of occupancy and conversion of New York State Housing Financing Agency financing to permanent loan. Parking spaces will be located sub-grade to East Main Street. In addition to providing resident parking, this arrangement will raise critical structural and mechanical components well above the base flood elevation. Other flood resilient measures proposed include flood barriers, on-site backup power and wind and water resistant design and materials.

New York Real Property Tax Law Section 581-a provides the legal basis upon which subsidized housing is to be assessed in the State of New York. The law states, "The assessed valuation of real property used for such residential rental purposes shall be determined using the actual net operating income, and shall not include federal, state or municipal income tax credits, subsidized mortgage financing, or project grants, where such subsidies are used to offset the project development cost in order to provide for lower initial rents as determined by regulations promulgated by the division of housing and community renewal."

The Agency therefor finds that the proper assessed value to be utilized in the computation of the tax benefit for the purpose of the cost benefit analysis must rely on the rules and requirements of RPTL Section 581-a. Therefore, the Agency finds that after due review of the RPTL 581-a analysis provided by the Applicant that the proper assessed value to be utilized in the cost benefit analysis is a total assessment of \$1,063,129. The cost benefit analysis and an economic impact analysis prepared by Nelson, Pope and Voorhis, LLC dated April 12, 2017 has been reviewed by the Agency.

The real property comprising the Project site consists of two tax map parcels which will be merged into one building lot and the existing structures will be demolished. One parcel, located at 221 East Main Street (SCTM # 600-129-1-21.00), has a current assessed value of \$109,200 and paid taxes for the 2016/2017 tax year of \$20,890.16. The second parcel, located 31 McDermott Avenue (SCTM # 600-129.-1-22.000) has a current assessed value of \$65,200 and paid taxes for the 2016/2017 tax year of \$13,344.67. Special District taxes, which are not abated by the Agency are paid to Riverhead Ambulance District, Riverhead Business Improvement District, Riverhead Streetlight District, Riverhead Water District, Riverhead Public Parking District, Riverhead Sewer District and Sewer Rent in the amount of \$4,287.04 for both parcels for 2016/2017. These Special District Taxes will continue to be paid directly by Tax Bill, based upon the assessed value determined by the Riverhead Board of Assessors without abatement during the term of the Project. It is estimated that the Special District Taxes will increase to \$25,758 during the first year that the Project is occupied, which is projected to be April of 2020. Special District taxes of \$1,044,993 are estimated to be paid during the term of the Project.

Since taxable status date is March 1st of each calendar year, all taxes will be billed by the Riverhead Tax Receiver for 2017/2018 tax year based upon the current assessed value of \$174,400.

For the 2018/2019 and 2019/2020 tax years, school, county town and fire taxes will be billed and collected by the Agency for full distribution to these governments also based upon the current assessed value of \$174,400. Thereafter, PILOT payments to the Agency shall be as shown on the attached Schedule A. PILOT taxes based upon a valuation determined as of the date hereof under Real Property Tax Law section 581-a shall be paid in years 18 through 30 as reflected on the attached Schedule A. Total PILOT tax payments to the school, county, town and fire governments will be \$5,053,318 during the term of the project. The sum of the estimated special district taxes and PILOT tax payments total \$6,098,311 will be paid during the term of the Project.

The Project has been reviewed by the Governor's Office of Storm Recovery (GOSR) and has issued a combined Notice of Findings of No Significant Impact (FONSI), Notice of Intent to Request Release of Funds (NOI-PROF), and Final Notice and Public Review of a Capital Proposed Action in a 100 Year Flood Plain dated August 4, 2017. By letter dated July 12, 2017 the NYS Department of State (DOS) has determined the proposal meets the Department's General Consistency Concurrence Criteria.

A study conducted in 2012 after Summerwind came on line showed that average market rate occupancy in Riverhead was 98-99% and average occupancy for affordable units was 99%; both market and affordable have significant waiting lists at projects within Riverhead. A comprehensive market study supports the appropriateness of the project for downtown Riverhead and affirms that it is supportable and viable for the area. The mixed-use multifamily downtown housing model is endorsed by nearly every planning and economic organization in the region, including the LI Index, the LI Regional Economic Development Council, the LI Regional Planning Council, Vision Long Island, the Suffolk County Office of Economic Development, etc. The project conforms to the town's Comprehensive Plan and has received final site plan and

environmental approvals from the Riverhead Town Board. Need for the project has been affirmed through significant financial support from federal, state and county agencies.

The Project is within the East Main Street Urban Renewal Area as so designated by the Riverhead Town Board and the New York State Empire Zone and has been granted preliminary site plan approval and special permit approval to construct the project by Resolution #659 adopted at its regularly scheduled meeting of August 15, 2017.

Georgica Green Ventures, LLC, Arco Management Corp., and Jobco Incorporated have demonstrated ability and experience in the construction, maintenance and operation of Projects similar in nature to the Project.

The Board also finds that the Applicant has certified that the Project, as of the date of the Application, is in substantial compliance with all provisions of Article 18-A of the General Municipal Law of the State of New York, including, but not limited to GML section 859-a and section 862. The Board also finds that the Applicant has certified it is in substantial compliance with applicable local, state and federal tax, worker protection and environmental laws, rules and regulations. This resolution is not effective until it is dated and countersigned by the Applicant as set forth at the foot hereof, certifying the truth of this finding and all other statements of facts and findings made by the Agency in this resolution based upon information provided by the Agency.

Section 2. It is hereby determined that the Agency shall provide Applicant with the following financial assistance with respect to the Project: (i) the provision of an exemption from Sales and Compensating Use Taxes on certain property, including tangible personal property in an amount not to exceed a total value of eligible goods and services in the amount of \$14,992,673 which will provide a maximum sales tax exemption not to exceed \$1,293,118 and (ii) a partial

abatement of real property taxes by granting a real property tax abatement for school, county, town and fire district taxes subject to the payment of a PILOT payment for such taxes to be distributed by the Agency to such taxing jurisdictions for a period of 30 years effective for the 2018/2019 tax billing year. Real property taxes attributable to special districts including but without limitation public parking, sewer, water, street lighting and business improvement district shall be paid separately to the Tax Receiver of the Town of Riverhead on duly issued tax bill on the assessed value as determined by the Riverhead Board of Assessors. PILOT payments shall be paid as set forth in the attached Schedule A, and (iii) the provision of an abatement of Mortgage Recording Taxes, on all except that tax attributable to the Metropolitan Region Mortgage Transportation Tax (currently %.30) of the following mortgages. Construction Mortgages: HFA TE Bonds in the anticipated amount of \$28,900,000, HCR NCP in the anticipated amount of \$10,962,000, HCR MIHP in the anticipated amount of 3,213,000, Suffolk Acquisition Loan in the anticipated amount of \$900,000, CDBG-DR in the anticipated amount of 6,500,000, ESD Restore NY Loan in the anticipated amount of \$225,000; Permanent Mortgages: HFA TE Bonds in the anticipated amount of \$10,950,000, HCR NCP in the anticipated amount of \$12,180,000, HCR MIHP in the anticipated amount of 3,570,000, Suffolk Acquisition Loan in the anticipated amount of \$900,000, CDBG-DR in the anticipated amount of \$6,500,000, ESD Restore NY Loan in the anticipated amount of \$225,000, Suffolk Infrastructure Loan in the anticipated amount of \$2,100,000. The Executive Director of the Agency is hereby directed to proceed, at the expense of Applicant, to cause agreements and documents to be prepared that will enable the aforesaid benefits to be provided to Applicant. The financial assistance authorized hereby shall not be effective until closing.

Section 3. Pursuant to State Environmental Quality Review Act (SEQRA) the Riverhead Town Board assumed Lead Agency Status by resolution dated May 2, 2017. The Lead Agency has determined that the Project will result in no significant adverse environmental impacts and issued a negative declaration pursuant to SEQRA by resolution dated August 15, 2017. This Agency therefore issues a negative declaration with respect to the Agency's providing financial assistance to the Applicant with respect to the Project, as described in Section 1 of this Resolution and as authorized pursuant to Article 18-A of the General Municipal Law, and has determined that the provision of said financial assistance will not have a significant effect on the environment.

Section 4. The Chairperson or Vice Chairperson of the Agency is hereby authorized, on behalf of the Agency, to execute and deliver standard Agency documents including, but not limited to the Project Agreement, Ground Lease, Lease, Mortgage if necessary, PILOT, and Guarantees, necessary to grant the financial assistance set forth herein upon payment of the Agency fee in the amount of \$137,072 and reasonable Attorney fees. Closing shall occur no later than two years from the date hereof.

Any refinancing of the Project, during the term of the Project, must be approved by the Agency. In the event that the loan by the New York Housing Finance Agency, or the subsidiary of such Agency actually placing the Project debt, is paid off after 15 years of the term of the PILOT period, the PILOT may terminate, at the option of the Agency, and the Property returned to the tax roll without Agency exemption.

All commercial tenants and leases must be approved by the Agency. Approved tenants must file all required annual agency compliance reports. The Project shall allow commercial use of the property which promotes the development of downtown Riverhead in conformance with the goals of urban renewal and revitalization. Therefore, no use shall be permitted for tattoo parlor,

massage parlor, check cashing center, calling center, taxi stand, tobacconist or other uses associated with urban blight.

Recapture of Agency Benefits as set forth in the Project Agreement shall require full compliance with the rental restrictions and guidelines for not less than 30 years from completion with issuance of final certificate of occupancy and conversion of Housing Financing Agency financing to permanent loan. Prior to closing the Applicant shall file with the Agency a final certified development budget and evidence of availability of all proposed sources of funds including updated complete term sheets for all sources of funds.

Section 5. This resolution shall take effect upon immediately.

I hereby CERTIFY AND SWEAR UNDER PENALTY OF PERJURY that all findings and other statements of fact made by the Riverhead Industrial Development Agency contained in the above resolution are complete, true and correct as of this _____ day of October, 2017.

Print Title:

COUNTY OF SUFFOLK)

Notary Public

I hereby CERTIFY AND SWEAR UNDER PENALTY OF PERJURY that all findings and other statements of fact made by the Riverhead Industrial Development Agency contained in the above resolution are complete, true and correct as of this _____ day of October, 2017.

Print Title:

COUNTY OF SUFFOLK)

Notary Public

The question of the adoption of the foregoing resolution was duly put to a vote on roll call which resulted as follows:

<u>Thomas Cruso</u>	<u>VOTE</u>	<u>Yes</u>
---------------------	-------------	------------

<u>Elias (Lou) Kalogeras</u>	<u>VOTE</u>	<u>Yes</u>
------------------------------	-------------	------------

<u>Lori Ann Pipczynski</u>	<u>VOTE</u>	<u>Yes</u>
----------------------------	-------------	------------

<u>Robert Kern</u>	<u>VOTE</u>	<u>Yes</u>
--------------------	-------------	------------

<u>Anthony Barresi</u>	<u>VOTE</u>	<u>Yes</u>
------------------------	-------------	------------

The resolution was thereupon declared duly adopted.

STATE OF NEW YORK)

) ss.:

COUNTY OF SUFFOLK)

I, the undersigned Secretary of the Town of Riverhead Industrial Development Agency, Suffolk County, New York, DO HEREBY CERTIFY:

That I have compared the annexed extract of the minutes of the meeting of the Members of said Agency, including the resolution contained therein, held on September 11, 2017, with the original thereof on file in my office, and that the same is a true and correct transcript therefrom and of the whole of said original so far as the same relates to the subject matters therein referred to.

I FURTHER CERTIFY that all members of said Agency had due notice of said meeting.

I FURTHER CERTIFY that, pursuant to Section 103 of the Public Officers Law (Open Meetings Law), said meeting was open to the general public.

I FURTHER CERTIFY that, PRIOR to the time of said meeting, I duly caused a public notice of the time and place of said meeting to be given to the following newspapers and/or other news media as follows:

Newspaper and/or other news media

Date given

The News Review

01-02-17

I FURTHER CERTIFY that PRIOR to the time of said meeting, I duly caused public notice of the time and place of said meeting to be conspicuously posted in the following designated public location(s) on the following dates:


Designated Location(s) of posted notice

Dated of Posting

Website

01-03-17

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Agency on 10-23-17, 2017.



NSA Secretary

(CORPORATE
SEAL)

SCHEDULE A
REAL PROPERTY TAX ABATEMENT
GEORGICA GREEN VENTURES, LLC

<u>Year</u>	<u>Payment To Be Made</u>
2017/2018	As per tax bill generated by Tax Receiver w/o abatement
2018/2019	Based on 2016/2017 Assessed Value of two parcels of \$174,400
2019/2020	Based on 2016/2017 Assessed Value of two parcels of \$174,400
Yr. 1-2020/2021	\$58,000
Yr. 2-2021/2022	\$59,160
Yr. 3-2022/2023	\$60,343
Yr. 4-2023/2024	\$61,550
Yr. 5-2024/2025	\$62,781
Yr. 6-2025/2026	\$64,037
Yr. 7-2026/2027	\$65,317
Yr. 8-2027/2028	\$66,624
Yr. 9-2028/2029	\$67,956
Yr. 10-2029/2030	\$69,315
Yr. 11-2030/2031	\$70,702
Yr. 12-2031/2032	\$72,116
Yr. 13-2032/2033	\$73,558
Yr. 14-2033/2034	\$75,029

<u>Tax Year</u>	<u>Payment To Be Made</u>
Yr. 15-2034/2035	\$76,530
Yr. 16-2035/2036	\$153,060
Yr. 17-2036/2037	\$182,523
Yr. 18-2037/2038	\$217,659
Yr. 19-2038/2039	\$260,739
Yr. 20-2039/2040	\$265,954
Yr. 21-2041/2042	\$271,273
Yr. 22-2042/2043	\$276,699
Yr. 23-2043/2044	\$282,233
Yr. 24-2044/2045	\$287,877
Yr. 25-2045/2046	\$293,635
Yr. 26-2046/2047	\$299,507
Yr. 27-2047/2048	\$305,498
Yr. 28-2048/2049	\$311,607
Yr. 29-2049/2050	\$317,840
Yr. 30-2050/2051	\$324,197