MINUTES
IDA REGULAR MEETING
MAY 18, 2023

Present: Sarah Lansdale, Chair
         Kevin Harvey, Vice Chair
         Sondra Cochran, Treasurer
         Cris Damianos, Secretary
         Josh Slaughter, Member
         Gregory Casamento, Member
         Brian Beedenbender, Member

Excused Absence: None

Also Present: Kelly Murphy, Acting Executive Director
              Lori LaPonte, Agency Accountant
              Regina Hallday, Bookkeeper
              William Wexler, Esq., Agency Counsel
              Andrew Komaromi, Esq., Harris Beach PLLC, Transaction Counsel
              William Weir, Esq., Nixon Peabody LLP, Transaction Counsel
              Carolyn Trespaz, Esq., Barclay Damon, LLP, Transaction Counsel
              Melissa Bennett, Esq., Barclay Damon, LLP, Transaction Counsel
              Greg Gordon, ZE Creative Communications
              Lola Rivera, ZE Creative Communications
              Lisa Broughton, Suffolk County Department of Economic Development & Planning
              James Madore, NEWSDAY
              Peter Curry, Esq., Farrell Fritz, P.C. Counsel for EB at Commack, LLC
              Kevin Gremse, National Development Council (NDC) for EB at Commack, LLC
              James Rhatican, Assist. General Counsel & VP Land Use & Development, Hartz Mountain
              Kevin Day, Sr. V.P., Portfolio Mgmt., Conifer R/E Development for Belmont Villas
              Kim Skinner, Conifer R/E Development for Belmont Villas LLC
              Dan Deegan, Esq., Forchelli Deegan, Counsel for Belmont Villas LLC
              Grant Newburger, Dir. Communications & Organizing, Nassau Suffolk Building Trades

Approximately 15 Representatives of the Carpenters Union also in attendance.

Ms. Sarah Lansdale, Chair who is presiding over the Meeting today indicated that the documents for this meeting can be accessed and are posted to the IDA’s website at https://www.suffolkida.org/resources/ under the Board Meetings tab.

The Regular Meeting of the Suffolk County Industrial Development Agency held in Media Room #182 located in the lower level of the H. Lee Dennison Building, 100 Veterans Memorial Highway, Hauppauge, NY was called to order at 12:34 p.m. by Ms. Lansdale, Chair of the IDA.
This is the May 18, 2023 Regular Board Meeting of the Suffolk County Industrial Development Agency and for the record, we do have a quorum present. The Meeting is being held both as an in-person Meeting and remote videoconferencing. It is noted that all seven members are present and attending the Meeting in-person. Members of the public may attend the Meeting or listen and view the Meeting via the Agency’s website www.suffolkida.org. Select the Watch Meeting menu option tab at top of the home page and you will be linked to the Agency’s YouTube Channel. Members of the public can also participate and provide public comment during that portion of the Meeting either by attending in-person or in real time through videoconferencing by registering and following the instructions on the Agency’s website for the Meeting.

PUBLIC COMMENT

Ms. Lansdale asked if there was any public comment and Ms. Murphy replied there are no public comments.

NEW BUSINESS

HCP Belmont, LLC/Belmont Villas LLC: Request for an inducement resolution for a lease transaction.

Ms. Murphy present Exhibit A. HCP Belmont, LLC/Belmont Villas LLC involves the renovation and equipping of an existing 197,413 sq. ft. affordable senior apartment building (8 two story apartment buildings and 1 two story community building) located at 409 Wyandanch Avenue, West Babylon, NY 11704. Belmont Villas Sr. Apartments is a 164-unit senior property (one bedroom and one bedroom with den units). The property is restricted to residents 55 years and older who have a 60% AMGI or lower. Conifer Realty, LLC is the managing member of HCP Belmont, LLC/Belmont Villas LLC. Conifer Realty, LLC is a full-service real estate company specializing in the development, construction, management, and ownership of high-quality affordable housing communities.

Ms. Murphy stated Belmont Villas came before the Board in 1999 and Mr. Weir represented them at the time if there are any questions. Belmont Villas is an affordable senior housing project, they have a presentation to present to Board Members. Mr. Gremse is also present to discuss the structure of the payment-in-lieu-of-tax (PILOT) which is different then we normally see. Ms. Murphy indicated that Belmont Villas is looking to upgrade energy efficiencies to each apartment and the community space. There are currently 5 employees at the facility.

Ms. Murphy introduced Mr. Daniel Deegan, Deegan Terrana LLP, Counsel to Belmont Villas LLC and Mr. Kevin Day, Sr. V.P., Portfolio Management, Conifer Realty Development/HCP Belmont, LLC/Belmont Villas LLC to Board Members. Mr. Deegan stated Conifer should be known to Board Members they have an excellent reputation for affordable housing. Conifer has approximately 20 projects on Long Island and is one of the largest affordable housing developers in the country and are also managers and operators. The IDA has been a partner in this project and the payment-in-lieu-of-tax (PILOT) agreement is expiring and we are looking for an extension of that PILOT. Mr. Deegan stated the rents are lower than the market and, in this case, the existing facility that is servicing people that are averaging 35% AMI even though it is not required to be that low.

Mr. Kevin Day, V.P. of Conifer stated he is working with some of their older properties that need capitol and figuring out ways that they can invest and keep them up to the Conifer standard continue to operate as high-quality housing. Mr. Day presented Board Members with a Power Point presentation. Conifer has done 12 affordable housing communities with over a thousand affordable homes for the residents of Long Island. In Suffolk County there are 10 senior family properties with approximately 900 homes. Conifer has been doing this on Long Island for approximately 20 years. Mr. Day stated that Belmont Villas is a nice property it is starting to show its age. The facility was built in 2006, it is a senior property 55 and over and all the units are restricted to less than 60% area median income (AMI). We are seeking an extension of the PILOT until 2042 which runs in conjunction with those affordable restrictions. This will allow us to simultaneously consolidate the ownership and make improvements to the building. We would like to renovate the interior of the apartments, making some energy efficiencies (rooftop solar) and renovating the common areas. We estimate that this will generate 20-25 local jobs for the work and an additional $1.7 million dollars of indirect economic activity. The lighting will be upgraded to lower usage LED lighting; converting heating and cooling, replacing rooftops and installing solar...
and replacing the appliances to be more energy efficient. We need to consolidate the ownership and the initial investor in this project was Capmark and they went bankrupt and a firm by the name of Hunt Capital came in and struggled to complete the project with cost overruns and delays. Hunt Capital invested $8.5 million dollars; Conifer came in for $5 million dollars and in order to give Hunt back some of their capital which is what the agreement was. We need to pay them $5 million dollars in conjunction with the $2.2 million dollars’ worth of work. Mr. Day stated with the PILOT we can finance all the work. We can get a mortgage for $19 million without the PILOT we can only borrow $12 million which puts us short for what we need to do and would also leave Hunt Capital in there. They can force us to sell the property they are not restricted as to who they can sell the business to or what kind of improvements they might do. When restrictions expire they might convert it to market rate. Mr. Day stated Conifer’s business is affordable housing, that’s what we do, we are committed to it. Typically, when we get to the end of the restrictions we go back and get additional tax credits or resources from the county or the State. This enables us to redo the facilities and extend it for another 20-30 years.

Mr. Kevin Gremse, National Development Council (NDC) stated overall the project costs for HCP Belmont, LLC/Belmont Villas LLC is $19 million dollars and $11.6 million is to refinance the existing mortgage. There will be $5 million dollars spent to remove the investor and capital improvements and $2.3 million on investments that Mr. Day had detailed. The current PILOT was initially approved in 2003 and was activated after the project was placed into service in 2008. The PILOT is coming to an end in 2023. Mr. Gremse discussed the PILOT schedule with Board Members via a power point presentation.

Ms. Cochran asked how many total units are in the facility and Mr. Day replied 164. How many of the units are affordable and Mr. Gremse replied 100% of the units are priced affordably for households at different tiers 60%, 20% and 30%. Mr. Beedenbender stated in the application it says if sold it would jeopardize the project’s affordability in 2043, because nothing could jeopardize it now. Mr. Day responded that is correct. Mr. Beedenbender stated we are agreeing on increments of taxes going up, it is not reducing taxes. Mr. Gremse agreed with Mr. Beedenbender. Ms. Cochran asked the energy standards that you are doing the repairs for is that mandated, and Mr. Day replied it is not mandated and we are doing it more and more on all of our properties. It is a benefit to the residents and operating expenses. Ms. Cochran asked during the repairs is there going to be displacement for the tenants and Mr. Day said no the plan is to do it as the units vacate. Mr. Day indicated we are going to purchase the supplies and as the units become available, we are going to update them. Ms. Cochran asked how about the long-term people how will that be handled. Mr. Day replied if people have been there a long time and their unit is in bad condition, we can move them into one of the new units. Ms. Cochran asked how long is the wait list and Mr. Day said Kim Skinner, is with Property Management for Conifer she is here and knows how that operates. Ms. Skinner stated we have an extensive waiting list approximately over 100 people. Mr. Slaughter stated that he thinks this is a great project and a need on Long Island for affordability. He is happy to support this project being 100% affordable and more projects like it on Long Island. These are the types of projects that we should be supporting and this is what the IDA’s are here for. Mr. Harvey agreed with Mr. Slaughter’s comments and said he sits on the Long Island Housing Partnership board, and we strive to keep young people on Long Island. In this case it’s great that you are keeping seniors here that have spent their whole life here and get to enjoy their grandchildren, kudos to your efforts, thank you. Mr. Day stated this project could not have been possible without the IDA originally, we stepped in a little late we continue to maintain to keep it as a good project.

After further discussion and;

Upon a motion by Ms. Cochran, seconded by Mr. Slaughter, it was:

RESOLVED, to approve an inducement resolution for a lease transaction in the approximate amount of $19,352,000 for HCP Belmont, LLC/Belmont Villas LLC facility.

Unanimously carried 7/0.
EB at Commack, LLC: Request for a final resolution for a lease transaction.

Ms. Murphy presented Exhibit B. EB at Commack, LLC involves the construction of a senior rental complex (55 yrs. & older). The proposed facility (EB at Commack LLC) will be an 86 unit facility of which 74 units will be market rate and 12 units of affordable housing (6 affordable units at 80% AMI & 6 workforce units at 120% AMI). In addition, per town code with the Town of Huntington, the applicant will contribute $400,000 to the Town’s Affordable Housing Trust & Agency Fund. The complex involves construction of 8 buildings totaling 133,736 sq. ft., a clubhouse, outdoor recreation spaces and other common area amenities on approximately 7.6 acres of currently vacant land.

Ms. Murphy stated a public hearing was held for EB at Commack, LLC on May 15, 2023 and one comment was received. The interested party was Greg Moran representing Suffolk County Legislator Robert Trotta. Mr. Moran presented nothing verbally, only in writing. Ms. Murphy read Legislator Trotta’s letter to Board Members. Mr. Trotta is opposed to the project, his points were that increasing housing stock was not enough to justify the assistance. The letter indicated the project lacked meaningful long-term jobs and affordability was lacking. Most of the units were renting greater than $4,000 and subsidizing the developer without true economic development benefits. Ms. Murphy indicated that this was the only comment received at the public hearing.

Ms. Murphy introduced Peter Curry, Esq., Farrell Fritz, P.C. Counsel to EB at Commack, LLC to Board Members. Mr. Curry introduced Nicholas Cappadora, Assistant General Counsel, of B2K Development to Board Members. Mr. Curry indicated that a full presentation was made at the last IDA meeting. Mr. Curry indicated that there has been a reduction of population on Long Island we are losing people as we don’t have all forms of housing. Long Island needs home ownership and all forms of rental properties. This project would meet the need for rental properties. Mr. Curry stated people moving into these properties opens home ownership or other forms of rental use of other properties. Ms. Cochran asked whether the affordability of the units stays as is and Mr. Curry replied yes.

After further discussion and;

Upon a motion by Mr. Damianos, seconded by Mr. Beedenbender, it was:

RESOLVED, to approve a final resolution for a lease transaction in the approximate amount of $57,790,062 for EB at Commack, LLC facility.

The motion carried approving 5/2 with Mr. Slaughter and Ms. Cochran voting no.

OLD BUSINESS

Hartz Mountain Industries, Inc.: Request to amend the documents.

Ms. Murphy presented Exhibit C. The Hartz Mountain Industries, Inc. project originally involved the demolition of an existing 414,000 sq. ft. building and construction of two buildings (North Parcel: 276,500 sq. ft.) and (South Parcel: 669,186 sq. ft.) totaling 945,686 sq. ft. located at 235 Pinelawn Road, Melville, NY 11747. The new buildings will be leased to prospective tenants and used for warehousing and distribution operations. The site was formerly where Newsday was headquartered.

Ms. Murphy stated the Hartz Mountain discussion was tabled at the April 27, 2023, IDA Meeting. Ms. Murphy stated we worked through a variety of data points that were distributed to Board Members. One of these items was the comparison of a 15-year PILOT to a 20-year PILOT agreement. We are trying to present information and decide how we want to move forward with this project. Ms. Murphy stated we want to look at the PILOT structure at 15 years and some points that Mr. Catapano made at a previous meeting. A 15-year PILOT is considered when a company comes to us with a commitment of a minimum of 50 jobs. That is a practice of staff as presented to the Board and it is a consistent practice that we follow. Hartz Mountain has suggested to us that they would like to switch from a 20-year PILOT to a 15-year PILOT. They are also requesting to lower their job
requirement from 500 jobs to 250. Ms. Murphy indicated generally what we see with the PILOT’s is a 27% or 28% savings over the term of the PILOT for the clients. The land tax is extremely high for the Hartz Mountain facility. The IDA does not abate taxes on the land only on the building. Ms. Murphy indicated that Mr. Jay Rhatican of Hartz Mountain and Melissa Bennett, Esq., Barclay Damon LLP, transaction counsel to Hartz are here to answer any questions Board Members may have.

Ms. Bennett stated what has been requested by Hartz Mountain is a 15-year PILOT that would follow the IDA’s standard Uniform Tax-Exemption Policy (UTEPI). Ms. Bennett indicated that there were questions from the last meeting regarding the request for a reduction in job commitment if we could tie the PILOT to the number of jobs created. Ms. Bennett said under the Suffolk County IDA’s standard Uniform Tax-Exemption Policy (UTEPI) that structure is not contemplated. It would have to be a deviation in which case you would need to notify all the taxing jurisdictions that you were proposing something different than the UTEP and they would need to be given the opportunity to review and respond on the structure. Ms. Bennett stated from a practical standpoint all the taxing jurisdictions are budgeting on an annual basis as to what they expect the PILOT’s coming in to be. Under a standard IDA PILOT, it is a percentage savings on the improvements for the building once they know what the assessed value is the taxing jurisdictions have a general sense of what the PILOT payments would be. Ms. Bennett stated introducing an element where PILOT payments were based on jobs that could vary could create uncertainty and could become an issue for some of the taxing jurisdictions.

Ms. Cochran asked has Hartz already created 250 jobs or were they not created yet and how many jobs did Amazon bring in. Mr. Rhatican replied he cannot answer the Amazon question. Amazon is leasing the North Building and the South Building (235 Pinelawn Rd.) the obligation is to create 500 jobs. We currently have no tenants in the South Building and one lease, we are fitting up space now for that tenant. Mr. Rhatican stated that he feels they will create more than 250 jobs, it’s the uncertainty that the higher number creates for the multitude of tenants we want to put them at ease that the abatement will be there. Mr. Harvey asked will the clawback language stay the same and Ms. Bennett said yes. Mr. Harvey asked how often are the jobs reviewed and Ms. Murphy replied once a year. Mr. Harvey said if Hartz only creates 100 jobs the first year you will notify the owner that they are under the requirement and Ms. Murphy agreed. Mr. Harvey asked Counsel how does the clawback work and Mr. Wexler replied the letter of the law we can bring an action for the recapture amount, or we will look to work it out. Mr. Rhatican said we are at risk of losing everything if we don’t create the jobs required.

After further discussion and;

Upon a motion by Mr. Damianos, seconded by Mr. Casamento, it was:

RESOLVED, to approve the request to amend the documents for Hartz Mountain Industries, Inc. facility.

The motion carried approving 5/2 with Mr. Slaughter and Mr. Beedenbender voting no.

OTHER BUSINESS

Minutes

The Minutes of the April 27, 2023 IDA Meeting were accepted by Board Members.

Pursuant to open meeting law, Ms. Lansdale suggested the Board go into Executive Session to discuss the medical, financial, credit or employment history of a particular person or corporation, or matters leading to the appointment, employment, promotion, demotion, discipline, suspension, dismissal or removal of a particular person or corporation.
Upon a motion by Ms. Lansdale, seconded by Mr. Casamento, it was:

RESOLVED, to go into Executive Session at 1:15 p.m.

Unanimously carried 7/0.

At 1:15 p.m. all individuals left the Meeting except Board Members and William Wexler, Agency Counsel and Kelly Murphy.

At 1:51 p.m. all individuals re-entered the Meeting.

Upon a motion by Ms. Lansdale, seconded by Mr. Beedenbender, it was:

RESOLVED, to end the Executive Session at 1:52 p.m. and reconvene the Regular Meeting.

Unanimously carried 7/0.

Ms. Lansdale indicated no action was taken during the Executive Session.

Ms. Lansdale stated that she has a draft job description for the position of Executive Director that she will forward to the search committee for their information. Ms. Lansdale stated there has been a vacant position that has not been filled for many years. Ms. Murphy stated the position has been vacant since 2020 that John McNally held and she is asking that the Board allow her to fill that position. Ms. Cochran asked what the title of the position is and Ms. Murphy replied Associate Director. Ms. Lansdale said she would like to bring to the Board’s attention it is an unfilled position and it has been budgeted for the past couple of years. Ms. Lansdale stated she would like to provide Ms. Murphy with the authority to begin interviewing for that position. Board Members agreed and a resolution was not needed. Mr. Beedenbender asked how our staffing compares to other IDA’s and Ms. Murphy said very light.

After further discussion and;

Upon a motion by Mr. Beedenbender, seconded by Mr. Harvey, it was:

RESOLVED, to adjourn the Regular Meeting of the Suffolk County Industrial Development Agency.

Unanimously carried 7/0.

The Meeting adjourned at 1:56 p.m.

The next Regular Meeting of the Suffolk County Industrial Development Agency is tentatively scheduled for June 22, 2023.