

Nassau County Industrial Development Agency

Board Minutes

May 13, 2015, 5:00 p.m.

I. Board Roll Call

Tim Williams	Present
Michael Rodin	Present
Gary Weiss	Present
Chris Fusco	Present
John Coumatos	Present

Others Present

Joseph J. Kearney, Esq.
Edward A. Ambrosino, Esq.
Paul O'Brien, Esq.
Milan Tyler, Esq.
Joseph Foarile
Colleen Pereira
Nicholas Terzulli, Esq.
Karl Fray (Istare)
Peter Curry, Esq.

II. Approval of April 7, 2015 Board Meeting Minutes

Chris Fusco moved to approve the Minutes, Gary Weiss seconded the motion subject to any changes made to Staff. The Motion passed unanimously.

III. Bills and Communication

N/A

IV. Treasurer's Report

CFO Joe Foarile said the actual budget is ahead of the projected budget as of the end of April 2015.

V. Committee Reports

N/A

VI. Unfinished Business

N/A

VII. New Business and Discussion

a. Superblock Preliminary Inducement Resolution

Paul O'Brien reported that the Agency is being asked to consider a preliminary inducement resolution for the project, allowing the applicant to make a presentation to the Board. Mr. O'Brien continued to say that preliminary inducement resolution does not authorize the Agency to provide financial assistance, nor is it a commitment from Agency to do so.

The project is a joint venture between I Star Financial and Avalon Bay.

Karl Frey, of I Star Financial, discussed the proposed project. Mr. Frey said the proposed project is the development of a 655,000 sq foot mixed use (retail and residential) complex at the "Long Beach Super Block" (Super Block) location consisting of two towers. It is estimated the project will cost \$220 million to construct.

Mr. Frey said the project has already received approvals from City of Long Beach, and the City, through the City Manager, is on the record supporting the Application. The project will be funded through a combination of debt and equity.

Mr. Frey said the Application contains representations that the project will comply with Long Island Workforce Housing Law, i.e. 10% of units will be for residents earning 130% or less of the area median income. In addition, the project will comply with City Code which requires an apprenticeship program.

Mr. Frey thanked the Board and Staff for the opportunity to present. Mr. Frey said that through an extensive approval process, the City has approved variances for the towers which will house 522 units total and sit above parking and other

amenities. The project is designed to complement Long Beach Boardwalk and the design complies with new FEMA guidelines for construction near a body of water. Mr. Frey said the project includes an expansive parking deck, and provides for a large view corridor as the buildings will be separated by open space.

Mr. Frey said the project addresses Nassau County's need for more rental housing and, in addition, the project will help Long Beach reverse downtrend in population and income, and help revive area that is still struggling after Super Storm Sandy.

Mr. Frey said the goal is to be under construction summer 2015, with occupancy in a little over 24 months. The project is comparable to New York City residential construction.

Mr. Frey said their economic analysis concludes that the project will create over 2200 construction jobs and 450 direct and indirect permanent jobs and will generate \$119 million in economic activity in the City of Long Beach.

Joseph Kearney, Executive Director, Nassau County IDA said the Agency has yet to conduct its own economic analysis, and the numbers provided by the applicant are not binding on the Agency.

Tim Williams, Board Chair, Nassau County IDA asked what the approval was with the City. Mr. Frey said the project was previously a three tower project that had a greater impact on surrounding area. The three tower project was approved in 2005 and could have gone forward as of right; Applicant worked with the City allowing for greater height which would allow for greater visibility with two taller and slender towers.

Mr. Frey said the City conducted public hearings; the variance hearing was widely attended and was unanimously approved by the Long Beach Board of Appeals.

Gary Weiss asked if the project include a traffic study. Mr. Frey said proposed project will have a lesser impact on traffic than a previously approved project for that location.

Tim Williams asked when variance was approved. Mr. Frey said February 2014.

Joe Kearney asked what the Applicant was seeking from IDA. Mr. Kearney said the Agency has no role in the City's approval process and that the City is providing the permits for construction.

Mr. Frey said the City provided approvals and is supporting this Application.

Peter Curry, representing the Applicant, said the applicant is seeking PILOT and Sales and Use Tax relief.

Mr. Kearney said it is his understanding that the applicant is seeking a mortgage recording tax exemption from the Long Beach Local Development Corporation, and therefore the City will be directly invested in this project. Mr. Frey said, yes, the City is invested in this project. The project is a 5 minute walk from the train station.

Mr. Kearney asked if there will be any concessions on the Boardwalk. Mr. Frey said that retail has not come back after Sandy; this application considers 11,000 sq ft of retail space at the Boardwalk level.

Mr. Frey said that the project includes 1.7 parking spaces per apartment, per zoning by City of Long Beach.

Mr. Williams asked what the proposed timing for development was.

Mr. Frey said that with support of the IDA, the project will begin construction this summer and will open in late 2017 / early 2018.

Mr. Williams asked why the applicant, being a large, well-capitalized, publicly traded company, needs our assistance. Mr. Frey said that real estate taxes for this project are very high compared to national standards, and the math simply doesn't work without assistance. They have looked at other projects that have received tax assistance, and if those projects set goal posts, they believe their project very much falls in line with previously approved projects. The total cost of the project is \$300 million; to achieve a reasonable return for their investors, they need tax relief.

Mr. Curry said that due to very high cost of construction compared to central Long Island, tax relief is a must.

Mr. Frey said they are seeking a 25 year PILOT, which they believe is fair.

Mr. Williams said, with respect to Super Storm Sandy, what is being done during construction to minimize impact of future storm.

Mr. Frey said that I Star has a portfolio of Boardwalk properties throughout the Country. The project will bring utilities and services out of flood plain, and well above FEMA guidelines. The buildings windows can withstand 75 mile per hour winds.

IDA Board Member John Coumatos asked where will the labor force come from? Mr. Frey said they met with the head of the Nassau Suffolk Building Trades Council and the leader of Labor Local 66. Mr. Frey said he understands law and local labor is best labor. The project is required to use a general contractor that has an apprenticeship program. IDA Board Member Chris Fusco said that using a GC that has an apprenticeship program is a great commitment, but will the applicant commit to union trades for duration of the project. Mr. Frey said yes, they will commit to using union trades for duration of project.

Paul O'Brien, Agency Bond Counsel, said that this Resolution is a Preliminary Inducement and is not a commitment from the Agency. Approving this Resolution allows the Agency to move forward with internal staff review.

Mike Rodin moved to approve Resolution # 2015 - 25. Gary Weiss seconded the motion. The motion was unanimously approved.

Board Members Chris Fusco and Michael Rodin left the room.
Rodin and Fusco returned.

B. Steel Equities / Steel I LLC

The Applicant said the project originally closed in 2013 and pertains to Building #1 on Grumman campus. The property is a sprawling 370,000 sq ft building, which is very difficult to modify and modernize to accommodate tenants. Applicant purchased building with an eye towards redeveloping it and bringing it back to life. The building has been a hard challenge. In 2013, when the Applicant purchased the building the assessor valued the property at \$17 million, even though it was purchased for \$7 million. At the time of the IDA closing, the Applicant was pressured to close quickly, not allowing for a reassessment; assessment did not catch up with devaluing. Applicant worked with assessor and

agreed to a new reassessment at \$8.5 million. As such, the PILOT agreement was not accurate when it was executed.

Applicant has worked with Bethpage School District, with which it has an excellent relationship, to alleviate potential budget issues if the PILOT is modified. The Applicant requests that the PILOT be reset in two years and then have PILOT go to new assessment level.

Joseph Kearney said the property is very contaminated, and Applicant has undertaken project with zest and the results are paying off.

John Coumatos thanked the Applicant on behalf of the Bethpage business community, of which he is a member.

Paul O'Brien said there are two resolutions to consider: PILOT Deviation Resolution 2015-26 and an Amendment Resolution # 2015-27.

John Coumatos moved to approve both resolutions. Gary Weiss seconded the motion; the motion carried unanimously.

C. Public Storage

NCIDA Board Member Gary Weiss left the meeting.

Applicant said project would be a self-storage facility located at 800 S. Oyster Bay Rd., Hicksville. There is great demand for storage facilities on Long Island. Sale of property is contingent on IDA financing.

The project is the development of a self-storage facility on an existing 2 acre parcel of land that is houses a vacant property. The storage facility will be 120,000 sq ft and contain 118 storage units. 50 construction jobs are estimated.

Construction will take 11-12 months, and the project will be financed solely by equity. Therefore, the Applicant is not seeking a mortgage recording tax exemption. The project will not have a large impact on traffic and requires no variances. Applicant is aware of Town of Oyster Bay labor ordinance, and intends on complying. The operator of the facility will lease space to their customers, creating a landlord-tenant relationship.

The Applicant said they would not move forward with project without IDA assistance.

Joseph Kearney said the applicant is seeking two forms of financial relief: PILOT and Sales-Tax exemption. The PILOT would be a 15 year term with no reduction of taxes. Improvements phased in on a straight line with 1.66% rate increases per annum years 4-15.

Paul O'Brien said the net tax benefit to the affected jurisdictions is \$3.7 million, estimated. Joe Kearney said the tax benefit is in addition the economic impact which is estimated to be \$3 million.

Chris Fusco asked where the workforce will come from. Applicant said this is our first project in TOB; we understand there needs to be consistent use of union labor. Joseph Kearney said we encourage you to reach out to the Nassau Suffolk Building Trades.

Kearney said staff recommends Board approve application.

Paul O'Brien said there are three resolutions to consider: NCIDA SEQRA Resolution # 2015 -28; NCIDA Pilot Deviation Resolution # 2015 -29 ; and NCIDA Final Approving Resolution #2015 -30 .

Chris Fusco moved to adopt all three resolutions. Mike Rodin seconded the motion. The motion carried unanimously (G. Weiss absent).

C. Film Festivals

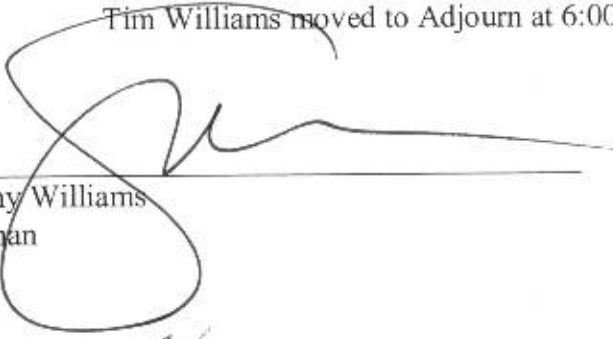
Joseph Kearney said the Agency is working closely with the Film Industry increase production. As such, the Staff recommends that the Board approve Resolutions allowing the Agency to enter into marketing contracts with three Film Festivals held in Nassau County. The marketing contracts will enable the Agency to develop relationships with national film and television leaders and encourage them to locate more productions in Nassau County.

Paul O'Brien said the Resolutions are: NCIDA Gold Coast Film Festival Resolution # 2015 -31 ; NCIDA LIFE Film Expo Resolution #2015 -32 ; NCIDA Long Beach Film Festival Resolution #2015 -33 .


Mike Rodin moved to approve all three resolutions. Chris Fusco seconded the motion. The motion carried.

VIII. Adjournment

Tim Williams moved to Adjourn at 6:00 p.m. Unanimous voice vote in favor.



Timothy Williams
Chairman



Gary Weiss
Secretary