

Nassau County Industrial Development IDA (“IDA”)

Board Meeting Minutes

January 17, 2019

6:30 PM

I. Board Roll Call

John Coumatos	Present
Amy Flores	Present
Christopher Fusco	Present
Richard Kessel	Present
Anthony Simon	Present
Lewis M. Warren	Present
Timothy Williams	Present

Others Present:

Danielle Oglesby	Deputy Executive Director
Joseph Foarile	Chief Financial Officer
Colleen Pereira	Administrative Director
Thomas D. Glascock	Agency Counsel
Andrew D. Komaromi, Esq.	Bond/Transactional Counsel

II. Public Comment Period and Presentation

A. Chair Kessel opened the meeting by recognizing Joseph J. Kearney, for his years of service to the IDA as its former Executive Director. Nassau County Executive Laura Curran and Members Williams and Fusco also spoke, thanking Mr. Kearney for his service. In reply, Mr. Kearney then thanked the IDA Board for its recognition.

B. Public Comment: Chair Kessel acknowledged Legislator Arnold Drucker as present, and then opened the floor to public comment.

Chair Kessel explained, it appears that during its next legislative year the New York State Legislature will be considering several reforms relevant to industrial development agencies. He stated that the IDA took many positive actions during 2018, including its efforts to be transparent under the guidance of County Executive Laura Curran. He then stated that the IDA will work cooperatively with the County’s New York State delegation in their efforts, and Chair Kessel requested that Member Simon review any proposed legislation and provide input to the IDA Board through the IDA’s governance committee.

C. US Green Building Council

Sammy Chu, Sarah Oral and Alex Valentino discussed the importance of energy benchmarking. They explained that energy benchmarking measures a building's energy consumption, as compared to its usage during prior years and to similar buildings. The cost to perform energy benchmarking is minimal (only the time to record information), and it drives efficiency and cost savings.

They requested that the IDA consider including energy benchmarking among its criteria for decision making on granting financial assistance, and they informed that sixteen (16) Long Island communities already utilize energy benchmarking in their operations.¹

D. Other Public Comment

Chair Kessel opened the floor to public comment.

No additional speakers appeared.

III. New Business & Discussion

A. Preliminary Resolutions.

a. CSH Plainview, LLC

Fred Moon (a principal of Capital Senior Housing), with attorney Daniel P. Deegan, presented the application to the Board.

The application concerns the purchase and renovation of an existing approximately 150,000 square foot vacant building previously used as a 170-room residence inn hotel, for conversion to and use by the applicant as an approximately 111-unit senior (62 and over) residential independent living facility. At present, as stated, the building is vacant and all 80 employees of the immediately previous occupant were laid off when it lost its Marriot Residence brand. In connection with the project, the applicant would create not less than 45 full-time equivalent jobs within two (2) years after its completion, and it is estimated that the project would also create 10 to 15 construction phase jobs.

The applicant seeks exemption from mortgage recording tax in the estimated amount of \$71,915.67, sales and use taxes in the estimated amount of \$564,722.85, and a 20-year PILOT payment schedule (subject to review and negotiation with IDA staff).

The applicant wishes to invest an additional \$10 million to renovate the building for its intended use, with \$20 million having already been invested with acquisition. Because the building was originally approved for senior living use, the contemplated use is as of right. A

¹ Under the IDA's Uniform Tax Exemption Policy, the effect of a project on the environment and the extent to which the applicant will make an investment in energy efficiency or production with respect to the project are criteria for the evaluation and selection of a project.

contractor has been selected (EW Howell), and outreach made to the union trades. Further, thirty-eight persons would be hired to staff the facility, and rooms will be made available at a significant costs savings from other available senior housing product. The managing agent is intended to be Chelsea Senior Living.

There is great demand for this housing product at the intended pricing, and significant community support. That said, without IDA financial assistance, the additional cost would not make the project possible.

Chair Kessel asked how the intended pricing compares to the rental cost for affordable housing. Daniel Deegan responded that the applicant has met with representatives of the Long Island Housing Partnership; however, much of the monthly cost is not for rent but instead services. Still, this is intended to be a more affordable housing alternative for seniors.

By questions asked, Members Warren and Fusco confirmed the contemplated investment amount, planned renovation and intended use. Member Simon and Member Warren asked about union involvement. Attorney Daniel Deegan responded that this can be part of the project requirements, and that the applicant will affirmatively represent as to this prior to a final approval.

Legislator Drucker then appeared before the IDA Board, and expressed concern that he had not previously been made aware of the application. Chair Kessel responded that Legislator Drucker will be contacted before any further approvals are granted, and he asked that Daniel Deegan meet with Legislator Drucker and his staff prior to the intended public hearing. Legislator Drucker then expressed concern with the project concept, stating that there are already four (4) assisted living facilities within a half-mile of the facility location.

In response, attorney Daniel Deegan explained that assisted living is not the same as independent living, and that many local neighbors have signed a petition in support of the project. Further, the intended housing will be offered as an affordable product. Member Simon suggested that the mentioned petition be shared with Legislator Drucker, and Chair Kessel stated that the intended public hearing will happen at a location near the facility site.

Member Coumatos asked about similar facilities. Daniel Deegan again stated that senior living is not the same as assisted living, that there is not medical component with a senior living use. Member Williams then stated that there is a question of housing need and economic benefit, and that the IDA can only look at what is proposed (as opposed to other possible project concepts).

Member Simon asked about outreach to the Legislature and area legislators. Chair Kessel then stated that such outreach should happen earlier, before the preliminary inducement is granted and public hearing happens. And member Flores reinforced that it is important to hear from the local community as to the contemplated project.

Chair Kessel directed counsel to develop new policies for outreach, and to then report back to the IDA Board. He also directed counsel to confirm what the Suffolk County Industrial Development Agency would do in such circumstances.

Hearing no further comment, Member Williams moved to approve a preliminary inducement resolution. Member Warren seconded the motion. The resolution was approved unanimously.

B. Consent Resolution

a. Mineola 150 LLC

Attorney Peter Curry presented the application to the IDA Board, on behalf of various tenants in common entities under management by Friedkin Realty Group.

On July 23, 2012, the IDA passed a resolution to provide financial assistance to MCRT NORTHEAST LLC (the “Company”) for the development of two (2) multi-family residential housing developments: The Allure, a 275-unit apartment complex located at Old Country Road, Mineola, New York (the “Winston Project Facility”), and Hudson House, a 36-unit senior housing complex located at Front Street, Mineola, New York (the “Churchill Project Facility”), with Mineola 150 LLC being the sublessee under the lease made with the IDA (the “Lease”). The financial assistance included a Payment in Lieu of Taxes Agreement, Mortgage Recording Tax Exemption, and Sales Tax Exemption.

On May 17, 2017, the IDA approved a consent resolution permitting all of the membership interests in MINEOLA RESIDENTIAL VENTURES, LLC (the sole member of the Company) to be transferred to MINEOLA RESIDENTIAL ACQUISITIONS, LLC. Additionally, the IDA approved MINEOLA RESIDENTIAL VENTURES LLC to replace MCRT EAST ASSURANCE IX LLC as guarantor and indemnitor under the 2012 Guaranty and Environmental Indemnity Agreements.

MINEOLA 150 LLC has contracted to sell all of its interests in the above described properties to tenancies-in-common managed by FRIEDKIN REALTY GROUP (“FRG”), a full-service owner and operator of investment-grade real estate focusing on multi-family properties located throughout the United States. More specifically, the Company would transfer its interests in the Winston Project Facility to FK ALLURE LLC, a New York limited liability company, NP ALLURE LLP, a New York limited liability partnership, MLF ALLURE LLC, a New York limited liability company, FRG ARBOR LLC, a New York limited liability company, FRG ALLURE I LLC, a New York limited liability company, and FRG ALLURE II LLC, a New York limited liability company, all as tenants in common; and the Company would transfer its interest in the Churchill Project Facility to FRG FRONT STREET LLC, a New York limited liability company. In connection with the sale, the applicant requests that the IDA (i) consent to the assignment by the Company of the Lease and other transaction documents to the above described transferees (including the assignment and amendment or restate of finance mortgages) and (ii) the substitution of the FRG affiliate FRG FOUNTAIN KNOLLS, LLC, as California limited liability

company, as the guarantor and indemnitor under the 2012 Guaranty and Environmental Indemnity Agreement.

The applicant does not request any additional financial assistance.

Member Simon moved to approve the following resolution:

NCIDA No. 2019-1 Mineola 150 LLC Consent Resolution

Chair Kessel seconded the motion. The resolution was approved unanimously.

C. Board Reports

a. Finance Committee by Lewis M. Warren, Chair²

Committee Chair Lewis M. Warren recommended the following firms for qualification to provide Affordable Housing, Mixed-Use and Transit Oriented Project Services: JMS Strategies, Inc., Urbanomics, and HR&A Advisors, Inc.

Committee Chair Lewis M. Warren recommended the following firms for qualification to provide Clean Energy Consulting Services: The Clearview Group, Cameron Engineering, and Antares Group Inc.

D. Approving Resolutions and Status Update

a. Update on Issued Requests for Statements of Qualification

i. Request for Statements of Qualification for Project Evaluation Services for Affordable Housing, Mixed-Use and Transit-Oriented Projects

Member Simon moved to approve the following resolution:

NCIDA No. 2019-2 Affordable Housing, Mixed-Use and Transit Oriented Project Services Approved List Resolution

Chair Kessel seconded the motion. The resolution was approved unanimously.

ii. Request for Statements of Qualification for Clean Energy Services

Member Warren moved to approve the following resolution:

NCIDA No. 2019-3 Clean Energy Services Approved List Resolution

Member Fusco seconded the motion. The resolution was approved unanimously.

² The members of the Finance Committee are Lewis M. Warren, Amy Flores and Tim Williams.

iii. Request for Statements of Qualification for Stenographer Services

Member Warrant reported that no Statements of Qualification were received in response to this request.

b. Banking Resolution regarding Authorized Signatories

Member Flores moved to approve the following resolution:

NCIDA No. 2019-4 Resolution Addressing Banking Matters

Member Simon seconded the motion. The resolution was approved unanimously.

E. Other Resolutions & Other Matters

a. Approval of December 12, 2018 Meeting Minutes

b. Distribution of a IDA Board Evaluation form and a IDA Annual Certification form, for completion by IDA board members pursuant to sections 2800(1)(a)(15), 2800(2)(a)(15), 2824(1)(h) and Section 2824(7) of the New York Public Authorities Law.

IV. Bills and Communications

Chair Kessel reported that there were no additional bills or communications to report.

V. Committee Reports

Chair Kessel reported that there were no committee reports to be given.

VI. Unfinished Business

None

VII. Treasurer's Report

Joseph Foarile, the IDA's Chief Financial Officer, presented preliminary final financials, subject to approval by the auditors. He explained that 2018 was a strong year, with income exceeding expenses by \$1.35 million, and at present, there is a \$3.4 million balance on hand. However, he does expect increased expenses during 2019, with increased marketing expenses expected for the year.

VIII. Adjournment

Chair Kessel noted that the next IDA meeting is scheduled for Thursday, February 28, 2019, at 6:30 pm. Chair Kessel thanked the staff for putting the agenda together.

A motion to adjourn was made by Member Williams, which was seconded by Member Warren. The Resolution was approved unanimously.