

Roey Klass,
Court Reporter

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TOWN OF HEMPSTEAD
INDUSTRIAL DEVELOPMENT AGENCY

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350 \text { FRONT STREET }
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\text { HEMPSTEAD, NEW YORK } 11550
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\text { BY: } \quad \text { FREDERICK E. PAROLA, ESQ. }
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PAUL O'BRIEN, ESQ.

ALSO PRESENT:
MICHAEL LODATO, Deputy Executive Director
ALBERT D'AGOSTINO, Lawrence Union Free School District \#15, Town of Hempstead DANIEL J. BAKER, JFK Logistics Center, LLC ZACHARY CAMPBELL, VP of Development

MR. LODATO: Good morning. My
name is Michael Lodato. I am the deputy executive director of the Town of Hempstead IDA. I'm accompanied by the CEO, Frederick Parola. We are viewing that is 9:30 a.m. on January 13th, and we would like to open a public hearing for JFK Logistics Center, LLC.

I will now read the public hearing notice into the record.

Notice is hereby given that a public hearing pursuant to Title 1 of Article 18-A of the New York State General Municipal Law will be held by the Town of Hempstead Industrial Development Agency on the 13 th day of January, 2020, at 9:30 a.m., local time, at Hempstead Town Hall, Town Hall Courtroom, 350 Front Street, Hempstead, New York 11550, in connection with the following matters: JFK Logistics Center, LLC, a

New York limited liability company, on behalf of itself and/or the principals of JFK Logistics Center, LLC and/or an entity formed or to be formed on behalf of the foregoing (collectively, the "Company"), had applied to the Town of Hempstead Industrial Development Agency (the "Agency") to enter into a
transaction in which the Agency will assist in the acquisition of an approximately 9.127 acre parcel of land located at 253-51 Rockaway Boulevard, Woodmere, New York 11598 (the "Land"), the construction of an approximately 235,234 square foot building thereon (the "Improvements"), and the acquisition and installation therein of certain equipment and personal property (the "Equipment"; and together with the Land and the Improvements, the "Facility"), which Facility is to be subleased and leased by the Agency
to the company and is to be used by
the Company for its primary use as
warehouse space, with ancillary
office space, for logistics and
airport cargo users (the "Project").
The Facility will be initially
owned, operated, and/or managed by
the Company.

The Agency contemplates that it will provide financial assistance to the Company in the form of exemptions from mortgage recording taxes in connection with the financing or any subsequent refinancing of the Facility, exemptions from sales and use taxes and abatement of real property taxes, consistent with the policies of the Agency.

A representative of the Agency
will at the above-stated time and place, hear and accept oral or written comments from all persons with views in favor of or opposed to
either the proposed financial
assistance to the Company or the location or nature of the Facility. At the hearing, all persons will have the opportunity to review the application for financial assistance filed by the Company with the Agency and an analysis of the costs and benefits of the proposed Facility. If anyone would like to speak, please come up. Sign in, state your name, and speak clearly to our stenographer. Thank you. MR. D'AGOSTINO: Good morning, Mr. Lodato, Mr. Parola. My name is Albert D'Agostino. My firm is Minerva \& D'Agostino, PC, 107 South Central Avenue, Valley Stream, New York. I'm a little surprised that I'm the first speaker. I assumed that the applicant would be speaking first, but that's, I guess, a question of what the purpose of the hearing is and what is part of
the hearing of record.
The district that $I$ represent, which is Lawrence Union Free School District Number 15, Town of Hempstead, New York is the School District wherein the subject property, or significant portion of the subject property, is located.

The District received a Notice of Deviation from Uniform Tax

Exemption Policy dated
December 20th, 2019 and the -- also, a notice letter of this hearing dated December 26, 2019, the day after Christmas.

Just for the record, as I'm
sure anybody is aware, most school districts, and specifically Lawrence Union Free School District, is closed for the holidays and only reopened a matter of approximately a week ago. The President of the Board of Education, Murray Forman, would have liked to have been here, but unfortunately, he is, as we speak, attending a legally-mandated labor negotiation which could not be adjourned.

As Mr. Lodato knows, I called the office on -- the IDA office on Friday in an effort to come over and look at the files. It wasn't available, and it's apparently not available this morning. So, my comments are with the benefit of the conversation that $I$ had with Mr. Lodato, for which I thank him, but are based upon what could be determined from the information that he was able to give me over the phone, again, for which $I$ thank him, and the notices.

The District is in strong
opposition to the granting of benefits with respect to this property. The notices from the IDA describe the application as being one, which $I$ will quote, "will
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assist in the acquisition of an
approximately 9.127 acre parcel of
land located at 253-51 Rockaway
Boulevard, Woodmere, New York," and
for "the construction of an
approximately 235,234 square foot
building thereon."
We went to the public record
such as a -- could have been
ascertained on Friday afternoon
after I got the notice, and that
record indicates that the applicant
is not seeking the benefits for the
acquisition of the parcel. The
parcel, in fact, was already
acquired on January 15 th of 2019 .
If that's correct, it's unclear how
the proposed benefit will assist in
the acquisition of that, which has
already been acquired.

For the record, Mr. Lodato, who's conducting the hearing; is it you or Mr. Parola?

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    MR. LODATO: Both of us.
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MR. D'AGOSTINO: I just noticed Mr. Parola's attention doesn't --

MR. PAROLA: My ears are
listening to you.
MR. D'AGOSTINO: -- while you're going through your file. Okay.

So, again, I'll repeat that the benefits are not being sought, as we can determine, for the acquisition. The acquisition occurred a couple of days less than one year ago.

The record also indicates that the premises described in the Deed of Acquisition consists of three parcels, two of which are located in the county of Queens, and one of which is located in the county of Nassau. From the notices that we received, it's unclear as to whether the 9.127 acre parcel of land, which the benefits are being attended to, assist in the acquisition of, and I will stress and repeat, acquisition of, but which appear to have already been acquired, represents the entire parcel, the Nassau County parcel, or all three parcels.

I did speak to the applicant's attorney this morning, prior to the commencement of the record, and though he hasn't made a statement yet, he indicated to me that most of the 9.127 acre parcel of land is located in the County of Nassau and that the entire building is located within the county of Nassau.

Therefore, the entire parcel and the entire proposed building are located within the Lawrence Union Free School District.

The overall purchase price -and there's a Deed of Record and there's Confirmatory Deed of Record. The overall purchase price reflected in the public record as of January 15th, 2019, almost a year ago, is $\$ 16,216,500$. Again, without
having been able to look at the file, and $I$ don't have the exact information yet, but $I$ don't know how that's allocated between the Nassau portion and the Queens portion and what the respective values are. What $I$ do know is that the 2019/2020 tax roll disclosed the fair market value of parcel, at least the Nassau portion, of $\$ 2,000,321--I^{\prime} m$ sorry. $\$ 2,321,480$. As you know, the subject property is largely vacant land, which is or was utilized for parking purposes. There's a small structure. And again, $I$ don't know if that structure's in the Queens or the Nassau side, bearing us on JFK discount parking.

From the School District's point of view, and $I$ know we've had this discussion before, there are initial questions which are raised
as to whether or not Nassau County taxpayers, and specifically the residents and taxpayers of the Lawrence Union Free School District, are being asked to subsidize the tax burden relating to the acquisition of a parcel, which has already been acquired, and apparently was acquired without benefits. So that did not in any way impact the value of that land as of January 15 th, 2019 or whenever that contract was negotiated prior to the tax bill.

The taxpayers of Lawrence Union
Free School District are also being asked to subsidize the development of that parcel, which is one of three. Again, with the other two being within the City of New York, in connection with, this is important, an airport-related development.

As we're all aware, John F.
Kennedy Airport is currently
undergoing a massive multibillion dollar expansion. That expansion drives the values of the property surrounding it and to be used in connection with the -- a proposed warehouse use within proximity of the airport.

Again, The District is not speaking to the use. The District is speaking to whether or not under the conditions of the airport expansion, which $I$ think one can at least infer at this point, drives the value upward, requires an incentive which would shift the taxpayer's burden to other taxpayers.

Now, going back to the notice letter and the language of it. The IDA notice letter of December $26 t h$, 2019, the day after Christmas, states that, and I'm quoting (as read), "The Agency contemplates that it will provide financial assistance
to the company in the form of exemptions from mortgage recording taxes, sales, and use taxes, and abatement of real property taxes, consistent with the policies of the Agency." The language that "the Agency contemplates that it will" as opposed to that it will consider, it will determine -- again, we're here at a hearing. And this is the first opportunity that the School District, as an independent taxing agency, has to speak before you.

Again, "it will provide," which I guess was one of the reasons why I was asking who I'm speaking to, in terms of this hearing.

MR. PAROLA: Just for the record, this hearing is for the benefit of our Board. We are merely hear to listen, but the ultimate decision is made by the Board, and the Board will review this record. MR. D'AGOSTINO: Again, as you

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know, I've had a little experience as a former member of this Board, and $I$ understand that.

My question is to the definitiveness of the language that "the Agency contemplates that it will." Not that it might or not that it will consider, "that it will provide financial assistance."

The proposed deviations from uniform tax exemption policies and the language are even a -- excuse me? We're on the record, so this is an open --

MR. PAROLA: For the record, contemplating something means that one will consider it. If contemplating wasn't in there, then Mr. D'Agostino's comments would be correct, but the language contemplates doing it; not that it will be done.

MR. D'AGOSTINO: That is not the language.

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MR. PAROLA: Yes, it is.
Contemplates that it will.
MR. D'AGOSTINO: That it will,
not that it might, that it will
consider. Not that the public will be - -

MR. PAROLA: We're not going to argue.

MR. D'AGOSTINO: Okay.

For the record --
MR. PAROLA: My comment stands.
MR. D'AGOSTINO: -- we're speaking to the record.

MR. PAROLA: My comment stands.
MR. D'AGOSTINO: Okay.
As I said, the proposed deviation for Uniform Tax Exemption Policy are even more disturbing to the School District. The applicant, and I'm quoting again from the notice, has requested that the Agency enter into a lease and project agreement to provide financial assistance to the Company

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in the form of abatements of real property taxes for a term of up to 20 years. And there's a reference to the IDA's Uniform Tax Exemption Policy having been adopted on October $23 \mathrm{rd}, 2019$ in the notice, but I understand that that's -- they have not been fully adopted or may not have been fully adopted, for the record.

MR. LODATO: Let me just chime in for one moment here. The Uniform Tax Exemption Policy gets readopted every year, in October. (Telephone interruption.) MR. D'AGOSTINO: Let me shut this off, I'm sorry. I thought I had it off.

MR. LODATO: The Uniform Tax

Exemption Policy gets readopted every year. However, there is a new modified version with the State language involving environmental going towards the application where
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the applicant must use to the best of their ability, green and
environmental development. That and
the live streaming, which the state is requiring. So, the new UTEP, Uniform Tax Exemption Policy, that's really all that is changing this month in January. The previous one gets readopted every year.

MR. D'AGOSTINO: Thank you.
Did the previous one refer to
the term of the abatement?
MR. LODATO: The previous
one --

MR. D'AGOSTINO: Is -- and
again - -
MR. PAROLA: There's no other change.

MR. D'AGOSTINO: Okay.
MR. PAROLA: There's no other change.

MR. D'AGOSTINO: Again, it's
done on an annual basis.
And my question is: Is there
anything in the uniform policy which deals with the proposed term of the benefits?

MR. LODATO: I don't have a copy in front of me. I'd have to pull it out. I do know that deviation language, obviously, needs to be presented which something goes out the ten-year or $15-y e a r$ range $I$ believe of what the IDA normally does, normally grants, or views, but I don't have it front of me so I can't tell you.

MR. D'AGOSTINO: Well, I thank you for that. As I said, I just wanted to make it clear that -- I was unclear as to what was adopted on October $23 \mathrm{rd}, 2019$ because I haven't had an opportunity to review them yet, and $I$ only received these notices on Friday.

Again, the notice has referred to, and I'm quoting, that the Agency proposed to deviate from the policy

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due to the current nature of the property and because the property would not be economically viable without a PILOT for a term of up to 20 years.

Again, the benefits $I$ believe,
I stand to be corrected, which are granted by the IDA, are intended to stimulate, encourage development which would not otherwise occur. And all of that is factored into the extent of the benefits, the amount of the PILOT, how long the taxes remain fixed, which is usually during the period of construction. I understand that. And then how long it plays out.

The term that it plays out, obviously, impacts the burden on other taxpayers and property owners within The District to the extent that a portion of the school tax, in our case, budget, is being shifted to those other taxpayers. And
clearly, we're not the only -- we're not the only -- and $I$ didn't specify which taxpayers for the record, but the applicable taxpayers.

There's a school budget which is adopted and is apportioned, and each taxpayer, depending on the class, pays their fair burden or as near as fair can be determined with the assessment system that we have. The assessment system that we have is based upon valuation. And again, without knowing what portion of the -- exactly what portion of the lot is in Nassau of the $\$ 16$ million it was paid for, almost a year ago, it's difficult at this juncture to come to a conclusion as to whether or not and what presumably was an arm's length transaction determine what the value should have been or should not have been.

But in any event, now, going forward, whatever The District is

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did receive in school taxes from
this parcel in effect of being underwritten by the applicable taxpayers who have to make up that portion of the budget.

MR. LODATO: Can $I$ just say
something for the record? I'm sorry to disrupt you here, Al.

The School District receives a proportionate share of the taxes that are received. With this project, JFK Logistics, the PILOT abatement, or PILOT program if you will, starts the taxes at what they currently are.

So, the proportionate share and the amount would be the same. It is not reduced.

That's all I wanted to say.
MR. D'AGOSTINO: That's okay.
I was coming to that.
That's for, if $I$ may inquire, if I'm correct, for three years?

MR. LODATO: I'm sorry?

MR. D'AGOSTINO: That's for the
first three years?
MR. LODATO: Correct.
MR. D'AGOSTINO: If this
property were not the subject of tax benefits, PILOT, specifically the PILOT, then to the extent that the school taxes would have increased because -- or will increase because the budget increases, will not be reflected by the payments received by The District within the first three years.

Am I correct in that assumption?

MR. LODATO: I don't have enough information to answer that.

MR. D'AGOSTINO: I'm sorry?
MR. LODATO: I don't have enough information to really answer that.

MR. D'AGOSTINO: If - -

MR. PAROLA: We're not engaging in a dialogue here.

MR. D'AGOSTINO: No, no. I'll raise the questions for the --

MR. PAROLA: For the Board, please.

MR. D'AGOSTINO: And wisely put.

One can reasonably assume that if taxes are frozen at vacant land for three years. And if The District budget increases within those three years, then somebody else is picking up the increase and not the applicant through the IDA, which, of course, will have ownership or a long-term lease on the property.

Going forward, if the pro-rata increase over the remaining proposed 17 years does not keep pace with the school budget and school taxes, in that case, over two decades, somebody else has to pick up that burden over and above the PILOT payments received by The District.

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That is my analysis of it.
And I can say that although the

Lawrence Union Free School District has been in the forefront of keeping school taxes under control, to the extent that they can, there are built-in increases, which everybody will deal with over two decades. It would be like whatever occurred between 2000 and 2020 had this type of a -- this application be considered and had been considered 20 years ago.

In any way, I would submit -The District would submit that based upon the multimillion dollar -multibillion dollar improvements that are being made in connection with the airport expansion, that this property would be developed notwithstanding the benefits which the applicant is seeking. An analysis of the $\$ 16$ million purchase price would have to be

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looked at, but clearly if somebody thought it was worth \$16 million to proceed -- and I know -- listen, I fully understand that in many avenues with many projects, they would not have been built without an incentive.

This is not one of them. The market on this property is determined by the airport. The airport -- the proximity is determined by the airport expansion. It's really essentially -- I'm not going to say New York City project, but could be construed as a New York City project because of the valuation and the ultimate benefits we received. I'm not talking about the IDA benefits. I'm talking about the profitability of the project really determined by the airport and the airport expansion.

The District's position is that especially in this situation, the

JFK LOGISTICS CENTER, LLC 28 benefits are not needed.

So, if the application is
approved by the Board and if the deviation is granted with regard to the 20-year term, the only difference is -- in our opinion, it's our opinion, are that the project would be built, whether it's -- they're approved or not approved, but if they're approved, one of the taxpayers, the school district will have to assume over a 20 -year period or to be reasonably anticipated, will have to assume the burden which the applicant would otherwise fail or would have to assume based upon the increase of over 20 years -- and I would guesstimate that an examination of a PILOT would indicate that there is a benefit.

And the benefit is that the school taxes are being underwritten to the extent that there's agreed-upon PILOT, which is being
remitted to The District which the longer the terms of the PILOT are not reflective of increases and mandated increases in school district budgets.

Now, we've disputed before whether or not that type of a situation and -- constitutes a de facto gift of benefits equal to the burden shifted among remaining taxpayers, especially for an exceptionally long time, which apparently is not in accordance with the term currently set forth. And if it's not in the Uniform Tax Exemption Policy, the policy of the Board that the School District, as the largest municipal entity which levies taxes and requires local real estate taxes to provide its function, will see otherwise failure to assessed tax revenues from this project to be reduced on a self-advertising basis for up to

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20 years. Again, double the anticipated usual term.

The District has its concerns. Historically, you know its concerns. They are repeated here. I would say that we're kind of surprised, especially in light of past different positions taken by the Board and by The District, that nobody reached out to The District, other than a notice the day after Christmas.

There's suggestion that perhaps
the applicant should reach out to The District. And I know the IDA's going to take the position that it's not your role to do that. I also know it is customarily done.

And the last thing $I$ wanted to do was show up at this hearing today almost blind-siding you that The District was gonna take this position. And that's why I felt that a phone call to the --

JFK LOGISTICS CENTER, LLC 31 Mr. Lodato was both a request for information and the courtesy heads-up just letting you know that I would be here so that you weren't possibly surprised.

So, again, the position that I've been asked to relay by Mr. Forman, the President of the Board, is that The District is strongly opposed to this application and that it's not needed, it's not needed because of the market, and that's basically it. If you have any questions of me, I'd be happy to attempt to answer them.

MR. PAROLA: Thank you.
For the record, the Agency staff did not have sufficient time to redact the existing file to make it available to the outside, anyone on the outside that is seeking information.

Any other witnesses?

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MR. D'AGOSTINO: If I may? If
I may just comment on that?
MR. PAROLA: Okay.
MR. D'AGOSTINO: That assumes
that application for public benefits submitted to a public agency contains any language would have to be redacted. We don't know. Maybe yes, maybe no, but $I$ would assume not.

MR. PAROLA: Would anyone else
like to be heard?

MR. LODATO: Okay. Half hour.
MR. PAROLA: Do it.
MR. LODATO: If no one else
would like to speak, Mr. Parola and I would like to close this public hearing. We are viewing it is 10 o'clock. Sine die. Thank you all for coming.

MR. PAROLA: Thank you.
MR. D'AGOSTINO: Thank you very much.
(Time noted: 9:59 a.m.)

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| COUNTY OF SUFFOLK | ) |

I, ROEY KLASS, a Notary Public within and for the state of New York, do hereby certify that the within is a true and accurate transcript of the proceedings taken on January 13, 2020 .

I further certify that $I$ am not related to any of the parties to this action by blood or marriage; and that $I$ am in no way interested in the outcome of this matter.

IN WITNESS WHEREOF, I have hereunto set my hand this 13 th day of January, 2020 .







