

Long Island BusinessNEWS

NOV. 13-19, 2009 | VOL. 56 | NO. 52 | \$2.00 | WWW.LIBN.COM

Hempstead breaks legislative gridlock

LDC rescues \$81 million in nonprofit projects

By DAVID WINZELBERG

When part of the state's industrial development agency law expired in January 2008, it shut off the flow of funding for building at schools, hospitals and other nonprofits, and put more than \$2 billion in shovel-ready industrial development authority construction on the shelf.

Now, while Albany lawmakers drag their feet on a new bill, one IDA executive has found a way around the morass, financing about \$81 million for builds at two Long Island colleges.

Fred Parola, who heads the Town of Hempstead IDA, discovered that the town could use something called a local development corporation to issue bonds for project financing. So that's what they did, funding \$31 million for dormitories at Adelphi University in Garden City and about \$50 million for dorms and a campus center at Molloy College in Rockville Centre, while effectively thumbing its nose at a stagnant state Legislature.

Parola said he consulted a few state representatives before putting the LDC deals together to let them know the town wasn't trying to do anything against the law.

First established by the state's Jobs

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Development Corp. in the 1960s, LDCs mostly worked with banks to help small businesses. But the advent of IDAs in the '70s made LDCs all but obsolete, until now.

Peter Curry, an attorney at Farrell Fritz who represented both Adelphi and Molloy in the deals, said these projects wouldn't have gotten done without the town's LDC. He said while Hempstead is the first town to employ an LDC to fund nonprofit projects, there will probably be more, once the word gets out.

Tim Burton, vice president of finance at Adelphi, said he was impressed with the speed and professionalism of the LDC partners who "jumped through hoops" to secure construction funding.

"On Aug. 26 the LDC formally

approved the project," Burton said. "On Sept. 29 we closed on the deal. You can't get a mortgage that fast."

The main sticking point in passing a new IDA law is a prevailing wage provision that some state legislators want attached to the legislation. The provision would require all workers on IDA-funded projects to be paid according to union pay scales. But Hempstead's LDC already contains a prevailing wage requirement, which is why state legislators shouldn't be riled by the end run around their inaction.

Some state legislators have been looking to rein in IDAs, Parola said, because "they feel we are giving away the ranch." But in order to stay competitive with other states in attracting and holding onto companies, he said Long Island's IDAs have to keep providing tax breaks and other assistance because this ultimately results in jobs. And even if the IDA's hands are tied, Hempstead discovered there is always the LDC.

Burton said the revival of Adelphi's stalled dorm project, the first for the newly resurrected Hempstead LDC, couldn't have come at a better time. He said this year the school had 100 more students who requested on-campus housing than there were rooms available.

"This is exactly how government should work," Burton said.

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