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TOWN OF BROOKHAVEN  
INDUSTRIAL DEVELOPMENT AGENCY

- - - - -x

BOARD MEETING

- - - - -x

One Independence Hill  
Farmingville, New York

September 27, 2022  
12:50 p.m.

TRANSCRIPT OF PROCEEDINGS

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A P P E A R A N C E S :

**MEMBERS :**

FREDERICK C. BRAUN, III  
MARTIN G. CALLAHAN  
FELIX J. GRUCCI, JR. (VIA ZOOM)  
MITCHELL H. PALLY  
GARY POLLAKUSKY  
FRANK C. TROTTA

**ALSO PRESENT :**

LISA M.G. MULLIGAN, CHIEF EXECUTIVE OFFICER  
LORI J. LaPONTE, CHIEF FINANCIAL OFFICER  
JOCELYN LINSE, EXECUTIVE ASSISTANT  
TERRI ALKON, ADMINISTRATIVE ASSISTANT  
AMY ILLARDO, DIRECTOR OF MARKETING  
ANNETTE EADERESTO, ESQ., AGENCY COUNSEL  
WILLIAM F. WEIR, ESQ., NIXON PEABODY  
HOWARD R. GROSS, ESQ.,  
WEINBERG GROSS & PERGAMENT, LLP

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MR. BRAUN: We will now move into the meeting for the Industrial Development Agency.

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It's Tuesday, September 27th. It is exactly 12:50. The following board members are present: Mr. Callahan, Mr. Grucci via Zoom, Mr. Pally, Mr. Pollakusky, Mr. Trotta, Mr. Braun.

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Minutes of our meeting of August 17th have been sent -- excuse me, a quorum is present.

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Minutes of our meeting of August 17th have been sent to everyone.

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Can I have a motion to accept those?

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MR. POLLAKUSKY: So moved.

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MR. BRAUN: Thank you, Gary.

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Second?

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MR. CALLAHAN: Second.

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MR. BRAUN: Thank you, Mr. Callahan.

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On the vote, Mr. Trotta?

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MR. TROTТА: Yes.

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MR. BRAUN: Mr. Pollakusky?

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MR. POLLAKUSKY: Yes.

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MR. BRAUN: Mr. Pally?

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MR. PALLY: Recuse myself.

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MR. BRAUN: Yes, sir.

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Mr. Grucci?

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MR. GRUCCI: Yes.

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MR. BRAUN: Mr. Callahan?

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MR. CALLAHAN: Yes.

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MR. BRAUN: Mr. Braun votes yes.

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Minutes are accepted.

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MS. MULLIGAN: I'm going to take this out of order again. Thank you.

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12

So just like in the LDC, I'm going to move the slate of officers in the Governance, Audit and Finance committees' resolutions so that we officially welcome Mitch.

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The first one is a slate of officers will be adding Mitch as a member to our slate of officers.

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Can I have a motion?

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MR. CALLAHAN: So moved.

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MR. POLLAKUSKY: Second.

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MS. MULLIGAN: Okay. So Marty, you motioned and Gary, you seconded it.

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MR. BRAUN: On the vote, Mr. Callahan?

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MR. CALLAHAN: Yes.

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MR. BRAUN: Mr. Grucci?

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MR. GRUCCI: Yes.

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MR. BRAUN: Mr. Pally, recuse himself.

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Mr. Pollakusky?

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MR. POLLAKUSKY: Yes.

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MR. BRAUN: Mr. Trotta?

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MR. TROTTA: Yes.

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MR. BRAUN: Mr. Braun votes yes.

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That motion carries.

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MS. MULLIGAN: Then the next resolution

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is to add Mr. Pally to the Governance, Audit

12

and Finance committees; like with the LDC, we

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are appointing all of the members to each of

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the committees.

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MR. BRAUN: I'll make that motion.

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Is there a second?

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Mr. Callahan.

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MR. CALLAHAN: Second.

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MR. BRAUN: On the vote, Mr. Callahan?

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MR. CALLAHAN: Yes.

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MR. BRAUN: Mr. Grucci?

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MR. GRUCCI: Yes.

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MR. BRAUN: Mr. Pally, recuse himself.

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Mr. Pollakusky?

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MR. POLLAKUSKY: Yes.

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MR. BRAUN: Mr. Trotta?

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MR. TROTTA: Yes.

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MR. BRAUN: Mr. Braun votes yes.

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Motion carries.

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Lori.

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MS. LaPONTE: Okay.

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Included in your package for the IDA is  
the operating results July for year to date  
and for the month of July comparison to  
budget.

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Couple of things I want to point out.

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During the month of July we did have  
some activity as far as revenue goes. We had  
some PILOT penalties that we assessed and were  
paid during that period. We also had four  
applications during that period.

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We didn't have any closings, but we  
will see next month we did have three closings  
in August, so pretty much the rest of our  
expenses are in line with the budget.

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The one thing I did want to mention was  
that today I felt like I was playing Star Wars  
or one of these games back and forth with our  
banks.

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So we have an account at Hanover. This morning we got notification they're going to increase it to 1.2 percent. Our rate is up from .85 percent, so it's going to go to a full 1.2 percent. So I asked Flushing how the rate is and they responded they're going to increase us to 1.558 percent, so both of our rates at both of our banks are going up as of October, so I just want to point that out, that came up this morning and that's the operating report.

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I'm going to go through a couple of things.

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Insurance. At the last meeting I had mentioned to you that the IDA policies, which are the expiration date start August 12th and they go for a year. We were under discussion with who our carrier for commercial cyber policy was going to be, not commercial, just our cyber insurance and we had found -- our broker found somebody that was going to bring us in at about \$3,000 because we were being quoted 7,600 from Chubb. The prior year we paid Chubb our commercial prime 4,200. They

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increased it to 7,600 in one year.

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So this is on September 1st. We finally went back and forth and did speak with another broker to try to see if we could find another policy, pretty much Chubb is the only game and the comment to us was it's not a matter of if, it's a matter of when and then we all saw September 8th happened at the County and we had already procured this, so this is when we compare everything, even though it's double, we're almost double what we had paid in the past, it made the most sense to stick with Chubb for cyber, so I just want to point that out, a little bit different than what we had discussed at the last meeting.

The other thing I just want to mention is just that all the payroll taxes have been paid in accordance with federal and state guidelines, all regulatory reports have been filed in a timely fashion, all state regulatory payments have been made in accordance with the state guidelines and in a timely fashion.



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2

Last thing I want to -- last two things I want to mention is the budget.

3

4

I've included a draft of our budget in this September meeting. This would be our 2023 budget. It's due to be filed with New York State ABO by October 31st, so the next meeting we'll have to approve it, but for now I put together a draft for your consideration.

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I just want to point out a couple of items on the draft budget.

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One of the items would be, our biggest item, is the closing fees and what our expectations are. Based on what we know today, we have about a half a million we do expect to close, so we've projected a million saying that there is approximately half a million of unknown projects, so that's included in our budget.

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We also -- our PILOT fees have gone up significantly over the past two years since we had a lot of closings last year, they're going to start to hit our budget next year, so that's good.

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Interest income will be increasing

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slightly, we might have to adjust it even

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higher than what we projected in this draft

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budget.

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Overall, our expenses other than the

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salaries is pretty much consistent to like a

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three to five percent increase. Of course, we

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did -- we're doing the office renovation as

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you're aware, so there's going to be more

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expenses than just regular ongoing office

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items that are not capitalizable and then

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we'll also have the offset of items that we

13

can capitalize, we'll have an increase in

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depreciation, so those two lines are larger.

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Based on this, overall we're projecting

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a net deficit budget at this point, but again,

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this is just draft, this is for discussion

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purposes and we'll continue to go through it.

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Any questions on that projected budget?

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MR. BRAUN: Is there an amount over or

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under which we either expense or capitalize?

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MS. LaPONTE: Yes, yes, about \$500, we

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look at 500.

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MR. BRAUN: Anything under that would

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be expense?

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MS. LaPONTE: Mm-hmm. As long as it's not the same item, just we pay the payments, but typically we'll capitalize that number.

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MR. BRAUN: We might want to consider raising that, otherwise you're going to wind up with a depreciation schedule for a lot of small items.

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MS. LaPONTE: Right, right. And we haven't in the past, everything's been fully depreciated.

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MR. BRAUN: The car.

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MS. LaPONTE: All we have is the car and the iPads, so now we're going to have actual renovations, but some of the renovations we're doing wouldn't meet the government criteria, like the carpeting, certain items, so we will have a larger expense at that point.

19

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MR. BRAUN: Okay.

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MS. LaPONTE: Lastly, the shared service agreement, I just want to point out that this is new. Last year we had a shared service agreement to split costs that the IDA pays that also the LDC benefits and initially

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we took certain estimates or judgments and

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we're looking more closely at them, so for the

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'23 budget we have adjusted some of those.

5

We've changed our marketing from 50 percent

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between the IDA and the LDC to 75 IDA/25 LDC.

7

Also office supplies was 75 IDA/25 LDC, we've

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adjusted that to 85 and 15 percent to LDC.

9

That's the shared service agreement.

10

Any questions?

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MR. BRAUN: Once again, we'll bring

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back a final budget for your vote at the

13

October meeting, but again, any questions

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between now and then, send them to Lori or

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Lisa.

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I need a motion to accept Lori's

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report.

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MR. POLLAKUSKY: So moved.

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MR. BRAUN: Thank you, Gary.

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Second?

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MR. TROTTA: Second.

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MR. BRAUN: Mr. Trotta.

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On the vote, Mr. Callahan?

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MR. CALLAHAN: Yes.

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MR. BRAUN: Mr. Grucci?

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2 MR. GRUCCI: Yes.

3 MR. BRAUN: Mr. Pally?

4 MR. PALLY: Yes.

5 MR. BRAUN: Mr. Pollakusky?

6 MR. POLLAKUSKY: Yes.

7 MR. BRAUN: Mr. Trotta?

8 MR. TROTTA: Yes.

9 MR. BRAUN: Mr. Braun votes yes.

10 Lori's report is accepted.

11 MS. MULLIGAN: Okay. We have two  
12 applications on the agenda. The first is for  
13 a project called RAIA 80, LLC.

14 Do we have anybody waiting?

15 MS. ILLARDO: Yeah. I'm actually going  
16 to bring in Dan Baker.

17 MS. MULLIGAN: Okay, thank you. I'll  
18 keep going through this while you bring them  
19 in.

20 MS. ILLARDO: Sure.

21 MS. MULLIGAN: This is a project at 80  
22 Division Street in Patchogue. It's near the  
23 railroad and the ferry. It's a vacant former  
24 blighted hotel in Patchogue Village -- I'm  
25 sorry, it's a vacant parcel they knocked down,

1

2 but it -- what had been there was a blighted  
3 hotel.

4 The plan is to build a roughly 30,000  
5 square foot three-story building with eight  
6 one-bedroom units and 13 two-bedroom units and  
7 seven studio loft apartments. Like I said,  
8 the hotel has been demolished. The project  
9 will include geothermal and solar technology.  
10 There's going to be one full-time equivalent  
11 position and it's approximately an \$8.5  
12 million project. They are requesting mortgage  
13 recording tax exemption, sales and use tax  
14 exemptions and a 15-year PILOT.

15 As a market rate project, we are going  
16 to have Camoin do a study or have a study done  
17 and we have representatives from the project  
18 that are joining us.

19 Howard, did I miss anything that you  
20 wanted to add?

21 MR. GROSS: The only thing was I think  
22 Dan and I discussed it, I understand his  
23 client's aware that we have a requirement for  
24 the workforce and the affordable units to be  
25 included, so based I think on the numbers

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would be one unit of each.

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MS. MULLIGAN: And Mitch, just for your -- just to follow up, all of our market rate housing projects must have ten percent affordable units and ten percent of the units must be workforce.

MR. PALLY: Do we provide income limits for both of those categories?

MS. MULLIGAN: Yes, yes. Workforce is up to 80 percent of the AMI and -- I'm sorry, affordable is to 80 percent of the AMI and workforce is up to 120 percent of the AMI and we require that the project has have a third party -- annually has a third party certify that those requirements are actually being met.

MR. PALLY: Okay.

MS. MULLIGAN: So, Dan, did you have anything that you wanted to add?

MR. BAKER: Well, first off, good afternoon all and congrats to Mitch Pally joining the board, great addition.

I think the only thing I would add is -- great job, Lisa -- is that yes, I can

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confirm that Howard and I did discuss the

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affordable and workforce units and our

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apologies for not including that in our

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application, but yes, that is agreeable to the

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applicant.

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The only thing that I would add, which

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is becoming, you know, a (inaudible) of any

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application I'm making with any applicant to

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any IDA, which is unfortunately the things

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that, you know, make the benefits important

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are really, you know, becoming even more

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important as time goes by, which is the

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ever-increasing cost to construct, the

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ever-increasing interest rates, the increased

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difficulty in obtaining financing and all of

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the other things that go along in making these

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benefits so crucial to this application and so

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many that are coming before you and others.

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MR. BRAUN: Dan, I got your financials

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this morning, I appreciate you sending those

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in.

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The only question I have and I don't

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know anything about it, you can do geothermal

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that close to the water?



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MR. BAKER: I'll let my client answer that, Michael Mitzmacher is on, he's one of the principals.

5

You might be muted, Michael.

6

(No response.)

7

MR. BAKER: You're unmuted, but we're having difficulty hearing you or I am anyway.

9

MR. GROSS: I think the rest of us are, too.

10

11

MR. BAKER: Yeah.

12

(Pause.)

13

MR. MITZMACHER: How's that?

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MR. BAKER: Now we can.

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MR. MITZMACHER: Okay.

16

So the geothermal was engineered already and it can be done that close to the water, absolutely.

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MR. BRAUN: Okay. Like I said, I'm not familiar with it, it was just a general question.

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Any other questions for the applicant or Mr. Baker, the attorney?

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MR. TROTTA: Is there any comments from the Village of Patchogue; I know that they

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2 went through the zoning process, so that's  
3 good, but anything, we receive anything?

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MS. MULLIGAN: No.

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The Village approved everything and we  
haven't had our public hearing yet, so I

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wouldn't expect that we would have gotten

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any --

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MR. TROTTA: You answered my question,  
10 thank you.

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MS. MULLIGAN: You're welcome.

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MR. BRAUN: Does the board have a  
13 motion to accept the application?

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MR. GRUCCI: So moved.

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MR. TROTTA: So moved.

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MR. BRAUN: Thank you, Mr. Grucci.

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Mr. Trotta seconds it.

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On the vote, Mr. Callahan?

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MR. CALLAHAN: Yes.

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MR. BRAUN: Mr. Grucci?

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MR. GRUCCI: Yes.

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MR. BRAUN: Mr. Pally?

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MR. PALLY: Yes.

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MR. BRAUN: Mr. Pollakusky?

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MR. POLLAKUSKY: Yes.

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MR. BRAUN: Mr. Trotta?

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MR. TROTTA: Yes.

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MR. BRAUN: Mr. Braun votes yes.

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The application is accepted.

6

Thank you, gentlemen.

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MR. BAKER: Thank you all very much.

8

MS. MULLIGAN: Thank you.

9

10

The next item on the agenda is an application and we need to do a resolution

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also for the Sunrise Wind project.

12

This is an update to an application that we received previously.

13

14

Mitch, just so that you're aware, this is the -- and for everybody, to remind everybody, this is the wind farm project that was -- that is proposed and basically the portion in the Town of Brookhaven is the transmission line and the hook-up to the substation.

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So they have updated their application. Previously they sent us an updated application about a year ago that the cost of the project had gone up and now what they provided to us and it was included in your packet is an

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updated and finalized route.

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Bill, is there anything else?

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MR. WEIR: No.

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At this point, they actually gave us a narrative of the map that the (inaudible).

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The resolution for the board is to accept the revised application and authorize the public hearing.

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MS. MULLIGAN: And I think, do we

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have --

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MS. ILLARDO: So it's Andrew --

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14

MS. MULLIGAN: Okay. So guys from the project, does anybody have anything that they wanted to add?

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MR. KOMAROMI: This is Andrew Komaromi on behalf of Sunrise. I just wanted to thank the board for their ongoing commitment to this project and obviously this is a large and regionally significant project and therefore, you know, it has a somewhat longer lead time.

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I also would like to ask Lisa's and the staff's ongoing help with this as well as Bill Weir and his team's and as Bill mentioned this, is really just a supplement to the

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application that the board has previously

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seen. It was already supplemented once in --

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the original application was put in in April

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of '21, it was supplemented with dollar amount

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updates in July of 2021 and as Bill explained,

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this most recent update basically just firms

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up the actual route so that it would be able

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to move forward with a public hearing.

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MR. WEIR: Everybody has in their

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package (inaudible).

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MR. BRAUN: What's the expected timing

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for the public hearing and perhaps the

14

closing?

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MS. MULLIGAN: We have to schedule the

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public hearing. I'm not ready to today, so we

17

have a little bit more work to do, but when

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the closing -- Andrew, do you have a sense of

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that?

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MR. WEIR: Well, the real question is

21

when will you have all the public approvals in

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place for --

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MR. KOMAROMI: That's right. And we

24

expect those to hopefully have in hand, at

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least the ones that I think you will find

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2 important for, before the end of the year, so  
3 we're hoping to come back to you for a final  
4 approval before year-end.

5 Again, this is not a firm commitment,  
6 but we hope to get there.

7 MR. BRAUN: Thank you.

8 Questions from the board?

9 (No response.)

10 MR. BRAUN: All right.

11 MR. POLLAKUSKY: I'll make the motion.

12 MR. BRAUN: To accept the revised or  
13 updated application.

14 MR. POLLAKUSKY: So moved.

15 MS. MULLIGAN: And to also set --

16 MR. BRAUN: The public hearing.

17 MS. MULLIGAN: To authorize --

18 MR. WEIR: Publish the public notice  
19 and to hold the public hearing.

20 MS. MULLIGAN: Thank you.

21 MR. BRAUN: Motion on the floor.

22 Is there a second?

23 MR. CALLAHAN: Second.

24 MR. BRAUN: Thank you.

25 On the vote, Mr. Callahan?

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2 MR. CALLAHAN: Yes.

3 MR. BRAUN: Mr. Grucci?

4 MR. GRUCCI: Yes.

5 MR. BRAUN: Mr. Pally?

6 MR. PALLY: Yes.

7 MR. BRAUN: Mr. Pollakusky?

8 MR. POLLAKUSKY: Yes.

9 MR. BRAUN: Mr. Trotta?

10 MR. TROTTA: Yes.

11 MR. BRAUN: Mr. Braun votes yes.

12 That motion is carried. Thank you.

13 MS. MULLIGAN: Okay, thank you

14 everybody.

15 The next item on the agenda --

16 MR. KOMAROMI: Thank you.

17 MR. BRAUN: Thank you.

18 MS. MULLIGAN: Thank you.

19 -- is a resolution for the BLSF, LLC

20 project.

21 This, to remind everybody, is a solar  
22 installation on approximately 30 acres of the  
23 Town's landfill. This is on a capped portion  
24 of the landfill and because it's a capped  
25 portion of the landfill, there's some special

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2

construction protocols that need to be put

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into place because they can't penetrate into

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the landfill and this impacts the cost of this

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project.

6

Included in your packets is the cost

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benefit analysis, the PILOT and also, we had a

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public hearing a couple of days ago and there

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were comments. Those comments and the link to

10

the actual live stream of the public hearing

11

was shared with all of the board.

12

I think we have a representative from

13

the project on if you guys have any questions

14

for him.

15

Does anyone have any questions?

16

MR. BRAUN: In addition to the live, I

17

think most of you received copies of the

18

letters that were submitted at that public

19

hearing as well.

20

MS. MULLIGAN: Yes.

21

MR. GRUCCI: I have a question for the

22

applicant.

23

Could you just refresh my memory as to

24

what this project entails, what's it about?

25

MS. MULLIGAN: Daniel, I think you're



1

2 muted; do you want to take that?

3 MR. PROKOPY: All right.

4 Good afternoon everyone. Thanks for  
5 having me on.6 Would you mind, Mr. Grucci, to repeat  
7 the question, I couldn't hear it, I'm sorry?

8 MR. GRUCCI: Certainly.

9 I just asked for a refresher as to what  
10 this project is about; what are you doing?11 MR. PROKOPY: Of course. Of course.  
12 Thank you for the question, Mr. Grucci.13 It's a six megawatt AC solar project.  
14 We received an award under the feed-in tariff  
15 five PSEG Long Island program, a community  
16 solar program. We have the land lease with  
17 the Town of Brookhaven. We are in the middle  
18 of the development with the Department of  
19 Environmental Conservation to get their  
20 approval.21 We expect start of construction early  
22 next year as soon as the snow melts on Long  
23 Island. We think we are ready to get the  
24 shovel in the ground.

25 As Lisa mentioned, we will not

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penetrate the ground. The project will

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consist of about 16,000 solar panels with 540

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watt each for each panel, so that brings us to

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at least the capacity of about 8.6 megawatts

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and it will produce about 25 million kilowatt

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hours of green energy a year.

8

MR. GRUCCI: If you're not penetrating

9

the ground, how do you hold the solar panels

10

in place?

11

MR. PROKOPY: With ballast blocks.

12

So we have concrete blocks and in the

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concrete blocks we have poles that hold the

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rails and the panels.

15

MR. GRUCCI: Got you, okay.

16

And I assume you have all of the proper

17

liability coverage for the Town?

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MR. PROKOPY: We do, yes, sir.

19

MR. GRUCCI: Thank you.

20

No further questions.

21

MR. BRAUN: Any questions from the

22

board?

23

MR. PALLY: Is the intent -- and I

24

apologize for coming in late -- having read

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all the materials, is the intent that the --

1

2 because the landfill at the moment is owned by  
3 the Town of Brookhaven, therefore, it is  
4 tax-exempt, is the intent that the parcel on  
5 which this project is going to be located is  
6 going to be taxed?

7 MS. EADERESTO: No, it's leased, the  
8 Town will still own this.

9 MR. PALLY: So, therefore, there are no  
10 real property taxes?

11 MS. EADERESTO: And there never have  
12 been.

13 MR. WEIR: Well there would be  
14 (inaudible).

15 MR. PALLY: Well, that's my question.

16 MR. WEIR: Now it's not, but once you  
17 put a commercial project on a Town property,  
18 it would be subject to taxation.

19 MR. PALLY: Right.

20 So the parcel in which the project will  
21 be located will be assessed by the assessor at  
22 some thing, right, that's what will happen?

23 MS. EADERESTO: Yeah, but it will be  
24 tax exempt. The PILOT tax makes it tax  
25 exempt. We've done that with all our solar

1

2 projects.

3

4 We have solar projects at the  
5 Holtsville Ecology site, the Manorville, the  
6 old Manorville Compost site, Town Hall, Town  
7 Hall roof, the Bald Hill Amphitheater. None  
8 of those projects --

8

MR. WEIR: Calabro Airport.

9

10 MS. EADERESTO: Calabro Airport and so  
11 there are many different districts of the Town  
12 and none of them, all of them have zero  
13 PILOT's and this particular project, taxing it  
14 would be cost prohibitive, it would make this  
15 project not viable and Daniel can speak to  
16 that.

16

17 MR. PALLY: I'm not arguing, I'm just  
18 trying to figure out why -- they pay zero now,  
19 right?

19

MS. EADERESTO: Correct.

20

MR. PALLY: Because the Town owns it.

21

22 MS. EADERESTO: And the Town will  
23 continue to own it.

23

24 MR. PALLY: And the Town will continue  
25 to own it.

25

The assumption is without the PILOT,

1

2

there would be some tax, okay and the PILOT brings it back to where it is today, which is zero. That's the circle we are going around.

5

MS. EADERESTO: That's correct.

6

MR. PALLY: Thank you.

7

8

MS. EADERESTO: And we've done that with every solar project on Town property.

9

MR. PALLY: Fine.

10

MR. CALLAHAN: Being consistent.

11

MR. PALLY: Right.

12

13

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19

MR. TROTTA: In reading a lot of the comments that were sent to us, the question with regard to the South Country School District and the benefit to that school district that the project is in, is there any way that the district could be compensated in any way with taxing it; you're saying no, they've never been --

20

21

22

23

MS. EADERESTO: Daniel can speak to the cost of this project, I think that might be helpful for the board and the cost of interconnection, which is enormous.

24

Daniel.

25

MR. PROKOPY: Thank you, Annette, I'm

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2 happy to.

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So the project has been coming along quite some time. We started working on this project probably four, four and a half years ago, sending the first application to PSEG Long Island trying to receive some kind of benefit and award from PSEG Long Island. They were not exactly easy to work with to be quite frank. We had several meetings and then we got a what's called Cesar (phonetic) report, basically feasibility study back with more than \$4 million estimated in our connection costs for 3,700 feet in a connection route.

Actually thanks to Mr. Supervisor Romaine and Annette Eaderesto, we were able to get into a dialogue with PSEG Long Island and we were able to find a different solution and shaved off about \$1 million in estimated connection costs, but with \$3 million it's still much higher than everything I have seen in my 14 years in solar so far.

The other cost adding point to this project is as mentioned, we can't penetrate the ground, we have to work with concrete and

1

2

then due to the pandemic the last two or three

3

years, unfortunately solar module pricing,

4

steel, the commodities, itself, aluminum, the

5

medium voltage equipment, transformer

6

stations, switching equipment, everything has

7

almost doubled.

8

We are seeing some light at the end of

9

the tunnel right now with the IRA, the

10

Inflation Reduction Act, that has just passed

11

and that helps the project to actually come

12

along, but as mentioned before in this meeting

13

and earlier meetings, without the PILOT, the

14

project would not move forward here at this

15

point.

16

MR. PALLY: The end result of all of

17

this is that the school district gets zero

18

now.

19

The likelihood --

20

MS. MULLIGAN: The taxing

21

jurisdictions.

22

MR. PALLY: The taxing jurisdictions,

23

right. Let's be fair. All the taxes

24

jurisdictions including the Town gets zero

25

now, right?

1

2

MS. EADERESTO: Correct.

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12

MR. PALLY: The likelihood that anybody would able to do anything else on a landfill is slim to none, okay and therefore, we are putting productive use into a piece of property that would otherwise not be able to be used for any other purpose, so the school district and the local governments end up the same, but we make a public policy benefit to provide green energy to the community. That's the end result of all this.

13

14

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16

MR. TROTTA: And the fact that the fees collected for the project to the Town of Brookhaven are going to benefit the entire township.

17

18

19

20

21

22

MS. EADERESTO: Correct. Because the landfill is going to close to C&D in the end of 2024 and the Town is trying to put a lot of these leases and other projects into play so that there's not an enormous tax increase on the tax -- Town tax line.

23

24

MR. BRAUN: Mitch, I think you summed it up very well, thank you.

25

Do we have a motion?



1

2

MR. POLLAKUSKY: So moved.

3

MR. BRAUN: Is there a second?

4

MR. PALLY: I'll second it.

5

MR. BRAUN: Thank you.

6

On the vote, Mr. Callahan?

7

MR. CALLAHAN: Yes.

8

MR. BRAUN: Mr. Grucci?

9

MR. GRUCCI: Yes.

10

MR. BRAUN: Mr. Pally?

11

MR. PALLY: Yes.

12

MR. BRAUN: Mr. Pollakusky?

13

MR. POLLAKUSKY: Yes.

14

MR. BRAUN: Mr. Trotta?

15

MR. TROTTA: Yes.

16

MR. BRAUN: Mr. Braun votes yes.

17

That motion carries. Thank you.

18

MS. MULLIGAN: Thank you everyone.

19

The next item on the agenda -- thank

20

you, Daniel -- the next item on the agenda is

21

a resolution for MDS Building Ventures. They

22

have requested a sales tax increase.

23

To remind everybody, this is a

24

warehouse distribution center in the Shirley

25

Industrial Park. MS Packaging, we have

1

2

another project with them in Yaphank, they're

3

building a second facility. They have

4

requested an increase in their sales tax

5

exemption.

6

The project cost increased by about \$5

7

million from 13.791 to 18.791 million, so the

8

sales tax increase -- and it was due to the

9

increases in cost for construction, furniture,

10

wrapping, computers, special lighting,

11

cabling, there's a whole laundry list of items

12

and the sales tax abatement that they've

13

requested has increased from 425,000 to

14

724,500.

15

MR. TROTTA: And you have the

16

document -- you documented why the increase

17

percentages?

18

MS. MULLIGAN: The letter was included

19

in the packets.

20

MR. TROTTA: Is that verified, you feel

21

comfortable with what they have provided?

22

MS. MULLIGAN: They ask us --

23

MR. TROTTA: I mean anybody can write

24

and I don't mean it in a negative way, you

25

feel comfortable with what the, you know, what

1

2

they've put in their letter?

3

4

MS. MULLIGAN: My comfort is probably only partially important in this.

5

6

7

8

9

They told us that they need additional sales tax to get their building up and running and so that's our role in this, is that if they need sales tax exemption, they come back to us. There's costs associated with it.

10

11

MS. EADERESTO: If they didn't spend it, they don't get it.

12

(Inaudible comments.)

13

14

MR. WEIR: And they have to certify to New York State --

15

16

MS. MULLIGAN: Yes. There's a whole . . .

17

(Inaudible comments.)

18

19

20

MS. MULLIGAN: There's a whole tracking system that we have in place, so as they spend --

21

(Inaudible comments.)

22

23

24

25

MS. MULLIGAN: But they don't come to us and ask for it if they don't need it and like Annette said, if they don't spend it, they don't get it.

1

2

MR. TROTTA: Okay.

3

MS. MULLIGAN: So --

4

5

MR. BRAUN: And the letter's written by  
an attorney that we've worked with over the  
years.

6

7

MS. MULLIGAN: Yes.

8

9

10

11

So I need a motion to pass this  
resolution to increase their sales tax; they  
don't need additional time, just additional  
allocation exemption.

12

MR. TROTTA: I make that motion.

13

MR. BRAUN: Thank you.

14

MS. MULLIGAN: Thank you, Frank.

15

MR. BRAUN: On the second?

16

MR. POLLAKUSKY: I'll second.

17

18

MS. MULLIGAN: Howard, did you have  
something you wanted to add?

19

MR. GROSS: Yeah.

20

21

Are we going to schedule a public  
hearing for this?

22

MS. MULLIGAN: Yeah, we do, we need to.

23

24

MS. EADERESTO: Yeah. Thank God for  
Howard.

25

MS. MULLIGAN: That's why we have the

1

2

attorneys.

3

MS. EADERESTO: So you made a motion  
and a second; you can amend the --

5

MR. TROTTA: I'll amend it with regard  
to the public hearing.

7

MR. BRAUN: Who was the second?

8

MR. GRUCCI: I'll amend the second, it  
was Felix.

9

10

MR. POLLAKUSKY: All right, not a  
problem.

11

12

MR. BRAUN: All right.

13

Mr. Callahan?

14

MR. CALLAHAN: Yes.

15

MR. BRAUN: Mr. Grucci?

16

MR. GRUCCI: Yes.

17

MR. BRAUN: Mr. Pally?

18

MR. PALLY: Yes.

19

MR. BRAUN: Mr. Pollakusky?

20

MR. POLLAKUSKY: Yes.

21

MR. BRAUN: Mr. Trotta?

22

MR. TROTTA: Yes.

23

MR. BRAUN: Mr. Braun votes yes.

24

Motion carries. Thank you.

25

MS. MULLIGAN: So I'm going to ask that

1

2

we take the next item out of order because I

3

believe that representatives from Camoin have

4

joined us, so want to bring them up; they're

5

going to do a presentation on the spec

6

industrial study that we commissioned, it's

7

included in your packets and I see some people

8

printed it.

9

MR. BRAUN: Yes, we did.

10

MS. MULLIGAN: And so I see that Rachel

11

is with us. I think --

12

MS. ILLARDO: I'm moving John over.

13

MS. MULLIGAN: John's coming in, also,

14

okay, great, thank you.

15

Amy, when you get a chance, if you can

16

share your screen with PowerPoint.

17

MS. ILLARDO: Yes. I'm going to bring

18

the PowerPoint . . .

19

MS. MULLIGAN: We're going to share the

20

screen with the PowerPoint; does that work for

21

you guys, Rachel; I think you're still muted?

22

MS. SELSKY: Yeah, that sounds great.

23

MS. MULLIGAN: Okay.

24

MS. SELSKY: Hi, everyone, it's nice to

25

see you all. Good meeting so far.

1

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12

All right. So once you're able to, you can kind of make that full screen if you want or we can just kind of operate this way, it doesn't matter, but Lisa asked that John and I come today and just present on the findings of the market analysis that we did on the warehouse and distribution sector, real estate sector in Brookhaven to help provide you all with some more information as you are making your decisions and so our -- you can go to the next slide.

13

14

15

16

So in terms of overall presentation here today, we will review the purpose of the analysis, the major findings and the discussion.

17

18

Is the PowerPoint working okay on your end?

19

(Pause.)

20

21

MS. MULLIGAN: Rachel, just let us know --

22

MS. ILLARDO: Rachel, talk to me.

23

24

MS. SELSKY: Oh, yeah, you can go to the next slide.

25

MS. ILLARDO: Okay.

1

2 MS. SELSKY: Yeah, yeah, I'm sorry, I  
3 only -- I just see it as -- it just says  
4 warehouse and distribution to me, it's the  
5 cover page still.

6 MS. ILLARDO: Oh, no. We're on page  
7 three.

8 MS. SELSKY: Okay, perfect. Then I'll  
9 just look at my list, my screen, that's fine.

10 MR. GRUCCI: That's all I see as well,  
11 is the Warehouse and Distribution Analysis.

12 MS. SELSKY: Oh, yes.

13 MS. MULLIGAN: Felix, you can't see it,  
14 either?

15 MR. GRUCCI: I can only see the  
16 Warehouse and Distribution Analysis.

17 MS. SELSKY: So just the cover, the  
18 cover page.

19 MS. MULLIGAN: Did you hit share  
20 screen?

21 MS. ILLARDO: It says you are sharing.

22 MS. SELSKY: We can see it, like it  
23 popped up. Maybe because you hit . . .

24 MS. MULLIGAN: Full screen?

25 MS. SELSKY: Yeah, maybe that. Maybe



1

2

because you hit presentation, maybe it got

3

funny. I wonder if we can change it on our

4

side. No.

5

MR. GRUCCI: You clicked on slides or

6

on PowerPoint?

7

(Inaudible comments.)

8

MS. MULLIGAN: Let's try this again.

9

Oh, there I am. Okay.

10

Do you guys see anything different?

11

MS. SELSKY: Yes.

12

MS. MULLIGAN: Is that working now?

13

MS. SELSKY: I think so.

14

MR. GRUCCI: I see Major IDA --

15

MS. SELSKY: It looks like it's where

16

you had progressed to, so that looks good.

17

MS. MULLIGAN: I didn't do anything

18

except close it and open it again.

19

MS. SELSKY: It's all right.

20

(Inaudible comments.)

21

MS. SELSKY: So let's back up just a

22

little bit. Let's go back to the second

23

slide, if we could, the one that's agenda now

24

that we're kind of situated.

25

Yup, there you go, perfect.

1

2

So Lisa and her team asked Camoin

3

Associates to assist with this analysis.

4

For those of you who don't know, I'm

5

Rachel Selsky. I'm a vice president at Camoin

6

Associates. I work with Lisa on the

7

reasonableness testing that we do, so I'm very

8

familiar with the types of projects that come

9

through the Brookhaven IDA and I'm also here

10

with John Walker, he's an analyst at Camoin

11

Associates, he does the vast majority of our

12

retail market analysis, data collection and

13

analysis and so we came together as a team.

14

Dan Stevens also worked with us on this

15

project -- he's the director of our real

16

estate team at the firm -- to create a

17

methodology to really understand how to think

18

about this question that you all have and so

19

the purpose of the analysis really was to in

20

recognition that there's been a lot of spec

21

building and spec projects being proposed and

22

so we were asked to assist in understanding

23

the supply and demand trends, consider how the

24

current growth and pipeline may impact vacancy

25

rates and provide information to the IDA board

1

2

to really guide decision making moving

3

forward.

4

5

We understand you have these projects that come before you. If you go to the next

6

slide, we recognize that you have these five

7

projects in front of you and you're trying to

8

understand how this much in new building, so

9

over two million square feet, 556,000,000 in

10

investment, how would that impact the

11

community and how should you think about these

12

projects going forward?

13

14

And so what we did and if you want to

go to the next slide, I know you all have seen

15

the report, it was very data heavy, so I

16

wanted --

17

18

MR. GRUCCI: Rachel, I don't mean to

interrupt you, but it's not just these five

19

projects that concerns me, it's these five

20

projects and what else may be coming in that

21

we haven't seen yet.

22

MS. SELSKY: Yup.

23

MR. GRUCCI: Where is the cutoff point

24

that we now start to be concerned that we have

25

too many of the square footage of warehousing

1

2

and distribution?

3

4

5

MS. SELSKY: Absolutely. I think that's a great point and something, you know, we -- it's really a timing issue.

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So like these projects, there is still demand, there's still demand, but at some point, it's going to flip and so how do we think about the projects moving forward and so you're absolutely right, these are just five projects, there are many other projects in the County that are in different points of the pipeline and the construction and so it's more than just these five projects and it also impacts your existing facilities, so it's a great question that you all are asking, I think it's really forward thinking and important right now.

19

20

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24

25

And so our analysis really looked at as much of that information as we could -- you can go ahead to the next slide -- including understanding where -- what's going on with the industry and what are the projected trends for this warehouse distribution center industry as a whole and so over the last ten

1

2

years or so, you saw it was like pretty

3

stable, pretty stable. You saw some growth

4

right at the end of like 2019 or so, a drop in

5

2020 likely due to COVID, but then a steep

6

increase in total number of jobs in this

7

sector in Brookhaven over the last ten years

8

and you can see it went up, it's starting to

9

stabilize a bit more coming into 2022 and so

10

you've seen this, you've seen the increased

11

demand, you know, it's national news being

12

discussed about the increased demand for these

13

types of jobs and therefore, the facilities

14

that are related to those jobs.

15

If you go onto the next slide, we also

16

look at vacancy rate and so you can see we

17

looked at both distribution and warehousing

18

separately because we like to look at the

19

nitty-gritty.

20

Combined, however, the current vacancy

21

rate for warehouse and distribution facilities

22

in Suffolk County, so on a -- you're not in a

23

vacuum, you exist in a larger region, so the

24

combined vacancy rate for these types of

25

buildings and facilities is 2.4 percent.

1

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3

4

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8

You'll notice that distribution is like essentially at zero percent vacancy. It's a much smaller total square feet compared to warehouse and so the warehouse, they kind of even each other out, so the combined vacancy rate is 2.4 percent from the most recent data that we have available.

9

10

MR. GRUCCI: Rachel, if I could ask you another question.

11

MS. SELSKY: Sure.

12

13

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MR. GRUCCI: I see the decline in the vacancy rate and it appears to coincide with -- the vacancy rate decline seems to coincide with the decline of COVID, meaning that the country came out of its lockdown and people started going back out and shopping again and perhaps the need for online sales was not there, which would in my opinion decrease the need for warehouse and distribution centers.

22

Did you find that in your study?

23

24

MS. SELSKY: So I may be misunderstanding.

25

So I see the decline, you know, it was

1

2

starting to go up a little bit right around

3

2020 and then as there was so much more

4

consumer demand for goods rather than

5

experiences, people were buying stuff and food

6

and all types of things that they weren't

7

historically buying online, that's when the

8

decline started to happen. That's when these

9

facilities started to really fill up because

10

there was so much demand for that last mile

11

type of distribution center and there was

12

increased demand for warehousing space.

13

So we found actually that as coming out

14

of COVID, it's continued to -- there continued

15

to be the demand, the supply and demand

16

continues to grow, so people are still

17

building industrial facilities and there

18

continues to be the demand for space.

19

The future is yet to be unknown as you

20

kind of mentioned, Felix. As people start to

21

transition back to more experiences, will that

22

demand continue to exist, will people still be

23

buying, you know, everything from Amazon and

24

everything from online retailers rather than

25

going out and spending money traveling and

1

2 spending money going to concerts and outdoor  
3 restaurants and more experiences, so how will  
4 that shift in consumer demand impact the  
5 demand for the warehousing and distribution  
6 space? That's a major consideration.

7

8

I don't know if I answered your  
question, Felix; did I get to it?

9

10

11

12

MR. GRUCCI: Yeah, you touched upon the  
concern that I have and as we go through this,  
you know, it may clear it up a little bit  
more.

13

14

15

16

MS. SELSKY: Yeah, wonderful and yeah,  
everybody feel free to ask questions, I'll do  
my best, I might lean on John as needed as  
well with some of the data questions.

17

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MR. TROTTA: I just want to say also in  
addition to the kind of warehouses we're  
seeing, we're seeing the Home Depots and the  
Lowe's that are, you know, buying space within  
those warehouses for retail stores, so it's  
not just, you know, what we were just  
discussing with Felix, but also a mix of that,  
also.

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MS. SELSKY: Yeah, yup, absolutely.



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So if you go onto the next slide, you'll see the development pipeline. Here we're looking at the amount of space that is either proposed and in final planning or under construction.

You'll notice that Suffolk County has the -- you know, vast majority seems like an understatement, but the vast majority of the activity in the space is occurring in Suffolk County.

Nassau County, from what we heard on interviews and some of our research, Nassau County is, you know, getting fully built out, the property is just that much more expensive and is being converted to different types of uses, so like multifamily, it's more of a, you know, units are -- spaces being used for residential uses, things like that, whereas Suffolk County can still serve those major markets, but there remains land and so it's more attractive to this type of development, which is why there is one of -- you know, some of the reasons why there's such a large amount of this type of proposed and in final planning

1

2 for this type of space.

3

4

5

MR. GRUCCI: Rachel, I assume when you say Suffolk County, you're excluding Brookhaven Town from those numbers?

6

MS. SELSKY: No, that's in there.

7

MR. GRUCCI: Okay.

8

MS. SELSKY: Yup.

9

10

11

MR. GRUCCI: So we're part of that 8,116,000 square feet, I guess or proposed final planning?

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MS. SELSKY: That's correct.

13

MR. GRUCCI: Okay.

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MS. SELSKY: That's correct. And so this and -- this is a combination of data that we pulled from CoStar and John, you might need to correct me here, this is information from CoStar, which I'm sure you've heard of it, it's a real estate service that we subscribe to that captures the inventory and what's going on in real estate as well as information provided to us from the IDA as well.

23

24

John, were there any other sources that fell into this category?

25

MR. WALKER: No. That's what we drew

1

2 off from this.

3 MS. SELSKY: Great.

4 MR. WALKER: And I'll just say that  
5 between the two, you know, we started with our  
6 CoStar pipeline and Lisa and her team were  
7 able to augment that with a few extra pieces  
8 and I know that there was a couple of pieces  
9 in the CoStar that the IDA was not aware of,  
10 so, you know, I guess everybody's trying to  
11 get a hold of what the entire reality is and  
12 between, you know, the sources, I think we've  
13 got good coverage on that.

14 MS. SELSKY: Yeah.

15 MR. GRUCCI: Rachel, on future slides,  
16 do you break out Brookhaven's portion of  
17 Suffolk County to see what of that proposed  
18 8.1 million actually is going to reside in  
19 Brookhaven?

20 MS. SELSKY: So we don't have that in  
21 the slide.

22 John, is that in the report?

23 MR. WALKER: That is not, though I will  
24 say that that listing that we saw up a couple  
25 of slides that highlighted those two million

1

2 square feet, two million and more, is included  
3 in the eight million that we see for Suffolk  
4 County. We could construct that, though. I  
5 don't know the number offhand, what that  
6 proportion is, but there's a corner right  
7 there just in five projects, so a substantial  
8 portion.

9 MR. GRUCCI: That's just what's in the  
10 pipeline, not yet what is expected to come in?

11 MR. WALKER: What we have right now are  
12 actual projects that have been proposed,  
13 right.

14 In the analysis, we do not build on  
15 unexpected increment. We're working  
16 exclusively with, you know, what we know to be  
17 in place right now.

18 MS. SELSKY: Right.

19 MR. GRUCCI: Okay, thank you.

20 MS. MULLIGAN: Projects that were on an  
21 earlier slide and also in this study are five  
22 projects that this board has accepted  
23 applications for.

24 MS. SELSKY: Right.

25 MR. GRUCCI: So if my math is right,

1

2 about 25 percent of that eight million sits in  
3 Brookhaven currently.

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MR. WALKER: Just in those five  
projects.

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MR. GRUCCI: Right. Not counting  
what's already here.

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In the study, which I don't have in  
front of me right now, but there's a more  
detailed listing of 30, 40 some projects that  
we account for and the towns that they fall  
into, the communities they fall into and we  
can identify which of those are Brookhaven.

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MR. GRUCCI: Great. Thank you.

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MS. SELSKY: Good.

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So now if you go onto the next slide,  
we had to -- so as John was saying, you know,  
we did our best to kind of get our arms around  
all the projects that are in the pipeline,  
kind of what is coming down the pike, what is  
in construction and we needed to figure out so  
if all of this comes online, what will happen  
to the current vacancy rate, how do the  
projected absorption rates, so projected how

1

2

much of the space will actually be occupied,  
align with the projected pipeline and where is  
that disconnect and so we looked at a number  
of different scenarios to really get our hands  
around this and so there's a bit of a range.

7

I want to go through kind of what those

8

scenarios are.

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So the first scenario -- the first two  
scenarios are around demand.

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11

So there's the CoStar absorption. They  
put out some projections that list out what  
they expect the absorption to be over the next  
five years based on their information, their  
market research and they are -- you know,  
they're higher rates of absorption. That's  
kind of the case where the jobs continue to  
grow and there's continued incredible demand  
for this kind of space.

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We also wanted to kind of check that  
with what was happening in the county  
pre-COVID. Like if we go back to before the  
world was turned upside-down, what levels of  
absorption could we expect and so we looked  
back at I believe it was six years pre-COVID

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and what amount of space, how many square feet

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of this type of space was absorbed each year

4

and so we used that as like more of a historic

5

average absorption rate. That's the demand

6

side. What's going -- you know, what's going

7

to happen on the demand side is one of our

8

questions.

9

The other question is on the supply

10

side, what is actually going to be built and

11

so there's three different scenarios we look

12

at here.

13

One, we look at the CoStar scenario.

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Again, they have projections about what they

15

believe the amount of growth will be over the

16

next five years. We also -- but that was --

17

John, correct me if I'm wrong -- that was a

18

bit below what we knew the pipeline to be; is

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that right?

20

MR. WALKER: Yeah. I don't think -- I

21

don't think that their projections really

22

capture, you know, the potential build-out

23

that's kind of built into the large pipeline

24

that's in place and part of that might be they

25

didn't -- weren't aware of all of the

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projects, you know, I was saying that we

3

augmented the list, I'm not sure, but

4

reviewing what they had, it looked like, you

5

know, it was unreasonably modest in their

6

expected build-out.

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MS. SELSKY: And so we added two more

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scenarios based on the information we have at

9

hand about all these projects; so the projects

10

that are in front of the IDA, those five

11

project in front of the IDA board, the

12

projects that we heard about through, you

13

know, our research and that came us to through

14

the IDA as well as the information that was

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from CoStar. So that's that eight million

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number that you saw on the previous slide

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about the development pipeline and so we said

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well, what if only 50 percent of as-built, not

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all of it's going to built, right, some of

20

it's going to fall off, things are going to

21

change, it's not all going to be built, so we

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looked at a 50 percent scenario as well as an

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80 percent scenario that it gets built out

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over the next five years like in even

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increments.



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So we looked at these, you know, five questions and we looked -- we wondered what would the vacancy rate be under these different scenarios and you can see it ranges from, you know, the high levels of absorption and the modest pace of growth of 3.4 percent, but if we're under a scenario where the historic absorption of Suffolk County comes back and 80 percent of the current pipeline is built, that's closer, you know, a nine percent vacancy rate.

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And so this was the modeling that we did to really look at what the impact would be on the County's vacancy rate under these different scenarios.

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(Pause.)

18

MS. SELSKY: All right.

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If you go to the next slide, there are certainly other things at play.

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So the project pipeline is always changing, we talked about that already, like even just trying to get a handle on all the projects at play was a challenging endeavor and so there's always things coming in and out

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of the market and it's difficult to say for certain what types of future development will happen.

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So that's the supply side, but the demand side also is uncertain, there are a lot of things at play, so there's changing consumer demand due to inflation, the recession that's, you know, on the -- potentially on the horizon as well as just changing consumer, you know, desires, people are wanting to travel more and spend less money on goods.

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Some current industrial buildings may come offline just due to, you know, their aging or they get transitioned into a different type of use, so that will bring supply down.

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There are increasing interest rates that will -- that may make projects no longer financially feasible, so that would reduce the number of projects that would move forward from planning to construction.

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Continued increased demand from New York City and the New York City area will --

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could warrant additional need, additional  
space need in Suffolk County.

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And there's also innovations in  
distribution technologies that would allow for  
higher ceilings and therefore, things can be  
higher and need less square feet, like less  
footprint and so it would be switched to like  
a square footage to more of a cubic space and  
so there would be a -- you would need less  
footprint to accommodate a greater amount of  
goods and so all of those things are at play  
when we're considering, you know, what is the  
future of this sector.

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MR. GRUCCI: Rachel, would it be fair  
to assume that some of these items that you  
list here as potential risks would put further  
pressure on the build-out of these types of  
distribution and storage centers into Suffolk  
County and if it's into Suffolk County, I'm  
sure it will be a preponderance of it in  
Brookhaven Town since we have the bulk of the  
real estate left to be developed, you know, as  
compared to the other various townships, so  
inflation risks and aging, adapting of current

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properties, changes in interest rates would put more pressure on the IDA to approve these projects than if those types of things didn't exist; is it fair to assume that?

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The aging and adapting of current properties, that would result in increased -- their decreased supply of space and therefore, if demand continues up and there is still demand for more modern facilities, there would be increased demand for this type of space in the County and therefore, demand on the IDA to work with these kinds of projects.

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MR. GRUCCI: Okay.

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MS. SELSKY: Go ahead, John.

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MR. WALKER: You know, I was going to to say the whole goal of the exercise that we did with the modeling on the earlier page, you know, kind of -- there's a great deal of

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uncertainty in general on the supply side, on

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the demand side and what we've done with this

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I think is build some bounds around each of

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the elements as best we're able to to provide

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some guidance, you know and I will say the

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upshot is that we see real potential for

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overbuilding within the market, that's kind of

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where it all points.

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On this page of other considerations, I

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think we're just trying to make the point that

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even when we look at all the factors that we

13

can kind of shape and model, there's still

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some uncertainty and so, you know, one of the

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big ones that will be affecting on the demand

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side is this potential for an upcoming

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recession, okay, which could definitely drop

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back the demand.

19

Also, to the extent that interest rates

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go up, some of these projects that currently

21

pencil out, they might make sense at, you

22

know, prior interest rates, you raise a few

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percent, they might, you know, go into

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deferral or be prolonged some, so I guess

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that's what we're trying to get at with this,

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is there's additional uncertainty on top of

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what we've already discussed.

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MS. SELSKY: Yeah.

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MR. GRUCCI: Thank you and it did raise  
the question and if it sounds like I'm opposed

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to these types of development projects, I'm

8

not, I'm just trying to get an understanding

9

of what risks there would be to Brookhaven to

10

overbuild these types of projects.

11

MS. SELSKY: No and I think that's

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smart and I think if you go to the next slide,

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that's kind of our conclusion, is that caution

14

is warranted in this situation.

15

Recent demand and growth of this sector

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and growth in demand may not sustain into the

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future, which would result in higher vacancy

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rates that would likely be most detrimental to

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the older, less modern, you know, lower height

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facilities in the community and in the Town as

21

well as in the County.

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Over the last several years, demand has

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been exceptional and the market has absolutely

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responded and that's why you see all of these

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new projects coming online.

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Vacancy rates remain extremely low, but there is this like bubble of projects that are all, you know, all in the market said whoo, now's the time and got their act together, put it in front of the IDA board and so it's like this bubble of projects that are going to come online.

The vertical innovations may be really causing an underestimate of impact, so as I had kind of mentioned, people can store more stuff higher and therefore, they need less space, but our current understanding of square foot and how increased demand relates to square footage of industrial space doesn't quite capture that and so it might be -- have a more significant impact on the vacancy rate as people are able to use these new innovations.

The height demands that people are looking for, all new buildings, all the tenants are coming in asking for these really high ceilings, that will negatively impact the older buildings that weren't built that way.

As we just talked about, the unstable

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economic conditions will negatively -- in general negatively impact the sector and the probable increase in vacancy will be in the range of six to nine percent as we had seen under those market scenarios.

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MR. GRUCCI: Rachel, what caught my attention in your first report that we were given was your two middle bullet hits, your vertical innovation by causing or underestimate of impact and height demands of negative impact on older buildings.

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That one really caused me to be concerned that the new technology that's out there and the landlords basing their lease upon volume versus square footage, the state-of-the-art buildings, is going to cause a drain on the existing storage and warehousing and distribution centers that we currently have, causing them to be the same scenario that we experienced, I think it was back in the '80s, when all the new shopping centers came on board and all the old shopping centers went into decay.

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I would hate to see us move forward and



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not take that kind of caution so that we're  
not cannibalizing what we currently have for

3

4

the production of new and state-of-the-art

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types of warehousing and to that extent, I

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think the IDA need to wrestle with that theory

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and if indeed they agree that that's a

8

problem, we should have some kind of a plan

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and a program that rings the bell when it's

10

time to cut off taking applications for these

11

types of projects.

12

MS. SELSKY: You're right on, Felix.

13

When we had some interviews and we spoke with

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real estate brokers and they also -- they

15

voiced similar concerns around that the market

16

is soon to become oversaturated and just as

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you said, the over -- the greater impact will

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be on those smaller, less modern facilities

19

than the larger newer ones.

20

MR. BRAUN: Felix, I don't know if

21

anyone has a handle on the existing square

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footage of warehouse and distribution

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facilities in the Town that if everybody's

24

correct and the new volume buildings are more

25

important, what happens to the old ones and

1

2 where are they, is there an adaptive reuse for  
3 those buildings?

4 Couple of other risks here. I mean we  
5 have what's -- let's call it a reputational  
6 risk for ourselves as well as the Town that if  
7 all of a sudden a number of these are empty  
8 and there are tax issues and everything else,  
9 but these builders have a significant  
10 financial risk. A lot of these guys have been  
11 in the business a long time, they're talking  
12 about hundreds of millions of dollars of  
13 investment and I'm sure there's a race to get  
14 the shovel in the ground to get their  
15 buildings up before the next guy, but it's  
16 hard to, you know, kind of put on a scale  
17 which risks are more.

18 Certainly for the builders and their  
19 financial risk are very high if they're the  
20 last guy in town and you know, a number of the  
21 people that have been before us have also said  
22 that while they're talking to a number of  
23 potential lease customers, if you will, that  
24 until they get a shovel in the ground and  
25 steel starts to go up, the people don't

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believe them, so again, it's going to be a

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race to see who gets started first.

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MR. TROTTA: I think based on some of

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the applications we've seen, the heights are

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very different than the original buildings, so

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they're building a totally different type of

structure compared to today.

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MR. BRAUN: Yup.

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MR. PALLY: That's why she indicated

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that the vacancy rate issue is more likely to

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be with the older buildings than with the

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newer buildings and that people who are in the

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older buildings may leave those buildings for

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the newer buildings because of the additional

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height and other amenities that the newer

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buildings will now provide.

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I mean what that does do, of course, is

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as Fred pointed out, gives the community an

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opportunity to transform those older buildings

21

into new uses that may not have been

22

envisioned back when those buildings were

23

built, so you have -- that doesn't mean it's a

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panacea, but you have that opportunity.

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MR. TROTTA: Yeah, you might have some

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opportunity for some housing depending on the area that they're located that are then in the reverse.

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MR. PALLY: That's correct.

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MR. BRAUN: And at one time Lisa and I also talked about attempting to differentiate between distribution and warehouses.

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8

9

To me, distribution is the Amazons, people like that, whether it's Lowe's and their appliances and Home Depots and their appliances versus warehousing where it could be like in our case a spec building, like the Bactolac, which is a huge facility being built in the Shirley Industrial Park and they're headquartered in Hauppauge.

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MS. MULLIGAN: Or IDS, the project that is on its way.

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MR. BRAUN: Those to me are warehouses more than distribution and I don't know if you can really define it, but that's kind of --

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MR. TROTTA: Yeah, totally different uses.

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MR. CALLAHAN: Yeah. That's like the shopping center in Port Jeff Station that was

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built 50 years ago and it's stores and now

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it's all knocked it down and putting in bars.

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(Inaudible comments.)

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MR. CALLAHAN: But the whole idea is to

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get everybody out of there --

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MS. EADERESTO: The problem with that

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theory, though, is how things fit much better

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intermixed with commercial, the J zoning.

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These are industrial buildings, industrial

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areas. Not putting houses there, that's not

12

happening.

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MR. CALLAHAN: They could do something.

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MS. EADERESTO: Or it could become --

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MR. PALLY: Well, they tried to when

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got approval to and they ran into a sewerage

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with the County. The County capacity was not

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great enough for the industrial park on the

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housing, but they're redoing the sewer lines

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as we speak.

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MS. EADERESTO: That's like the whole

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park.

23

MR. PALLY: Right.

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MS. EADERESTO: That's not here and

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there.

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MR. PALLY: It's a centralized location, which is a different context.

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But each old building is in a place that may or may not be appropriate. You don't know until you know what building you're going to look at.

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MR. TROTTA: The requirements for warehouse are differently than for other uses.

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MR. PALLY: I know.

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MR. BRAUN: Are there any other questions for the representatives from Camoin?

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MR. CALLAHAN: They did a good job.

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MR. BRAUN: Hearing none, I thank you very much.

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MR. CALLAHAN: Thank you.

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MS. SELSKY: Wonderful.

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MR. WALKER: Yes, thank you very much.

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MS. SELSKY: Have a great afternoon, bye-bye.

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MR. GRUCCI: Thank you, Rachel, for all the answers, I appreciate that.

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MS. SELSKY: I hope I didn't leave you with more questions.

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MR. GRUCCI: Well, there's always

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another question, I'm like a Columbo.

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MS. SELSKY: Take care guys, have a good afternoon, bye-bye.

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MR. GRUCCI: Thank you.

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MR. GRUCCI: Mr. Chairman, if I may, I think Mitch made a good point before that in the immediate future, the buildings that are going to be affected are the existing ones that don't meet the standards of high ceilings and greater volume and those will become zombie buildings in the not-too-distant future as we get more and more of these high tech, higher capacity buildings in place. But that doesn't mean that in the future that they won't be making it.

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I mean if her nine point something percent vacancy rate comes to fruition, just based upon the pipeline, we've got over 200,000 square feet of empty space, you know, strewn all around Brookhaven Town.

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I would welcome the board considering doing a -- creating a plan so that we could continue to take these types of applications -- and I understand the

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distinction between the warehousing and the

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distribution and perhaps it's two plans --

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that tells us when we should start to really

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be concerned that we're approving too many of

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these types of projects and either put a

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moratorium on them or ring the bell and say no

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more for a while rather than get to the finish

9

line and find out that we have too much and

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now we've created, you know, the scenario of

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the '80s back again.

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MS. MULLIGAN: Felix, one thing that I

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just want to point out is that I think that

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there's a different end user who isn't going

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to be interested in these modern high

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ceilings, new buildings; they are still going

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to be looking for the older, more traditional

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buildings. So I don't think that this

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necessarily means that they're all going to be

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empty, I think there will still be a market

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for them because some people, that's exactly

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what they want and the price is right.

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MR. CALLAHAN: The price is right.

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MR. POLLAKUSKY: I think, though,

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Felix, to Felix's point, at what point do we



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reach a critical mass and how do we create the

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metric to get to that amongst some type of,

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you know, formal one sheeter that we can

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get -- be guided by.

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MR. BRAUN: You get a crystal ball.

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MR. POLLAKUSKY: Yeah.

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MS. MULLIGAN: And there's so many

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factors that I don't think we're going to come

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up with a one sheeter that's going to be a

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metrics and we go well, this happened, so now

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we move here. There's too many pieces.

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(Inaudible comments.)

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MR. TROTTA: Addressing that and

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becoming aware of the issues and as we look at

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these, they're critical things that are

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brought out in this, they're put into play

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during the conversation --

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MR. BRAUN: Felix --

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MR. TROTTA: -- you know, it's hard

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to --

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MR. GRUCCI: I was going to say, are we

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just going to leave it to our own feelings as

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to when, you know, we've reached that critical

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mass and what do we have, five, six people on

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the board, that means five or six different

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opinions rather than doing like we did with

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the UTEP and say these are the types of

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residential units we want, these are how many

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we want and here's where we want them?

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Why wouldn't something like that make

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sense for these, you know, mega buildings that

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are being put up; I mean we're talking about

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millions of square feet of space that if

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indeed it becomes, you know, ten percent

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unusable or vacant, we have another huge

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problem that's going to be facing the Town

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Board.

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MR. BRAUN: Felix, there's one other

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thing that hasn't been mentioned and that is

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as several of the applicants said when they

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were here, just because they're putting up a

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200,000 square foot building doesn't mean

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they're looking for one 2,000 square foot --

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2,000 --

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MR. GRUCCI: Two million square foot.

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MR. BRAUN: Or a hundred thousand if

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it's one building.

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MR. GRUCCI: Right.

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MR. BRAUN: Most of them have said they're willing to break it up --

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MS. MULLIGAN: All of them.

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MR. BRAUN: -- into smaller parcels.

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MR. GRUCCI: And Fred, none of them have said they have a lease signed with anyone yet.

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MR. BRAUN: That's correct.

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MR. GRUCCI: So they're speculating

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just like we are.

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MS. MULLIGAN: People have expressed to

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us that what they find is that nobody is

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willing to sign a lease until you have a

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shovel in the ground and steel up and you're

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making legitimate progress, so I don't think

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that we're going to see -- and it's not like

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one of them said that, that's been all of them

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across the board have said that and talking to

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other people that's in other areas, they're

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hearing the same thing, so I'm not --

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MR. GRUCCI: Perhaps that the way it's

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always been. Maybe it's because it's -- the

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developers know that they can get what they're

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looking for, build a building and then go out

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and spec it.

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If the word starts to get around that hey, you know, you guys, if you're serious about taking on the space in the warehouse, you've got to give us some kind of a proposed -- you've got to give us some kind of indication other than a verbal communication that you're going to take the space when it's leased, otherwise we're not going to get an approval from the Town.

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I mean that may change some thinking out there in the marketplace.

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MR. TROTTA: Is that a hard requirement in this day and age with supplies and I don't mean with regard to, you know, meeting the demand of when a building is going to be built or if it's going to be built. I mean these guys are not going to sign a lease, you know, without having some indication because they're putting their future in jeopardy just by signing something and tying themselves up when maybe something in between is going to come along and -- or maybe they can wait until, you know, two years from now when it's complete,

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but --

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MR. PALLY: In reality, they are putting up a lot more money than we are.

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MS. MULLIGAN: Yes, yes.

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MR. CALLAHAN: Hundred percent.

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MR. PALLY: A lot more money than we are and their willingness to take that chance, for lack of a better term, is an integral part of their business in that regard.

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MR. POLLAKUSKY: There's also the Town of Brookhaven. I mean things take a little longer sometimes in our Town with planning and buildings, but I think, you know, to Felix's point again, where's the garbage going, right, so if we become a storage center for, you know, the region, I mean, you know, do we want to consider adding something to, you know, our process here that, you know, that limits some of the, you know, the -- something these projects.

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22

MS. EADERESTO: Well, isn't the real question the job creation numbers and when you don't know who (inaudible), you don't know what the job is. That's the real issue.

25

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2

MR. TROTTA: Good point.

3

4

MR. WEIR: Suffolk County IDA just terminated a company to inspect the route --

5

6

MR. GRUCCI: Bill, could you speak up a little bit, please?

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8

MR. WEIR: I'm sorry.

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19

Suffolk County IDA at their meeting in -- the July meeting terminated one spec warehouse distribution facility because they did not have any jobs at the end of first job market. Not a single tenant, not a single job, so they were terminated. We have that in our documents as well. The IDA is protected, it still goes back to are the developers (inaudible) building something, you know, they have said and I think it's correct that no tenant will sign a lease until they know the date (inaudible), but again, so --

20

21

22

23

24

25

MR. GRUCCI: I wasn't suggesting that they sign a lease prior to the completion of it, that's not our obligation. Our obligation is to make sure that A, to Annette's point, there's something going on in the Town that's creating jobs, but do we want to create jobs

1

2

in the short term and then have a problem in

3

the long term that the facility that they are

4

working at is going under because there's just

5

too much competition and they're cannibalizing

6

each other and then all those jobs that we've

7

created no longer exist?

8

What I was thinking and trying to

9

suggest and I'm probably not doing a very good

10

job of it, is that there's got to be some kind

11

of metric that this board can review that says

12

yes, this is a good project, this is a good

13

area for it and this is -- and we still need

14

this much space.

15

I think the report that we saw kind of

16

leads us in a direction, but it also tells us

17

to be very cautious about overbuilding.

18

What I'm not understanding is, is

19

there, you know, is there a red light in this

20

process that says hey, enough of the

21

warehouses in Brookhaven, like we said for

22

other things that there's enough of them,

23

let's put a moratorium on it and let's see

24

where the market takes it.

25

I don't think that we should just be

1

2

open-ended with every application that comes

3

in and just base it upon historic criteria. I

4

think that we need to be innovative and

5

forward thinking on this to prevent the future

6

problem for future IDA's and future Town

7

boards.

8

MS. MULLIGAN: Felix, those are good

9

points.

10

I don't think that there is a red light

11

or at least I don't see where one is going to

12

happen, except for we have a couple of things

13

that we can do internally and I think if we do

14

some of those things, like adjusting our PILOT

15

the way that the PILOT is offered, that's one

16

thing that we can do so that it makes it --

17

because I think probably the first ones in or

18

the first few in are going to be built and

19

then the ones who show up later to the game

20

are not going to be built and I think -- a few

21

years ago we had more assisted living projects

22

coming in than I could believe and I kept

23

thinking when is this going to stop, like when

24

are we going to reach a saturation point and

25

then all of a sudden, we just didn't get



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anymore.

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I think the market does know -- I don't know if the market knows, but the market corrects itself, so I think in some regards, we can be sort of along and just see what happens and it will stop when it's supposed to stop. I do understand there's the concern that we'll up with too many of them, but somebody said before that these developers have a lot more at stake than we do, they have a lot of money invested and are proposing to invest a lot of money, so I think some of the costs that they're accruing right now might be, you know, the cost of business, maybe they'll decide to pull their project out and not do it, but if they want to be in the game, they have to spend this money now.

But I think that one thing that we can do to help normalize this, I guess, is adjust our PILOT for these, so that's something that this board can decide to do and I just to mention to everybody also that I have gotten requests from two projects that they would like us to hold a public hearing. I have told

1

2           them I can't schedule a public hearing until I  
3           know how you guys want to progress, so I just  
4           want to put that out there so you have all the  
5           information that I am getting phone calls, I  
6           am getting people who are interested in moving  
7           ahead at this point.

8

          MR. GRUCCI:   How much additional square  
9           footage is that over the two million that we  
10          currently have in the pipeline?

11

          MS. MULLIGAN:  No, these are two  
12          projects that you've already accepted the  
13          application.

14

          MR. GRUCCI:   Okay, I'm sorry, I  
15          misunderstood.

16

          Lisa, when you say adjust the PILOT,  
17          are you saying that they should pay more in  
18          the PILOT or less time in the PILOT; I'm not  
19          clear on what you're saying, what you mean by  
20          adjusting the PILOT?

21

          MS. MULLIGAN:  Well, I mean I think  
22          that's a -- those are certainly two options.  
23          I don't have an exact formula worked out, but  
24          those are two options that we could look at to  
25          . . . how . . . incentivize and move things.

1

2

MR. TROTTA: I think we should look

3

at --

4

MR. GRUCCI: I would be a little

5

hesitant to do that because like I said

6

before, I'm not against these projects, I'm

7

against the overbuilding of these projects, so

8

I wouldn't want to make it more difficult or

9

more costly for those that we consider to be a

10

good project and the community and the Town

11

can use that project, I don't want to make it

12

more difficult for them to be able to build, I

13

just want to -- I want to understand, you

14

know, when is enough enough, you know what I

15

mean and it doesn't seem that we can come up

16

with that -- with a solution for that other

17

than leaving it to the marketplace.

18

MR. BRAUN: Felix, to use Gary's term,

19

I don't know if we're going to be able to come

20

up with an absolute metric as to when is

21

enough enough. I think we need to continue

22

discussing it in the next month or so and

23

anybody has any ideas as to how to refine it,

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circulate an email to the board and to Lisa

25

and to our attorneys and maybe we can come up

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with something, but as Lisa said as it related to assisted living, the market's going to tell us when enough is enough. Hopefully it's not after a building's up and empty.

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MR. PALLY: I'll be very interested to see if the trend continues in 2023, very interested to see because I think a lot of people got in and now because of market demand and people who come here will see the other amount of land, amount of (inaudible) being built, so I think you're right, let's see what happens.

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MS. MULLIGAN: We do have five projects that are waiting, so although I understand that this board needs time to bring everything and to think about it, we do have projects that are --

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MR. CALLAHAN: We've accepted, right?

MS. MULLIGAN: We've accepted five projects.

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23

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MR. CALLAHAN: That's right.

MS. MULLIGAN: A few of them are asking that they are ready to move forward and so I don't -- obviously you guys take as much time

1

2 as you need, but I just want to plant that  
3 seed probably because I get the pressure on  
4 the other end.

5 MR. BRAUN: I know one for certain, the  
6 OTB project's not going to close until  
7 sometime in 2023. I can't speak to the other  
8 four.

9 MS. MULLIGAN: We have others that one  
10 of them would like to close next month. I  
11 told them I don't think that's --

12 MR. BRAUN: I don't see a reason to  
13 hold it up.

14 MS. MULLIGAN: Well --

15 MR. CALLAHAN: We accepted the  
16 application.

17 MS. MULLIGAN: Okay.

18 (Inaudible comments.)

19 MS. MULLIGAN: But there's a chain  
20 reaction, so now you want me to set the public  
21 hearing, but then I have to do the PILOT,  
22 so --

23 MR. TROTTA: What I was going to  
24 suggest when you brought it up, is why don't  
25 you make -- review the PILOT, make some

1

2

suggestions between Annette, Bill, yourself

3

and you know, let's have that maybe for the

4

next meeting to discuss and then move ahead

5

with something after that?

6

MS. MULLIGAN: Well, one thing that we

7

could do, if we want to move ahead with these

8

projects and not pushing it out for another

9

month, is we could say that we're going to

10

give a narrow window of land only to get them

11

up and built and then do a -- for a double

12

485B, which is effectively ten percent

13

increments for ten years, that's one thing

14

that we could do.

15

MR. BRAUN: We have an attorney on the

16

phone -- on Zoom that represents at least two

17

of our projects. Let's listen carefully.

18

MR. CALLAHAN: You're talking about

19

Howard?

20

MR. BRAUN: No, Dan Baker.

21

MS. MULLIGAN: Dan Baker.

22

MR. CALLAHAN: Dan, okay.

23

MR. PALLY: I think if they are willing

24

to go forward, if they are interested in going

25

forward, we should at least try to move those

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2

two and see what happens. The other ones will

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happen if they happen, but if those two or if

4

any of the two are interested in doing

5

something, we should reciprocate.

6

MS. MULLIGAN: Okay.

7

So do you guys -- whatever we do for

8

those two for the PILOT is probably what we're

9

going to end up doing for the rest of them.

10

MS. EADERESTO: You want might to just

11

tweak the PILOT language, to do what Bill said

12

what the County did, like just put to it in

13

there flat out; if they don't have movement,

14

permits, something by year one or two --

15

MS. MULLIGAN: And we've done that

16

in --

17

MS. EADERESTO: Like right in the

18

language for this particular spec.

19

MS. MULLIGAN: Yes.

20

MS. EADERESTO: Till they figure it

21

out.

22

MR. CALLAHAN: That's fair.

23

MS. MULLIGAN: Okay. So --

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MR. TROTTA: With regard to reviewing

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the PILOT, are we going to do that, also, in

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between this --

MR. GROSS: I was under the impression that the recent warehousing projects were double 485B's with a land only for some period during construction. That's what you've been -- I thought that's what the board had been doing.

MS. MULLIGAN: Yeah.

MR. WEIR: Yeah, but we may be shortening the land only period, Howard.

MR. GROSS: Okay.

MR. WEIR: So that people aren't sitting there not building it.

MR. CALLAHAN: Right.

So basically making them put the shovels in the ground and get it going.

(Inaudible comments.)

MR. GRUCCI: If I can offer another thought, the applications that we've already accepted, they've been playing by the rules that were in existence at the time that they submitted their application.

I would suggest that until we know what we're going to do, leave the criteria for the



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public hearing and the PILOT payments the same until we have a firm understanding that we're going to do something or we're not going to do something.

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I wouldn't want to cause these folks to experience a greater cost than what they originally proposed to build this at when they presented their applications to us. I don't think that's fair to pull the rug out from under them at this point.

12

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14

15

MS. MULLIGAN: I don't think that's what we're doing, Felix, I think we're actually doing what they've asked us to do, which is to move forward.

16

17

MR. GRUCCI: Right, but we're going to adjust their PILOT payment.

18

19

MS. MULLIGAN: But they don't have a PILOT yet. We haven't set anything with them.

20

21

22

23

MR GROSS: If I may, if I understand it correctly, what's being suggested is to make certain that they adhere to a schedule to develop.

24

MR. CALLAHAN: Yes.

25

MR. GROSS: In the past, you've always

1

2

said they will move ahead diligently, so  
instead of just using the more vague language  
of diligent, I think now we're just going to  
set up some milestones, if I understand this  
correctly, to make sure it does move along.

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I don't think that should be any  
different than what's in their interest anyway  
because it should not increase their costs and  
if I were them, I would want to develop that  
property as quickly as possible so that  
they're one of the first ones out there to  
lease their properties out to whoever's  
available and not wait.

15

(Inaudible comments.)

16

17

MR. TROTTA: The economy they're in, I  
think that's the responsible thing to do.

18

19

MR. PALLY: I think that benefits them  
and us at the same time.

20

21

MR. TROTTA: Absolutely. It's a  
win-win.

22

MR. PALLY: Absolutely.

23

24

25

MS. EADERESTO: Except there's one  
that's not viable, it's not going to go  
forward.

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(Inaudible comments.)

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MS. MULLIGAN: I think I might -- do I need a resolution to set the public hearings for the two projects or the few projects that have come forward or am I good to progress with that?

8

9

MR. WEIR: I think the original acceptance already gave you that.

10

11

12

MS. MULLIGAN: Okay, okay. Good. Then I'm going to start moving forward with the public hearings.

13

MR. CALLAHAN: Okay.

14

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16

MS. MULLIGAN: Yes. Okay, thank you everybody. I appreciate the time on this and the direction.

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MR. GRUCCI: Can I just ask Annette one question?

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MS. MULLIGAN: Yes.

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MR. GRUCCI: Annette, have you heard anything from the Town Board as to their feelings towards this type, these new projects that are coming into the Town; are they concerned about the overbuilding of warehouse and distribution, not that they're going to

1

2 influence the decision of the board obviously,  
3 but I was curious to see if they're on the  
4 same wavelength that I was?

5 MS. EADERESTO: Yes and I think now  
6 that our study's finalized, we can share it  
7 with them.

8 MS. MULLIGAN: Yeah. There was a typo  
9 in that I wanted them to correct before I --

10 MS. EADERESTO: They knew that the IDA  
11 was doing this study, they were happy that you  
12 were and they were interested in the results.

13 MR. CALLAHAN: I think they wanted us  
14 to share our results as to what we're --

15 MR. PALLY: Can I ask a question?

16 MR. BRAUN: Absolutely.

17 MR. PALLY: The five projects that have  
18 been accepted, not approved, but accepted, are  
19 they all located on land that is zoned by the  
20 Town for that purpose?

21 MS. MULLIGAN: Yes.

22 MS. EADERESTO: Correct.

23 MR. PALLY: So, therefore, if the Town  
24 is interested in restricting some industrial  
25 uses, one would assume that the Town would

1

2

also have to look at their zoning to

3

eliminate --

4

5

MS. EADERESTO: It's not that they want to take away industrial, that's not correct at all, they want to keep all the industrial that they possibly can, but they don't want to see empty buildings going up.

6

7

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MR. PALLY: But technically, technically, somebody could build a warehouse building without coming here by land already zoned by the Town industrial without any recourse by the Town.

11

12

13

14

MS. MULLIGAN: Yeah.

15

16

MR. PALLY: That could happen in that regard.

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19

So just the fact that we may play referee doesn't mean we play referee all the time in that context, but that's the --

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MR. TROTTA: That's a very good point.

21

MR. BRAUN: Has OTB been resolved?

22

23

24

MS. EADERESTO: Um . . . yes. It's not effective, but we had the hearing and passed it.

25

MR. BRAUN: Okay.

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MS. EADERESTO: But that has moved.

3

MR. BRAUN: Yes. Appears to.

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MS. EADERESTO: Which is not --

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MR. BRAUN: Yes.

6

MS. MULLIGAN: Okay. Good for the next

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item -- we're good.

8

Any other questions?

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MR. TROTTA: No.

10

MR. GRUCCI: Thank you for listening,

11

appreciate it.

12

MR. BRAUN: Thank you.

13

MR. WEIR: Thank you, Felix.

14

MS. MULLIGAN: Okay.

15

So the next item on the agenda is Ronk

16

Hub.

17

Okay, so that's just an update, I just

18

wanted to let everybody know that we are

19

just -- we're holding -- oh, you're going to

20

recuse yourself, aren't you?

21

MR. TROTTA: Exactly.

22

MS. MULLIGAN: Yes. As I looked over

23

at you, I realized what you were doing. Okay.

24

MR. TROTTA: Let the record show --

25

MS. MULLIGAN: Let the record show that

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2

Frank is recusing himself.

3

(Mr. Trotta stepped out.)

4

5

MS. MULLIGAN: Howard, you should  
recuse as well.

6

MS. EADERESTO: He's muted.

7

MR. CALLAHAN: Bye, Howard.

8

9

MS. EADERESTO: Walk out of the room  
for a minute.

10

MR. WEIR: Leave it on, just walk out.

11

12

MS. MULLIGAN: I'll text you when we're  
back, this will take two seconds.

13

(Mr. Gross stepped out.)

14

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MS. MULLIGAN: So this is just for the  
Mensch properties only. You already passed  
the resolution, the eminent domain process and  
we are starting the vesting process, which is  
the eminent domain process for the Mensch  
parcels only, it's really just an update, I  
just wanted to make sure that you were aware.

21

Does anybody have any questions?

22

(No response.)

23

24

MS. MULLIGAN: Okay. Could somebody  
just grab Frank?

25

(Inaudible comments.)

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MS. MULLIGAN: Okay. I'll let Howard know.

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The next item on the agenda is job creation numbers.

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Like I mentioned in the LDC, we had a few projects that did not make their job creation numbers and as you asked Fred and I to reach out to all of the projects and get letters and updates from them, we did that. Everybody was very responsive and the . . . I don't think that there was anything that was out of the ordinary, anything that was going to surprise you as far as their explanation, much of it had to do with COVID and I don't think any of them were projects that we were having significant projects with, so . . . we think everything was appropriate.

19

(Mr. Trotta came back in.)

20

21

MS. MULLIGAN: I was just doing job creation numbers for the IDA.

22

23

24

MR. TROTTA: Okay.  
Let the record reflect that I've now returned.

25

MS. MULLIGAN: Yes.



1

2

MR. TROTTA: Thank you.

3

MS. MULLIGAN: Frank is back.

4

5

MR. BRAUN: I think the State guideline

6

kind of has been the annual review of the job  
creation numbers, somewhere in the

7

neighborhood if you hit 85, you're fine. I

8

think we gave it a little bit more leeway the

9

last year or so because of COVID.

10

MR. PALLY: Sure, but that's why I'm

11

going to be very interested to see the next

12

report because to some degree, the COVID

13

explanation has lessened, so I'll be

14

interested to see where they have some

15

(inaudible).

16

MR. TROTTA: That's due in February?

17

MS. MULLIGAN: Yes and then we present

18

it to you guys, we typically give you two

19

years so you can see the year before so you'll

20

be able to see how -- what's changed.

21

MR. PALLY: And you can see the trend.

22

MS. MULLIGAN: Yeah. We can put three

23

if that's helpful. That will be to you guys

24

. . . it's due in February, we usually get it

25

to you after we do PARIS, so March, April time

1

2

line.

3

Any questions on that?

4

(No response.)

5

MS. MULLIGAN: Okay.

6

7

The next item on the agenda, okay, so I don't know if everybody heard this, but we had

8

a problem with the transcription last month

9

and as a result, I listened to the meeting

10

while I was reading the transcription and I

11

think because I was going through that

12

exercise, something clicked in my head.

13

I realized that part of our discussion

14

at the last meeting about the things that

15

we're doing and just wasn't connecting and I

16

couldn't figure out where the disconnect was

17

and then I realized I'm the disconnect. I am

18

not doing a good enough job of letting you

19

guys know of the things that we're doing in

20

the office.

21

So we had this whole conversation, I'm

22

going to say community outreach and small

23

business committee was sort of the discussion

24

and I realized that we're doing so many of

25

these things, but I don't articulate them to

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2

you, so I put together a list and Amy has been

3

leading the charge on most of these, so I just

4

wanted to let you know just in the past few

5

weeks, Amy spoke at the Farmingville Hills

6

Chamber; she attended a Long Island regional

7

planning council webinar regarding job

8

creation and some programs that are out there.

9

I volunteered to be part of the Long Island

10

Regional Economic Development Council's

11

Workforce Development Committee, I think is

12

what they call it. Amy participated in a

13

series of influence luncheon, the Middle

14

Country Library October meeting, a LIBI

15

dinner, she met a bunch of times with the

16

Suffolk County Department of Labor to put

17

together a webinar to connect our projects

18

with Department of Labor services that's been

19

put on pause right now because the County's

20

got other things they're working on, but we

21

will pursue that again when they're up and

22

running.

23

The offshore wind committee, obviously

24

that plays into the Sunrise Wind project.

25

The Long Island advancement of small

1

2

businesses webinar and those are just a couple

3

things like if you have questions for Amy

4

about the specifics of it, but those are just

5

a couple of things that I realized you guys

6

don't know all the stuff that we're doing to

7

support the small businesses because I don't

8

tell you about them because our meetings are

9

so long, I'm like get to the business I need

10

them to vote on and don't worry about the

11

other stuff, but I wanted you to know, this is

12

not like a weird month where we're doing all

13

these things, this is our norm.

14

MR. TROTTA: Are you sure?

15

MS. MULLIGAN: I'm positive. I'm

16

positive.

17

MR. TROTTA: Can you maybe on quarterly

18

or --

19

MS. MULLIGAN: Do a better job?

20

MR. TROTTA: Whatever it is, just throw

21

it in our report, which you can go over, but

22

at least visually we have a better handle on

23

it --

24

MS. MULLIGAN: Yes.

25

MR. TROTTA: -- which is wonderful.

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MS. MULLIGAN: So --

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MR. TROTTA: I know I'm always yelling about small business, so I'd appreciate that.

5

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MS. MULLIGAN: And Frank, that was it, I was like Frank is passionate about this, but like . . . and then I was like well, he doesn't know because if you don't tell him, what, is he a mind reader, so I apologize. We'll do better letting you know.

11

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MR. BRAUN: This evolves from our self-assessments, what is the community we serve, who are we supposed to serve, small business, PPE loans, should we have been doing loans, we said no after a long discussion surrounding it without having to start from scratch, so we're constantly looking at that stuff.

19

Gary?

20

21

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MR. POLLAKUSKY: I think that's one of the reasons that we also -- that I echo the support for some of the things that Frank was talking about is that we should have a formalized committee here that does focus on small business. I think that would be a way

1

2

to help guide you with some of those

3

activities and also be a resource to support

4

our small businesses within the IDA.

5

MS. MULLIGAN: We did discuss possibly  
a committee.

7

MR. TROTTA: Something that we should.

8

MR. BRAUN: I think there are several  
members here that would probably volunteer, so  
our next meeting we will have some suggestions  
on how we set that up.

11

12

MS. MULLIGAN: Okay.

13

Also, the next item is we were invited  
to an ABLI event. It is a Long Island real  
estate dinner on Monday, October 17th. It is  
a partnership between civs and the ABLI and I  
just wanted to put it out there if anybody  
wanted tickets, there are tickets available if  
anybody wants to go. It's at the Heritage  
Club at Bethpage at the Bethpage State Park.

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Is anybody interested?

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MR. PALLY: I'm already going.

23

MR. BRAUN: If anybody else is  
interested --

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MR. PALLY: Not in connection with

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2 this, in connection with my other situation.

3 MS. MULLIGAN: Yes.

4 Let me know, but soon because I think  
5 the 6th we need to RSVP by.

6 MR. PALLY: It is a very nice dinner,  
7 I've been there many times, just about the  
8 entire real estate community, all brokers and  
9 everybody, so it is a very nice place.

10 MR. TROTTA: What's the date again?

11 MR. BRAUN: It's just a long ride.

12 MS. MULLIGAN: The 17th at six p.m.

13 The last item on the agenda is just I  
14 want to bring to your attention that in your  
15 packets was the -- not only the letter that we  
16 sent to Stony Brook University, but the  
17 response that we got back from Stony Brook  
18 University, so I just wanted to make sure I  
19 brought that to your attention.

20 MR. BRAUN: Thank you.

21 Do we know what's going on?

22 Our concern is the third building that  
23 was used for, you know, vaccinations and  
24 everything else, supposed to be the mezzanine  
25 for people coming out of the incubators and

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our concern was the incubators got people in there that don't belong there anymore, they've kind of grown up and they need space for new incubators.

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6

(Inaudible comments.)

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MR. BRAUN: So we'd been trying to put some pressure, but awareness on the number of people to see if it can't make sure it gets used to what it's supposed to be.

11

MS. MULLIGAN: So that letter --

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13

14

MR. PALLY: Did you have any conversations with Carole Wolf (phonetic) about that?

15

16

MS. MULLIGAN: No conversation, but we did share --

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MR. PALLY: The letter with her?

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MS. MULLIGAN: I'm pretty sure we sent the letter; I'd have to double check, but I'm pretty sure I sent the letter.

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MR. PALLY: I mean the building is owned by the State of New York, it's not owned by the university, it's owned by the State and so that doesn't mean there's an edict, but it may be helpful in moving that process along to



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some degree.

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MR. BRAUN: I'm wondering whether our letter went out before Carole got that position.

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MS. MULLIGAN: She was there.

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MR. PALLY: Yeah, she was already there, but ESPC may be able to help in that regard because one of their policies is to ensure that companies in incubators -- because there's more than just one incubator in the State of New York -- stay in the State of New York as one of their goals, which makes a lot of sense, so they may be helpful in that context.

16

MR. BRAUN: Kevin had the letter, too?

17

MS. MULLIGAN: Yes.

18

MR. PALLY: We'll see Kevin tomorrow.

19

MR. BRAUN: Yes, we will.

20

MR. TROTTA: And I'll see him Monday.

21

MR. PALLY: I think that's a . . .

22

university may be somewhat reluctant to do it themselves, it would help the ESPC, they may be more inclined to do so.

23

24

25

MR. BRAUN: I was thinking of Sarah

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2           rather than Kevin.

3           MS. MULLIGAN:  Yeah, Sarah Landsdale.

4           MR. TROTTA:  If anything comes out of

5           that, let me know.

6           MR. BRAUN:  Okay.

7           Anything else?

8           Lisa?

9           MS. MULLIGAN:  I don't have anything  
10          else.

11          MR. BRAUN:  Board members, counsel?

12          MR. GRUCCI:  When is our next meeting?

13          MS. MULLIGAN:  Our next meeting is  
14          scheduled for Wednesday, October 26th.15          MR. PALLY:  Is that at 12:30 again  
16          because I know I am in the city . . .17          MR. GRUCCI:  I have it down as nine  
18          a.m.; was that the right time?19          MS. MULLIGAN:  Well, Felix, can you do  
20          nine?21          MR. GRUCCI:  I can do nine, yeah.  I  
22          mean Zoom, I can do nine.  If we were going to  
23          go back -- if we were going to do another  
24          afternoon session, I could do that in person.

25          MR. PALLY:  I know I can't do nine

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because my board meeting Tuesday runs into

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Wednesday morning, so at some point Wednesday

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morning I will be done, so I want to grab --

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could probably get here at least with the car,

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drive it here in some regard. I don't want to

7

change your schedule because of me, but I know

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the morning is going to be a problem.

9

MS. MULLIGAN: Does 12:30 work for

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everybody else?

11

MR. CALLAHAN: That's fine. That's

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fine. I'm good.

13

MR. BRAUN: Can I have a resolution to

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. . .

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(Inaudible comments.)

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MR. BRAUN: I need a resolution to

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change the established --

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MR. TROTTA: Make a motion to change

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the meeting to 12:30 from nine.

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MR. BRAUN: Thank you.

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Second?

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MR. CALLAHAN: Second.

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MR. BRAUN: On the vote, Mr. Callahan?

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MR. CALLAHAN: Yes.

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MR. BRAUN: Mr. Pollakusky?

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MR. POLLAKUSKY: Yes.

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MR. BRAUN: Mr. Pally?

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MR. PALLY: Yes.

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MR. BRAUN: Mr. Grucci?

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MR. GRUCCI: Yes.

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MR. BRAUN: Mr. Trotta?

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MR. TROTTA: Yes.

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MR. BRAUN: Mr. Braun votes yes.

10

MR. TROTTA: You're going to send new

11

invites out?

12

MS. MULLIGAN: Yes.

13

MR. BRAUN: I need a motion to adjourn.

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MR. POLLAKUSKY: So moved.

15

MR. PALLY: So moved.

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MR. BRAUN: All seven.

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I think we are adjourned.

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Thank you.

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(Time noted: 2:37 p.m.)

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I, JOANN O'LOUGHLIN, a Notary Public  
for and within the State of New York, do hereby  
certify that the above is a correct transcription  
of my stenographic notes.

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JOANN O'LOUGHLIN