

TOWN OF BROOKHAVEN  
INDUSTRIAL DEVELOPMENT AGENCY

MEETING MINUTES

OCTOBER 19, 2016

MEMBERS PRESENT: Frederick C. Braun, III  
Martin Callahan  
Felix J. Grucci, Jr.  
Michael Kelly  
Gary Pollakusky  
Ann-Marie Scheidt

EXCUSED MEMBERS: Scott Middleton

ALSO PRESENT: Lisa M. G. Mulligan, Chief Executive Officer  
Lori LaPonte, Chief Financial Officer  
James M. Tullo, Deputy Director  
Annette Eaderesto, Counsel  
Bill Weir, Nixon Peabody, LLP  
Howard Gross, Weinberg, Gross & Pergament  
Jocelyn Linse, Assistant  
Alan Wax, Wax Words, Inc.

Chairman Braun opened the meeting at 12:08 P.M. on Wednesday, October 19, 2016 in the Work Session Room on the Third Floor of Brookhaven Town Hall, One Independence Hill, Farmingville, New York. A quorum was present.

**MINUTES OF SEPTEMBER 21, 2016**

The Minutes of September 21, 2016 were previously sent to the Members for their review. The motion to approve the Minutes as presented was made by Mr. Grucci and seconded by Ms. Scheidt. All were in favor.

**CFO'S REPORT**

Ms. LaPonte presented the Operating Statement for September 30, 2016. The usual expenses were noted and two treasury notes were purchased in October. There was no activity in the PILOT account other than interest. The budget approved last month was submitted and certified in the State's PARIS system and posted on our website as required.

The motion to accept the Operating Statement for September was made by Mr. Grucci, seconded by Ms. Scheidt and unanimously approved.

Mr. Braun informed the Members that he attended a reception hosted by Suffolk County National Bank (SCNB) last week; representatives from People's United were present. The acquisition of SCNB by People's is expected to occur by year-end or shortly thereafter. It was stressed by the CEOs of both banks that there are a number of features including better online banking services that SCNB can not currently provide to its clients. This acquisition should help improve those services.

Mr. Pollakusky joined the meeting at 12:12 P.M.

Mr. Tullo mentioned that there was a conversation about investments at the recent meeting of all of the Long Island IDAs; all invest in certificates of deposit and treasury notes. Mr. Braun noted there has been a lot of good interaction with all the local IDAs as of late.

### **BLUE POINT BREWERY – FINAL AUTHORIZING RESOLUTION**

Ms. Mulligan presented the final authorizing resolution for Blue Point Brewery. This project involves the brewery moving their operations to the Briarcliffe building in Patchogue, allowing them to expand considerably. The public hearing for this project was held this morning at Patchogue Village Hall with one comment received. John Bogack of GreaterPatchogue.com expressed he is in support of the application with the Village of Patchogue receiving their full pro-rata share of the PILOT payment, which they would. A few other people were present at the hearing but provided no comment. Blue Point will be leasing the building rather than purchasing it. There is a small portion of the project that is considered retail; it is below the threshold of one third of the total project cost.

Mr. Kelly joined the meeting at 12:17 P.M.

The owner of the Briarcliffe building is either the Knapp family or one of their affiliated foundations; Mr. Braun and Mr. Grucci both serve on the Brookhaven Memorial Hospital Board

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of Directors with one of the members of the Knapp family. Ms. Eaderesto advised this is not a conflict of interest. This project is expected to cost an estimated \$35 million dollars; the resolution calls for the amount not to exceed \$40 million dollars. The cost benefit analysis was included in the meeting packets.

The motion to approve the resolution was made by Mr. Grucci and seconded by Mr. Kelly. All were in favor.

### **BROOKHAVEN MEMORIAL HOSPITAL – APPLICATION**

Since Mr. Braun and Mr. Grucci both serve on the hospital's Board of Directors, they excused themselves from the meeting while this application was discussed.

Ms. Mulligan presented the application from Brookhaven Memorial Hospital (BMH) to purchase the Foley facility from Suffolk County. BMH is in contract to purchase the Foley facility for \$15 million dollars. Nixon Peabody represents the hospital; Mr. Gross will be representing the IDA on this transaction. The hospital will occupy the first floor and lease out the remaining four floors to two separate for-profit entities. It is anticipated that two floors will be leased to an assisted living provider and two floors to a substance abuse provider for both residential and outpatient treatment.

Ms. Eaderesto noted the change of zone hearing for this site is on the Town Board agenda for October 27, 2016. Ms. Mulligan provided details on the proposed PILOT Agreement that is expected to run for fifteen years. This is an adaptive re-use project; since the hospital is utilizing one floor, the current tax will be reduced by 20%, and then the remaining taxes will be reduced by 50% based on the other four floors. Since the building is currently owned by Suffolk County, it is not on the tax rolls.

The fate of BMH's dialysis center in Patchogue Village is not set yet as it depends on the hospital's move from that facility to the Foley building, which will depend on the completion time of the improvements. The Mayor of Patchogue is very much in favor of this project and

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how it could help extend downtown Patchogue farther west. A hotel has been mentioned as a possible development at the current dialysis center location.

Mr. Kelly made a motion to accept the application which was seconded by Ms. Scheidt. The motion passed with Mr. Braun and Mr. Grucci abstaining.

At 12:29 P.M., Ms. Scheidt excused herself from the meeting.

### **LI COMPOST / AMERICAN ORGANIC ENERGY – INDUCEMENT RESOLUTION**

Ms. Mulligan presented the inducement resolution for LI Compost/American Organic Energy to construct an anaerobic digester at a compost facility on Horseblock Road. The digester takes garbage in all forms except cardboard, separates it, and converts it into energy. Ms. Eaderesto said they will target grocery stores and restaurants for food waste. The digester will be housed indoors.

Mr. Weir detailed the tax law for solid waste disposal facilities and how the anaerobic digester works: food and yard waste goes through a process where it is digested and gas is produced. The gas can be used to make electricity and the water that results from this process is fairly clean. A “cake” substance comes from the digester that needs further processing which is done by LI Compost. A fair amount of the water goes back into digesting the next batch of waste. The natural gas produced as a result of this process can also be used for their trucks.

It is expected the applicant will choose bond financing; Suffolk County IDA has transferred their volume cap allocation to add to Brookhaven’s estimated \$8 million in allocation. This project would need to close by December 31, 2016 or this allocation will be lost. The resolution is for \$40 million dollars in bonds but not to exceed \$50 million dollars.

The motion to approve the inducement resolution was made by Mr. Grucci and seconded by Mr. Pollakusky. All were in favor.

### **UI DIGITAL – FINAL AUTHORIZING RESOLUTION**

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Ms. Mulligan provided the cost benefit analysis for this project. UI is purchasing the former Anthony's Closets facility on Old Dock Road to produce short-run labels as well as textile printing. This is an adaptive re-use project. The PILOT will be equivalent to 50% of the current taxes.

The motion to approve the resolution was made by Mr. Grucci, seconded by Mr. Kelly and unanimously approved.

Supervisor Romaine joined the meeting at 12:42 P.M. Mr. Romaine thanked the Board for all of their hard work in strengthening the economic base in the Town. The Supervisor added that he follows all of the projects the IDA brings in and said he appreciates all of the time that the Board volunteers as it takes time away from their own businesses. Mr. Braun thanked Supervisor Romaine for all of his support of the IDA.

The Supervisor excused himself from the meeting at 12:48 P.M.

## **CEO'S REPORT**

### Excel

Ms. Mulligan reminded the Board that Excel purchased the Courtyard by Marriott in Ronkonkoma and has not yet constructed the extended stay hotel. The former owner, Lee Browning, received an extension on the PILOT for the Courtyard to aid in constructing the extended stay hotel next door. The footings were put in over two years ago by Mr. Browning at his own cost. All closing documents call for the extended stay hotel being completed by next month. Excel has requested an extension to the completion date to June 15, 2018, an extension of the sales tax abatement, and to delay the start of the PILOT to coincide with the new completion date. Excel says they expect to start construction on November 15, 2016. Mr. Weir reminded the Members that this is one parcel that can't be split because of the sewage treatment plant. A fee of \$2,500 will be charged for the creation and execution of these new documents. Mr. Braun directed that no extension on the Courtyard by Marriott hotel will be entertained.

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The motion to approve extending the completion date to June 15, 2018, as well as the sales tax exemption and delaying the start of the PILOT was made by Mr. Grucci and seconded by Mr. Kelly. All were in favor.

#### Clare Rose

The Agency received a request from Clare Rose to modify and consolidate outstanding mortgages. They are not seeking a mortgage recording tax exemption, they are merely looking for approval to re-finance and add an additional \$2 million dollars in debt.

The motion to approve this request was made by Mr. Grucci, seconded by Mr. Callahan and unanimously approved.

#### Mortgage Recording Tax

Mr. Weir informed the Board that before the State Legislature adjourned they passed a bill banning IDAs from exempting the MTA portion of the mortgage recording tax. The mortgage recording tax exemption is currently 1.05%; this change will reduce it to .75%. The Governor initially said the start date on this would be extended to July 1, 2017 to not negatively impact projects already moving through the approval process; this did not happen so it is effective immediately. This change only affects IDAs, not other state agencies.

#### Quality King Tour

Several board members and staff recently toured the robotic picking system at the Quality King facility. It took roughly three years to install the system at a cost of about \$6 million dollars but the result is amazing.

#### Articles

Numerous articles were included in the meeting packets for review.

#### **PRESENTATION – ALAN WAX**

Mr. Wax informed the Board that Ms. Mulligan will be honored as one of the Top 50 Women in Business by the Long Island Business News later this week. A press release and a

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congratulatory ad in the program have been completed. Press releases have also gone out on Ms. LaPonte's appointment and the AVR Chelsea application. GreaterPatchogue.com will be running a story on the Blue Point Brewery application. Our Facebook page has received over 400 "likes". The CEO breakfast scheduled for next week has approximately 100 RSVPs so far. Mr. Pollakusky inquired of the background of attendees at this event; Mr. Tullo responded that it is mostly attorneys, real estate brokers and accountants.

At 1:13 P.M., Mr. Gucci made a motion to enter executive session to discuss proposed, pending or current litigation. Mr. Kelly seconded this motion which was unanimously approved.

At 1:27 P.M., Mr. Gucci made a motion which was seconded by Mr. Kelly to resume the regular agenda. All were in favor.

#### **ACE / GREENWOOD**

Mr. Gucci made a motion to allow ACE/Greenwood until December 7, 2016 to pay all outstanding fees or their project will be terminated. Mr. Callahan seconded this motion which was unanimously approved.

#### **December Meeting**

The December meeting will be held on December 7, 2016 at Savino's in Mt. Sinai.

The motion to close the meeting at 1:28 P.M. was made by Mr. Gucci and seconded by Mr. Kelly. All were in favor.

***The next IDA meeting is scheduled for Wednesday, November 16, 2016.***