

TOWN OF BROOKHAVEN
INDUSTRIAL DEVELOPMENT AGENCY

MEETING MINUTES

NOVEMBER 15, 2017

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

EXCUSED MEMBERS: Felix J. Grucci, Jr.
Scott Middleton

ALSO PRESENT: Lisa M. G. Mulligan, Chief Executive Officer
Lori LaPonte, Chief Financial Officer
James M. Tullo, Deputy Director
Annette Eaderesto, Counsel
William Weir, Nixon Peabody, LLP
Howard Gross, Weinberg, Gross & Pergament
Jocelyn Linse, Executive Assistant
Terri Alkon, Administrative Assistant
Alan Wax, Wax Words, Inc.
Jim Tsunis, Overbay
Peter Curry, Farrell Fritz

Chairman Braun called the meeting to order at 8:05 A.M. on Wednesday, November 15, 2017 in the Work Session Room on the Third Floor of Brookhaven Town Hall, One Independence Hill, Farmingville, New York. A quorum was present.

MEETING MINUTES OF OCTOBER 25, 2017

The Minutes of October 25, 2017 were previously sent to the Members for review. The motion to approve these Minutes as presented was made by Ms. Scheidt and seconded by Mr. Pollakusky. All were in favor.

CFO'S REPORT

Ms. LaPonte presented the Operating Statement for October 31, 2017. Revenue included closing, termination and re-financing fees. The usual expenses were noted along with the annual

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payment of the crime insurance policy. The annual invoice from the retirement system for approximately \$36,000 was received. All payroll taxes, retirement and deferred compensation payments have been paid in full. The 2018 budget was filed timely with PARIS. A wire transfer was made yesterday moving funds from the operating account to the investment account to earn a higher interest rate. All accounts are collateralized.

The motion to accept the Operating Statement for October was made by Mr. Callahan, seconded by Mr. Pollakusky and unanimously approved.

Mr. Kelly joined the meeting at 8:09 A.M.

Discussion followed on amending items in the PARIS report. Ms. LaPonte informed the Board that the majority of the PILOT information for this year's report has been prepopulated.

Peter Curry and Jim Tsunis joined the meeting at 8:11 A.M.

PRESENTATION – OVERBAY

Mr. Curry, the attorney representing the Overbay project, provided the Board with some background information on his client's application which was submitted in 2015 with additional information submitted in 2016. A public hearing was held while the former Uniform Tax Exemption Policy (UTEP) was still in effect. When the project came before the Board for review of the public hearing results and a final vote in February, a quorum was not present. Subsequent to that meeting, the UTEP was amended which resulted in an increased PILOT schedule. Mr. Curry requested that the Board consider a compromise between the initial PILOT that was based on the former UTEP versus the one developed based on the new UTEP. Mr. Curry added that his client would like to close by the end of the year and that financing with Sun National Bank is in place.

Ms. Mulligan noted that the comments received from the Port Jefferson School District at the public hearing was what motivated the Board to change the UTEP. While there wasn't a quorum for this project at the February meeting, the comments that were received at the public hearing

was what led to changing the UTEP. Mr. Tsunis summarized his project which involves constructing 52 rental apartments at a former blighted property in Port Jefferson. Mr. Tsunis stated he expects professionals from nearby Stony Brook University as renters and that this project is a benefit to the Village of Port Jefferson. Mr. Tsunis added that he is currently constructing senior housing in Port Jefferson that is expected to bring \$450,000 in additional revenue to the school per year. Mr. Tsunis also disputed the school district's projection of new students this project would create. Mr. Curry noted that the development of this property is included in the Village of Port Jefferson's Master Plan.

Ms. Eaderesto joined the meeting at 8:19 A.M. Mr. Curry and Mr. Tsunis completed their presentation and excused themselves from the meeting.

Mr. Braun detailed the differences between the two PILOTS. The second PILOT was developed by Kevin Gremse of the National Development Council, an independent consultant. Since the second PILOT was developed as a result of comments received at the public hearing, it was the determination of the Board and the advice of counsel to proceed with the second PILOT. An initial PILOT is not considered final until a public hearing has been held and a final authorizing resolution has been approved. An additional public hearing will need to be held for the second PILOT if the project still wishes to proceed.

Mr. Curry returned to the meeting at 8:38 A.M.

HSRE-EB MT. SINAI & ENGEL BURMAN AT MT. SINAI – APPLICATIONS

Mr. Weir reminded the Members of the history with this property which was originally going to be a continuing care retirement community before the financial market collapsed a few years ago. Mr. Curry who represents the applicant, explained that applications were submitted for straight lease transactions as well as for tax-exempt bond financing as the applicant is unsure which they will choose.* HSRE-EB Mt. Sinai is an assisted living project and Engel Burman at Mt. Sinai is senior housing. The property is currently one tax lot; a land division is on the Planning Board agenda for December 4th. The project cost for the assisted living project as a straight lease is expected to be \$48 million; the project cost for the senior housing project is

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approximately \$56 million. If these projects choose tax-exempt bond financing the cost would increase to \$73 million for the senior housing and \$65 million for the assisted living. Mr. Weir noted that the Agency has an allocation of \$60 million which was going to be used for the American Organic Energy (AOE) project. AOE can't utilize this allocation because it would need to close by the end of the year and LIPA approvals are still needed. Additional allocation could be requested from the state.

Mr. Weir explained that the tax bill that is pending before Congress would eliminate all private activity bonds.** This would affect affordable housing projects, colleges, hospitals and all not-for-profit organizations. Historic tax credits would also be eliminated, as would all solar energy and wind farm tax credits. This would also eliminate all reissuances of bonds. These changes would most likely close down organizations such as the Dormitory Authority and the Local Development Corporation. The LDC could potentially issue the bonds for these projects and the IDA could perform the straight-lease transaction. Mr. Weir and Ms. Mulligan will speak to the state to see if the volume cap could be transferred from the AOE project.

Mr. Curry left the meeting at 9:04 A.M.

The motion to accept the two applications for HSRE-EB Mt. Sinai was made by Ms. Scheidt and seconded by Mr. Callahan. All were in favor.

The motion to accept the two applications for Engel Burman at Mt. Sinai was made by Ms. Scheidt, seconded by Mr. Callahan and unanimously approved.

Mr. Braun advised that he was not abstaining from these votes but informed the Members that these projects would abut his condo development.

Mr. Kelly made a motion to recess the IDA meeting and re-open the LDC meeting at 9:06 A.M. The motion was seconded by Ms. Scheidt and all voted in favor.

At 9:07 A.M., Mr. Kelly made a motion to resume the IDA meeting. The motion was seconded by Ms. Scheidt and unanimously approved.

* See also LDC Minutes of same date.

** Note: not included in final tax legislation.

MACEDO CONSTRUCTION – APPLICATION

Ms. Mulligan presented the application for this concrete construction company currently located in Medford. Macedo has 40 employees and is interested in purchasing a 25,000 square foot building at 689 Station Road in Bellport. The building is owned by Polymag who would remain in 2,200 square feet of the building as well as an attorney who would sublease 3,000 square feet to use as storage. The project cost is estimated to be \$1,795,000 and they intend to add 10 additional employees. Macedo is a subcontractor that works with local companies such as Brookhaven Memorial Hospital, Penn Fabricators and Patchogue Village. Mr. Braun noted that Polymag has been at that location for some time and there have been some environmental issues. This site is a brownfield designated location and remediation has been completed. Mr. Gross added that a phase two environmental study was conducted roughly two and a half years ago but more information is needed. Polymag is no longer manufacturing at this location, only administrative work is being conducted. Macedo is not expected to manufacture concrete, the building would be used as a warehouse and office facility.

The motion to accept the application as an adaptive re-use project was made by Mr. Callahan and seconded by Ms. Scheidt. All were in favor.

MEDFORD LANDING – APPLICATION

This application is for a currently operational senior housing facility located on Route 112 in Medford. There are 112 senior affordable units that were constructed in 2002. Medford Landing is proposing a \$14 million project, \$3.2 million of that will be used to upgrade the HVAC system, make green improvements to the building, purchase new energy star appliances, install LED site lighting and re-furbishing the community center. They have 3 employees and plan to

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create 3 more positions. Medford Landing's taxes are currently approximately \$195,000; they are requesting a shelter rent PILOT to bring the taxes down to approximately \$152,000.

The owner is the Benjamin Organization who has a current application with the IDA for the Vistas of Port Jefferson development. Mr. Weir detailed the ownership of Medford Landing which is set up as a limited partnership; there will be a change in ownership. The new limited partner is also an executive at the Benjamin Corporation but is making this purchase independent of that role. Medford Landing initially requested a 50% tax abatement; the request changed to a shelter rent PILOT. Mr. Weir explained how shelter rent PILOTS are structured.

Mr. Kelly excused himself from the meeting at 9:20 A.M.

It was determined by the Board that this project did not satisfy the "but for our involvement" clause and did not accept the application.

SUNRISE DEVELOPMENT – APPLICATION

Ms. Mulligan presented the application for this assisted living facility. There are Sunrise facilities in East Setauket and Smithtown. This application is for a new facility they are planning to construct on Hallock Road, south of Route 347 in Lake Grove. The applicant has requested a zone change for this development from the Village of Lake Grove. They have requested a preliminary inducement resolution for this 90 unit 76,000 square foot assisted living facility with memory care that is expected to cost approximately \$46 million. Sunrise requested a 15-year PILOT; the amended UTEP allows for a 13-year PILOT. Sixty new full-time jobs are projected to be created as a result of this project.

The motion to accept the application and approve the preliminary inducement resolution subject to compliance with SEQRA, a feasibility study, site plan and zoning approval was made by Mr. Pollakusky and seconded by Ms. Scheidt. All were in favor.

QUALITY KING – RESOLUTION

The cost-benefit analysis for this project was included in the meeting packets. Quality King (QK) is re-financing approximately \$50 million, including \$15 million in new money and completing a buildout of a third-floor mezzanine. The PILOT for this project will be extended until 2029/2030. A public hearing was held yesterday with Dr. Sam Gergis from the South Country School District in attendance. Comments received question how will these changes affect revenue and if an internship program could be set up. Ms. Mulligan put Mr. Gergis in touch with QK and explained the 10% increases built into the PILOT Agreement. No sales tax exemption will be granted. There are 879 employees at QK; 40 more jobs are being created. Perfumania, which is partly owned by QK, is relocating to Bellport from Florida following their bankruptcy and reorganization.

The motion to approve this resolution was made by Ms. Scheidt and seconded by Mr. Callahan. All were in favor. Mr. Braun disclosed that his son works for Perfumania but did not abstain from the vote since Quality King and Perfumania are separate entities.

ROSE-BRESLIN ASSOCIATES – RESOLUTION

Ms. Mulligan presented the resolution for this project that consists of a 4-story 146-room Hilton hotel and 295-unit rental community with a clubhouse at the Meadows at Yaphank development. This is a \$95 million project that is expected to create 38 new jobs. A public hearing was held with no comments received. The retail component of this project is 22.4%, below the 30% threshold.

It was noted that there have been significant upgrades made to the area including a new sewage treatment plant that also benefits neighboring Whispering Pines as well as improvements to William Floyd Parkway. The first phase of Meadows at Yaphank is fully rented and there are docking stations available for electric cars.

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

T. MINA – RESOLUTION

Ms. Mulligan presented the resolution for T. Mina who will be constructing a 12,000 square foot facility on the northwest corner of the Long Island Expressway North Service Road and Old Medford Avenue. A public hearing was held with no comments received. This project is expected to cost approximately \$5 million, create 11 new jobs and retain 9 jobs. T. Mina has been renting space in Holtsville since they moved out of Queens due to eminent domain proceedings resulting from CitiField.

The motion to approve this resolution was made by Ms. Scheidt and seconded by Mr. Pollakusky. All were in favor.

CEO'S REPORT

Banking Transfers

Ms. Mulligan transferred \$340,000 from the checking account to the investment account recently with Mr. Braun's approval.

Ms. Scheidt made a motion to authorize intra IDA and LDC banking transfers provided there are two approving signatures from Ms. Mulligan and Ms. LaPonte. The motion was seconded by Mr. Callahan and unanimously approved.

2018 Meeting Schedule

The January, February and March meetings will be held at noon. The remainder of the year will be scheduled for 7:45 A.M.

Community Development Corporation Letter

A letter was received by the Agency from the Community Development Corporation thanking the Board for sponsoring their luncheon in October.

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PRESENTATION – ALAN WAX

There was a Newsday story on the Ronkonkoma Hub recently. Three press releases will be sent out today and Mr. Wax hopes to post pictures of our projects on Facebook.

Articles

Recently published articles were included in the meeting packets for the Member's review.

Mr. Callahan made a motion to close the IDA meeting at 9:57 A.M. The motion was seconded by Ms. Scheidt and unanimously approved.

The next IDA meeting is scheduled for Wednesday, December 6, 2017 at 5:30 P.M. at Old Fields Restaurant in Port Jefferson.