

TOWN OF BROOKHAVEN
INDUSTRIAL DEVELOPMENT AGENCY

MEETING MINUTES

JUNE 14, 2017

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

ALSO PRESENT: Lisa M. G. Mulligan, Chief Executive Officer
Lori LaPonte, Chief Financial Officer
James M. Tullo, Deputy Director
Annette Eaderesto, IDA Counsel
William Weir, Nixon Peabody, LLP
Howard Gross, Weinberg, Gross & Pergament (via phone)
Jocelyn Linse, Executive Assistant
Alan Wax, Wax Words, Inc.
Kevin Wood, FPS, Inc.
Parviz Farazhad, Selden Commercial Center
Tim Shea, Certilman Balin
Rob Woods, Crossfit 631
Anthony Marano, Crossfit 631
Aisha Al-Muslim, Newsday
Louis Palmeri, Clare Rose
Gabe Divone, Clare Rose
Bernadette Kelly, International Brotherhood of Teamsters

Chairman Braun opened the meeting at 12:09 P.M., on Wednesday, June 14, 2017 in the Media Room on the Second Floor of Brookhaven Town Hall, One Independence Hill, Farmingville, New York. A quorum was present.

MEETING MINUTES OF MAY 17, 2017

The Minutes of May 17, 2017 were previously sent to the Members for review. The motion to approve the Minutes as presented was made by Mr. Grucci, seconded by Ms. Scheidt and unanimously approved.

CFO'S REPORT

Ms. LaPonte presented the Operating Statement for May 31, 2017. The remaining accounts at People's United Bank were closed this morning and transferred to Empire accounts. Two application fees from Agilitas were received as well as interest. The normal recurring expenditures were noted. A certificate of deposit from the Greco investment account matured at the end of the month and was transferred to the Empire investment account. All remaining investments from the Greco account will be transferred to Empire as they mature due to a much higher interest rate.

Ms. Eaderesto joined the meeting at 12:11 P.M.

PILOT disbursements are ongoing and should be complete by the end of next month. All PILOT payments have been made; the only outstanding amount is for penalties and late fees from Intercounty Appliance. All PILOTS have been disbursed within the 30 deadline. The Authority Budget Office (ABO) will be coming in on June 27th and 28th to go over two projects that have terminated. The majority of members and staff have recently renewed their PAAA training. In response to Mr. Braun's question, regarding collateralization of accounts, Ms. LaPonte confirmed that all accounts are collateralized at 103%.

At 12:15 P.M., Mr. Kelly and Mr. Pollakusky joined the meeting.

The motion to accept the Operating Statement for May was made by Mr. Grucci and seconded by Ms. Scheidt. All were in favor.

AHIP NY BELLPORT PROPERTIES LLC – APPLICATION & RESOLUTION

Ms. Mulligan presented the application for AHIP NY Bellport Properties LLC, who is purchasing the Marriott Springhill Suites in Bellport. AHIP would assume the remaining four years of benefits left on this project that were granted to Briad, then the current owner, MCRS. Mr. Gross informed the Members that AHIP would also like to re-finance the existing mortgage. No mortgage recording tax benefit is being sought, only the transfer of benefits. The job requirements will remain in place.

The motion to accept the application was made by Mr. Grucci, seconded by Mr. Callahan and unanimously approved.

The motion to approve the final authorizing resolution was made by Ms. Scheidt and seconded by Mr. Pollakusky. All were in favor. It is anticipated that this project will close on June 22, 2017.

AGILITAS HOLTSVILLE & MANORVILLE – AUTHORIZING RESOLUTION

This is the continuation of the American Capital Energy (ACE) / Greenwood projects that involve installing solar panels at the Holtsville Ecology site and Manorville Compost Facility. No comments were received at the public hearings.

The motion to approve the resolution for Agilitas Holtsville was made by Mr. Grucci and seconded by Ms. Scheidt. All were in favor.

The motion to approve the resolution for Agilitas Manorville was made by Mr. Grucci, seconded by Ms. Scheidt and unanimously approved.

YAPHANK AVR BOULEVARD CHELSEA – AUTHORIZING RESOLUTION

The cost benefit analysis was included in the meeting packets for this assisted living facility to be constructed at the Meadows of Yaphank project. There was comment received at the public hearing; a letter was sent from Longwood School District in support of this project. The feasibility studies were previously e-mailed to the Members for review. It is expected that this \$27 million dollar project will close the week of June 28th.

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

CEO'S REPORT

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Daily News

Mr. Wax informed the Board that a quarter-page ad about the IDA will be run in the Daily News Brooklyn and Queens editions every two weeks.

Media

Mr. Grucci suggested launching a marketing campaign to reach the tri-state area. This campaign would include television, radio and print advertising. Mr. Grucci proposed a \$250,000 budget for this endeavor. It was the consensus of the Members to pursue this idea and to meet with two or more companies by the next meeting. Mr. Pollakusky will sit in on these meetings.

Rail Realty – Re-financing

Rail Realty is re-financing their mortgage. This re-financing was contemplated in the original resolution so it has already been approved. This apartment complex in Port Jefferson is fully rented.

Selden Commercial

A letter was received regarding the Selden Commercial Center project. This project was approved as an indoor athletic facility with a daycare center. It was brought to the Agency's attention that Crossfit 631 moved into the facility without IDA approval a few months ago. A letter was sent by the IDA approximately a month ago to notify them that they were in default of the lease agreement. Mr. Weir added that Crossfit was also not included as a subtenant on the application submitted by Selden Commercial for solar panels. Selden Commercial has requested that the IDA consider adjusting the PILOT Agreement to carve out the space occupied by Crossfit. The original agreements allowed for a restaurant on site which is not currently occupied.

Tim Shea, the attorney for Selden Commercial, apologized for the oversight in his client's application and provided the Members with some history on this property. Mr. Shea stated that Mr. Farazhad, the owner of this project, has invested over \$9 million dollars to get this property close to producing income and has met his job creation numbers. No improvements were made to any space other than the sports facility. Mr. Shea requested that the Board amend the PILOT

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Agreement to exclude the approximately 2,500 square feet of space that Crossfit rents, as well as the 900 square feet of the vacant restaurant, resulting in a 3% reduction of the PILOT. Mr. Shea stated that the loss of the full PILOT could result in the facility closing. If the PILOT is amended, Selden Commercial would re-submit their application for solar panels.

Mr. Braun noted that there have been issues with this project before. If this amendment were to be considered, any future violations would not be tolerated. Crossfit moved into the facility on March 1st; Mr. Middleton suggested that if a PILOT amendment were to occur, it should be retroactive to March 1st. Insurance would be required from Crossfit as well. Ms. Mulligan added that from here forward, everything needs to be done timely and accurately.

Mr. Grucci made a motion to approve amending the PILOT agreement retroactively to March 1, 2017 to omit 3,400 square feet or approximately 3% of the PILOT for Selden Commercial Center. The motion was seconded by Mr. Middleton and all voted in favor.

At 12:52 P.M., Mr. Shea, Mr. Farazhad and the representatives from Crossfit left the meeting.

Authority Budget Office (ABO) Policy Guidance

A policy guidance was recently issued that requires minority women business enterprise (MWBE) components be included in our purchasing policy.

Long Island Business Development Council (LIBDC) Dinner Meeting

The IDA is hosting the LIBDC dinner on June 20th at the Meadow Club. All were invited to attend. David Manning from Brookhaven National Laboratory will be the guest speaker.

AVR Boulevard Hotel

An application for this hotel was submitted but returned when the law changed no longer allowing the IDA to support hotels as tourism destinations. Mr. Weir provided some further details on this decision. As the law stands now, the only hotels that would qualify would be true resort or conference centers that would attract people from outside the economic region. The

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letter sent by AVR counters this position but Mr. Weir advised that this does not change the court's decision.

Torino Industrial

Torino sent a letter responding to the IDA's request for more information on their job numbers. Torino originally promised 28 employees; they currently have 8 employees which is less than they started with. They are set to go to assessed value in 2019/2020. Their PILOT payment for 2016-2017 was \$4,841.59; full taxes would be \$50,609.10.

Mr. Pollakusky made a motion to terminate this project. The motion was seconded by Mr. Callahan and unanimously approved.

Ms. Mulligan advised that there are two additional projects that may require action.

Excel 6

The completion date, sales tax exemption and PILOT were extended for this project a few months ago. The hotel needs to be completed by June 15, 2018. Mr. Weir reminded the Members that the previous owner of this project already received extensions. When the project was sold to Excel, Excel agreed to complete the third extension, did not start construction and received another extension. Ms. Mulligan has spoken with representatives from Excel to explain the seriousness of this situation. Construction has not started and Excel says the plans that were originally approved need to be modified. Excel expects the hotel will be complete by August of 2018. Mr. Weir noted that if the hotel is not complete by June 15, 2018 they will be in default. Since the PILOT extension that was granted on the Courtyard hotel was tied into this hotel, the PILOT extension granted on the Courtyard would be recaptured.

Mr. Weir explained the difficulty with this property as it cannot be subdivided. There is some concern that this project could not be further extended since hotels are no longer considered tourism destinations. Mr. Grucci suggested sending a letter stating their completion date will not be extended again and list the ramifications involved, including recapturing the five-year extension on the Courtyard.

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June 21, 2017 Meeting

The IDA meeting scheduled for the 21st will be cancelled.

PRESENTATION – ALAN WAX

Mr. Wax updated the Members on recent marketing activity. Photography will be scheduled of our projects; these pictures will be posted on our website and Facebook. Ms. Mulligan attended the HIA Expo with newly obtained tradeshow gear and we will be moving forward with the radio show on Long Island News Radio. Press was received on Selden Commercial and a release was issued on the Sunshine East End project. There will be a ribbon cutting at Amneal soon and a summer networking event is being planned. Mr. Wax added that they would like to move forward on the business of the month idea and will have a new person doing social media work next week.

Mr. Braun inquired of the status of selecting a new logo. The Members chose the logo; Mr. Pollakusky will work on fonts.

At 1:30 P.M., Mr. Grucci made a motion to enter executive session to discuss the medical, financial, credit or employment history of a particular person or corporation, or matters leading to the appointment, employment, promotion, demotion, discipline, suspension, dismissal or removal of a particular person or corporation. The motion was seconded by Mr. Middleton and unanimously approved.

At 1:41 P.M., Mr. Kelly made a motion to return to the regular meeting. The motion was seconded by Mr. Grucci and all voted in favor.

SALARY ADJUSTMENT OF CHIEF FINANCIAL OFFICER

Mr. Grucci made a motion to adjust the salary of Lori LaPonte, Chief Financial Officer. The motion was seconded by Ms. Scheidt and unanimously approved.

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The motion to close the meeting at 1:42 P.M. was made by Mr. Grucci and seconded by Mr. Kelly. All were in favor.

The next IDA meeting is scheduled for Wednesday, July 19, 2017.