

TOWN OF BROOKHAVEN
INDUSTRIAL DEVELOPMENT AGENCY
MEETING MINUTES

JULY 19, 2017

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

EXCUSED MEMBER: 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
Howard Gross, Weinberg, Gross & Pergament
William Weir, Nixon Peabody, LLP (via phone)
Terri Alkon, Assistant
Jocelyn Linse, Assistant
Alan Wax, Wax Words, Inc.

Chairman Braun opened the meeting at 7:59 A.M., on Wednesday, July 19, 2017 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 JUNE 14, 2017

The Minutes of June 14, 2017 were previously sent to the Members for review. The motion to approve the Minutes as presented was made by Mr. Grucci, seconded by Mr. Pollakusky and unanimously approved.

CFO'S REPORT

Ms. LaPonte presented the Operating Statement for June 30, 2017. There were numerous closings during the month: Blue Point Brewery, AHIP, AVR Yaphank Chelsea, Agilitas Holtsville and Agilitas Manorville. It was noted that for logistical reasons, Nixon Peabody's

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\$25,000 fee was included in Blue Point Brewery's closing fee. This payment was forwarded to Nixon Peabody. This closing was for the equipment lease; a final closing will occur at a later date but all closing fees have been paid. All outstanding fees related to the Agilitas projects (formerly ACE/Greenwood) have been paid in full.

Mr. Kelly and Mr. Middleton joined the meeting at 8:02 A.M.

Ms. Mulligan informed the Board that Agilitas is moving forward with other sites but may submit as one application. The final Treasury note that was with Greco matured in June and was transferred over to Empire. Empire increased the interest rate on the investment account from 40 basis points to 50 basis points. All PILOT payments have been disbursed; the estimated \$22,000 remaining in the account is interest and the initial investment. In response to Mr. Grucci's inquiry, the Ronkonkoma Hub account is restricted and is only for Hub expenses, such as attorneys and appraisers.

Ms. LaPonte met with our representative from Industrial Coverage Corporation and our Risk Manager to review the insurance policies prior to renewal. Some minor changes will be made and any increase in costs will be minor. The Authority Budget Office audited two older, terminated projects. A draft of their report is expected in about a month. A response will be prepared if there are any findings. The mid-year project reports are starting to come in. The Comptroller sent some questions about the PARIS report as they have in years past. The Board has reviewed multiple projects that have not met their projected job creation numbers: six were terminating this year and a memo was put in their file and four were sent letters seeking more information. Of those four, one project's response was accepted and one project is being terminated. Two more are on the agenda today. Mr. Braun added that the statewide standard seems to be that meeting 80% to 85% of job projections are acceptable. Ms. Mulligan noted that the IDA application is much more detailed now and asks for different information so comparing projections from older projects is not as straightforward.

All payroll taxes, retirement and deferred compensation payments have been paid in full.

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

Mr. Tullo informed the Board that Empire State Development held a public hearing on a \$50 million dollar grant for parking garages at the Ronkonkoma Hub development at Town Hall last night. An estimated thirty people attended with no real opposition heard.

Ms. Eaderesto joined the meeting at 8:19 A.M.

Tritec is getting close to signing a sewer agreement with Suffolk County, the only piece holding up closing on this project. Mr. Weir added that this could be a multi-phase closing; Ms. Eaderesto said that there are lots of phases involved and Tritec doesn't own some of the property yet.

MCKEON ROLLING STEEL DOOR – PILOT EXTENSION

Ms. Mulligan presented the resolution to extend the PILOT for McKeon. This project has been with the IDA for 8 to 9 years and requested an extension on the PILOT for their current facility when they decided to build an additional facility down the street. This resolution extends the PILOT for five additional years with increases of 20% per year.

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

JOE MCKEON REALTY ENTERPRISES - RESOLUTION

This resolution is for McKeon's new 30,000 square foot building on 2 acres on Sawgrass Drive and includes a ten-year property tax abatement on the improvements, as well as a sales tax exemption on the constructing and equipping of the facility, and a mortgage recording tax exemption as permitted by law. The motion to approve this resolution was made by Mr. Grucci and seconded by Mr. Callahan. All were in favor.

MEADOWS AT YAPHANK – RE-FINANCING

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This resolution is to convert their approximately \$50 million dollar construction loan to a permanent loan for the Boulevard apartment complex. There are currently 240 units and an additional 260 more units are anticipated to be built.

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

CEO'S REPORT

Meadows at Yaphank

Ms. Mulligan reminded the Board that in addition to the apartments at The Boulevard, the assisted living facility (Yaphank AVR Chelsea) was recently approved and closed. Meadows had previously applied for a hotel project but due to a recent change in the law, were told the IDA cannot support it. Counsel has suggested that if the hotel project was combined with the additional 260 apartments as one application, the Agency could support it as long as the retail component was no more than one third of the total project cost which is expected to be between \$74 and \$75 million dollars. A new application is expected at the August meeting, a public hearing may need to be scheduled prior to that meeting. The Board authorized Ms. Mulligan to schedule a public hearing once the application has been received so it can be reviewed and voted on at the August meeting.

Woodcrest

This project is terminating, no PILOT had been granted; the bonds are being paid off.

Island Trimmers

This project failed to meet their job creation numbers and sent a letter explaining why. In 2016 they had 11 employees; they should have had 17. This project is scheduled to go to full assessment in 2022/2023. The industrial condo they occupy on Horseblock Road is up for sale and Ms. Mulligan and Mr. Tullo have met with two companies interested in purchasing it. They are currently paying \$1,083.62 per year on their PILOT; full assessment is \$14,670.83 per year. This project was formerly known as CMD Woodworking and has suffered some problems over

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the years, including the health of the owners. Mr. Braun recommended leaving this project as is and allow the sale of the building. The remaining PILOT benefit could potentially be passed along to the new owner of the building.

The Board determined not to terminate this project.

Atlantic Fluid

Atlantic Fluid reported in 2016 that they had twelve employees; they had promised to have 28 full-time and 2 part-time employees. They are scheduled to go to full assessed value in 2020/2021 and their exemption is worth an estimated \$42,000 per year. It was noted that Atlantic Fluid is project driven and may be between jobs. The Board decided to defer this matter until it can be determined if they have previously met their job numbers.

Selden Commercial

A tenant of Selden Commercial, Crossfit, has argued that they are not required to have workers compensation insurance. The law says it is optional, but it is an IDA requirement. After much discussion, Ms. Mulligan was notified yesterday that Crossfit has submitted an application for workers compensation insurance. It takes between 7 to 10 days for the insurance to be in effect. Mr. Grucci suggested sending an e-mail that if this certificate is not received in 10 days this project will be terminated. Ms. Mulligan added that Selden Commercial would like the Agency to move forward on their solar panel application. The PILOT needs to be adjusted before any action can be taken on the solar panel application.

At 8:46 A.M., Mr. Middleton excused himself from the meeting.

A public hearing for the solar panels still needs to be scheduled. The application was accepted at a prior meeting but then rejected. Mr. Grucci made a motion to re-accept the original solar panel application and authorize scheduling a public hearing, subject to receipt of workers compensation insurance for Crossfit. The motion was seconded by Mr. Callahan and unanimously approved.

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Amneal Pharmaceuticals – Sales Tax Extension

Amneal has requested a time extension on their sales tax exemption which expires on August 15, 2017. Amneal has asked that it be extended until December 31, 2017. They have not asked for an increase in the exemption amount. The motion to grant this request was made by Mr. Grucci and seconded by Mr. Kelly. All were in favor.

Marketing

Advertisements about the IDA being named the IDA of the Year in Suffolk have been placed in the Long Island Advance, six of the Times Beacon Record papers and the South Shore Press. A quarter page advertisement was also run in the Daily News advertising the IDA. A conference call to discuss potentially launching a radio or television campaign to market the Agency will be scheduled.

Atlantic Fluid - Revisited

It was determined that Atlantic Fluid has met their employment projections but there has been a steady decline over the last few years. They also exceeded their job creation numbers for two years. Mr. Braun suggested postponing any decision until the mid-year reports are received and revisit this matter in August.

Uniform Tax Exemption Policy (UTEP)

There have been a few conference calls on amending the Uniform Tax Exemption Policy (UTEP) and a section is being updated by Nixon Peabody. The most recent draft will be circulated to the Members for comment. Once it is final, a public hearing will be scheduled and all potentially impacted taxing jurisdictions will be notified. A vote on the updated UTEP could occur in September.

Long Island Business Development Council (LIBDC) Conference

The Long Island Business Development Conference in Montauk is scheduled for October 4th through October 6th. The IDA sponsored this conference at the gold level last year. Mr. Grucci made a motion to authorize Ms. Mulligan to match last year's sponsorship (\$3,500). Mr. Callahan seconded this motion which was unanimously approved.

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PRESENTATION – ALAN WAX

Newsday ran a story on the Yaphank AVR Chelsea project, as well as on Selden Commercial. Leah Samuel, a new employee at Todd Shapiro Associates, is working on social media. We have 1,400 followers on Facebook. Video from the recent LIBDC dinner is being edited and will be posted. Landscape photos of IDA projects will be taken. A tour of our projects for board members and staff will be planned for sometime in the fall. Mr. Tullo will work on setting this up.

The motion to close the meeting at 9:22 A.M. was made by Mr. Grucci and seconded by Mr. Kelly. All were in favor.

The next IDA meeting is scheduled for Wednesday, August 16, 2017.