

TOWN OF BROOKHAVEN
INDUSTRIAL DEVELOPMENT AGENCY

MEETING MINUTES

APRIL 16, 2014

MEMBERS PRESENT: Frederick C. Braun, III
Felix J. Grucci, Jr.
John Rose
Ann-Marie Scheidt

EXCUSED MEMBER: Scott Middleton

ALSO PRESENT: Martin Callahan, Pending IDA Board Member
Michael Kelly, Pending IDA Board Member
Lisa M. G. Mulligan, Chief Executive Officer
James Tullo, Deputy Director
George Hoffman, Deputy Director
Annette Eaderesto, Counsel
Howard Gross, Weinberg, Gross & Pergament
William Weir, Nixon Peabody, LLC (via conference call)
Jocelyn Brinka, Assistant
Annmarie Hallock, Assistant
Alan Wax, Wax Words, Inc.
Laurence LaPointe, Deputy Mayor of Port Jefferson Village
Carolyn Fellrath, Councilwoman Cartright's Office
Ross Ain, Caithness Energy, LLC
Mitchell Garber, Caithness Energy, LLC
Vincent Giglio, Caithness Energy, LLC
Donald Miller, HLD Communications
Bruce Miller, Grassroots Committee to Re-Power Port Jefferson

Chairman Braun opened the meeting at 7:56 A.M. on Wednesday, April 16, 2014, in the Work Session Room on the Third Floor of Brookhaven Town Hall, One Independence Hill, Farmingville, New York.

MEETING MINUTES OF MARCH 19, 2014

The Minutes of March 19, 2014 had previously been sent to the Members for review. The motion to approve these Minutes as presented was made by Ms. Scheidt and seconded by Mr. Grucci. All were in favor.

MEETING MINUTES OF MARCH 19, 2014 – JOINT AUDIT COMMITTEE

The Minutes of the LDC & IDA Joint Audit Committee Meeting were also sent to the Members prior to today's meeting. The motion to approve these Minutes as presented was made by Mr. Grucci, seconded by Ms. Scheidt and unanimously approved.

CAITHNESS II PRESENTATION

Ross Ain of Caithness Energy, LLC outlined the application submitted for Caithness II. This project would be located on roughly 50 acres just north of the existing Caithness Power Plant. Mr. Ain noted that SEQRA review is still pending on this 750 megawatt combined cycle natural gas-fired power plant. Caithness II was selected by the Long Island Power Authority (LIPA) after a three-year Request for Proposals (RFP) process that reviewed 45 proposals.

Over 500 construction jobs are expected to be created as a result of this over \$1 billion dollar project, along with 16 highly-skilled permanent full-time jobs to run the plant. Mr. Ain stated that this will be the cleanest, most efficient, economical and most water conserving power plant on Long Island when it comes on-line in the spring of 2018. Nearly \$200 million dollars will go into payroll and benefits over the 28 month construction period. Indirect benefits, aside from the \$400 million in direct benefits, are estimated to be in the range of \$800 million for the local economy. Mr. Ain recently made a presentation to the Brookhaven Town Board which is available on the Town's website.

Mr. Ain added that LIPA has commented on the need for this project and how it fits into their plan to re-power the Legacy LILCO plants. It is hoped that this new plant would create enough capacity to take the Port Jefferson plant off for a couple of years, remodel it, and bring it back on-line as a modern plant. Much community outreach has been done with over twenty different groups and this project has the support of multiple organizations including the Longwood Central School District and the Yaphank Fire District to name a few. Mr. Ain concluded his presentation by saying that as renewable technologies are more prevalent on Long Island this plant will allow these technologies to be integrated.

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Mr. Braun noted that this plant would be located in the Longwood School District, not South Country. In response to Mr. Braun's question about a gas supply, there are three potential arrangements: upgrading the National Grid system with additional pipe, a new pipe under the Long Island Sound from Milford, CT to Shoreham, or the conversion of a retired oil pipeline under the Long Island Expressway.

Mr. Ain detailed the LIPA process and responded to additional questions from the Board regarding electric rates and plant maintenance. At 8:14 A.M. the representatives from Caithness were thanked for their presentation and excused themselves from the meeting.

CFO'S REPORT

Mr. Braun presented the Operating Statement for March 31, 2014. Two application fees as well as a closing fee of \$42,853.50 from MS Packaging were deposited. An amended February statement was also included for review. Mr. Braun explained the LPL investment account for the benefit of the new Board Members. Ms. Mulligan noted there was a payment to the IRS for a penalty which the Agency is protesting, and also pointed out the new "funds in transit" line in the Operating Statement.

Drive Train paid the first half of their PILOT plus fees and the termination process has begun. No payment has been made yet by P & G Fleet or Precision Estates/Anorad. Default proceedings have begun with respect to Anorad. A different attorney had been used for the P & G Fleet project; efforts to contact him are ongoing. Mr. Weir noted that both the operating company and real estate holding company signed the PILOT Agreement for Anorad and the Agency may have to bring a lawsuit on behalf of the taxing jurisdictions if Anorad fails to pay. Ms. Eaderesto recommended putting a Lis pendens on the property. Mr. Weir also suggested contacting the mortgage holders.

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

CAITHNESS II – REVISITED

Mr. Grucci made a motion to accept the application for Caithness II. Mr. Rose seconded this motion which was unanimously approved.

RAIL REALTY APPLICATION

Ms. Mulligan presented the application on behalf of Rail Realty. This rental housing development would be located in Port Jefferson Village at the corner of Sheep Pasture Road and Texaco Avenue, one block off Main Street. The property this project would occupy currently consists of a car wash, two vacant houses, an industrial building and a vacant lot. Seventy-four rental units would be located on roughly 1.5 acres in an approximately 105,000 square foot building with underground parking. This project would be within the boundaries of the Comsewogue School District and is adjacent to the railroad which would be beneficial for Stony Brook University housing. The site has gone through the Village of Port Jefferson approval process. This is a \$16 million dollar project, and they estimate they will have 5 full-time employees. In response to Mr. Braun's question, this project is not eligible for the Blight to Light Program as ownership of the land will not change hands.

While there is no specific workforce housing component of this project, the rents for these units will be as follows: \$1,300 for a studio, \$1,500 for a one-bedroom unit and \$1,700 for a two-bedroom unit. Mr. Tullo added that the Village did not require an affordability component but their intention is to be able to work with Stony Brook University students. Discussion followed on the possibility of any IDA assistance leading to lower rents as well as the lack of rentals available on Long Island. Ms. Scheidt added that this development could support graduate students, interns and residents and is exactly what the area needs.

Mr. Grucci inquired if he would need to abstain from voting on this project due to a business relationship he has with the project attorney; Ms. Eaderesto advised that he refrain from voting on this issue. This application will be tabled until the May meeting.

CEO'S REPORT

Frank Lowe Rubber & Gasket

Ms. Mulligan informed the Board that the IRS would like to examine the bond documents relating to the Frank Lowe project. Mr. Weir noted that this is a random audit routinely conducted by the IRS.

Melconian Enterprises

Ms. Mulligan reminded the Board about the illegal subtenant issue with this project. Some of the information requested from this project has been received such as the subtenant application and part of the insurance, but there are still some items outstanding. The PILOT for this project is set to expire at the end of this year. It was the determination of the Board to move forward with terminating this project now.

The motion to terminate this project was made by Ms. Scheidt and seconded by Mr. Grucci. All were in favor.

MS Packaging

This recently closed project miscalculated what their construction costs would be. Sales tax exemptions have a set dollar limit that a project cannot go over without a penalty; MS expects they will exceed the limit they were granted and has requested roughly \$48,000 in additional exemptions. This amount does not require a public hearing but does require Board approval. Mr. Braun suggested approving this request at \$60,000 in case there are any other increases. Since there will be a fee associated with this increase Ms. Mulligan will give the project the option of a \$50,000 or \$60,000 increase.

Mr. Grucci made a motion to increase the sales tax exemption for an amount not to exceed \$60,000. Ms. Scheidt seconded this motion which was unanimously approved.

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Sales Tax

Ms. Mulligan explained that there has been a recent administrative change to how the Agency handles the submission of sales tax forms. New projects will now be required to submit a spreadsheet that shows the dollar amount for each purchase. This spreadsheet will track the project's expenses and alert the Agency if the company is coming close to reaching their exemption amount.

Newspaper Articles & Reports

Articles on Caithness II and MS Packaging were included in the meeting packets as well as the recent Authority Budget Office (ABO) Report on the Montgomery IDA.

Upcoming Events

Economic Development is holding a Job Fair at the Boys and Girls Club in North Bellport on May 8th. The Job Search Boot Camp is also scheduled to start soon and the annual Job Fair will be held on June 26th. All of these events are sponsored by the IDA.

Authority Budget Office (ABO)

Mr. Braun explained the ABO's role in overseeing IDAs to the new Board Members and also informed them they will need to complete an online training seminar to maintain their Board status.

May Meeting

Due to the New York State Economic Development Council's conference, the May meeting date has been moved up a week to May 14th. This meeting will now be held in the Economic Development conference room on the second floor.

Job Growth

In an effort to better track project employment, a report was included in the meeting packets containing the job numbers from the 2013 annual financial reports. Both projected and actual job numbers are included. Mr. Braun noted that the Agency requires a project to submit their most recent NYS Form 45 both at the time of application and with their annual report to confirm

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that projected job growth is being met. If a project fails to maintain the jobs promised in their application, there are clawback provisions in place to recapture benefits.

At 8:50 A.M. Mr. Gucci made a motion to go into Executive Session to discuss personnel and litigation matters. This motion was seconded by Mr. Rose and unanimously approved.

At 9:30 A.M. Mr. Gucci made a motion to return to the regular agenda. Mr. Rose seconded this motion and all were in favor.

AMENDING RESOLUTION #27

Mr. Gucci made a motion to extend resolution #27 to November 30, 2014. This motion was seconded by Mr. Rose and unanimously approved.

HIRING OF HARRIS BEACH

Mr. Gucci made a motion to hire Harris Beach for an amount not to exceed \$10,000. Ms. Scheidt seconded this motion which was unanimously approved.

The motion to close the IDA meeting at 9:36 A.M. was made by Mr. Gucci and seconded by Mr. Rose. All were in favor.

The next IDA meeting is scheduled for May 14, 2014 in the Economic Development conference room.