

TOWN OF BROOKHAVEN
INDUSTRIAL DEVELOPMENT AGENCY

MEETING MINUTES

AUGUST 21, 2014

MEMBERS PRESENT: Frederick C. Braun, III
Martin Callahan
Michael Kelly
Scott Middleton
John Rose
Ann-Marie Scheidt

EXCUSED MEMBER: Felix J. Grucci, Jr.

ALSO PRESENT: Lisa M.G. Mulligan, Chief Executive Officer
James Ryan, 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 Brinka, IDA Assistant
Annmarie Hallock, IDA Assistant
Alan Wax, Wax Words, Inc.

Chairman Braun opened the meeting at 8:21 A.M. on Thursday, August 21, 2014, at Suffolk Transportation Service, Inc., 1162 Old Town Road, Coram, New York.

MEETING MINUTES OF JULY 16, 2014

The Minutes of July 16, 2014 were previously sent to the Members for review. The motion to approve these Minutes as presented was made by Mr. Rose and seconded by Ms. Scheidt. All were in favor.

CFO'S REPORT

A total of \$7,500 was deposited and a bank transfer of \$50,000 was made from the money market account to the operating account. The usual expenses were noted and a treasury note matured. Mr. Ryan informed the Board that there are two treasury notes left that will mature on September 30th, and an additional treasury note matured at the end of June that was not

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accounted for. The PILOT account holds only interest and the only project that has not paid their taxes is Anorad/Precision Estates. Mr. Weir added that the sublease for Anorad expired at the end of last year as well as their PILOT. This project will be terminated immediately. The property owner (Precision Estates) is still obligated to pay the 2013/2014 tax bill.

The motion to accept the Operating Statement for July was made by Mr. Rose, seconded by Mr. Kelly and unanimously approved.

CLARE ROSE – INDUCEMENT RESOLUTION

The public hearing for the installation of solar panels on the roof of the Clare Rose facility was held on August 20th. One person attended who spoke in favor of the project; Ms. Mulligan read his comments aloud to the members.

The motion to approve this inducement resolution was made by Mr. Middleton and seconded by Mr. Rose. All were in favor.

RAIL REALTY – RESOLUTION

Ms. Mulligan presented the resolution for this apartment complex that will be located on a currently blighted property north of the train station in Port Jefferson Village. The current car wash, two houses and industrial building currently on site will be demolished. Project costs have increased from \$4 million to \$5 million dollars since their initial application. Proposed rental figures are: \$1,400 for a studio, \$1,625 for a one-bedroom unit and \$1,975 for a two-bedroom unit. These amounts are based on 2016 projections (when the complex is planned to open) and are considered to be comparable to existing rentals. Mr. Braun added that any IDA benefits need to be passed through to the tenants. Mr. Ryan noted that there is a split in the market in Port Jefferson and given the fact that this complex will not open until 2016 he is confident that these rates are below market.

The public hearing for this project was held on July 9th at Port Jefferson Village Hall. One comment was submitted, a request that public hearing notices be published in more local newspapers, in this case the Port Times Record. Mr. Weir stated that the IDA Act requires the

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Agency publish public hearing notices in papers with a regional distribution. Ms. Eaderesto suggested publishing an additional notice in the local paper when a project will be located within an incorporated village; however, deadlines with weekly newspapers versus a daily edition would be problematic. Mr. Middleton proposed the Village notify their residents by posting the notice on their website. After much discussion it was decided to leave the publishing of public hearing notices as is.

The motion to approve the resolution for Rail Realty was made by Mr. Rose, seconded by Ms. Scheidt and unanimously approved.

STAFFORD ASSOCIATES

Ms. Mulligan reminded the members that this company's property tax abatement was for 50% since they planned to rent out half of their facility. Mr. Gross informed the Board that Stafford is looking to re-finance their first mortgage, pay off their SBA loan and restructure the Employee Stock Ownership Plan (ESOP) set up for their employees. They will be borrowing an estimated additional \$100,000.

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

TATE'S BAKE SHOP

Ms. Mulligan informed the Board that this recently closed project in East Moriches has experienced tremendous growth in the last few years. They have exceeded their job creation numbers and their products are in most second-tier supermarkets across the country. The Riverside Company, an equity investor, has approached Tate's about becoming partners. This transfer would require IDA approval. Mr. Gross explained that the current principals of Tate's will become minority partners under the new arrangement. Roughly nine years are left on their PILOT Agreement.

The motion to approve this resolution was made by Mr. Rose, seconded by Ms. Scheidt and unanimously approved.

UNCLE WALLY’S – RE-FINANCING

The original resolution for this project included re-financing of debt through Chase Bank.

The motion to approve this re-financing was made by Mr. Rose and seconded by Ms. Scheidt. All were in favor.

DARE SPONSORSHIP

The DARE sponsorship that was approved at last month’s meeting was rescinded. This sponsorship will be given through the LDC.

The motion to rescind the \$5,000 sponsorship was made by Mr. Middleton, seconded by Mr. Rose and unanimously approved.

DOWLING COLLEGE

Mr. Weir reminded the members that Dowling shut down most of the Brookhaven Campus and an estimated \$40 million dollars in bonds are outstanding (a combination of bonds issued by both the Brookhaven and Suffolk County IDAs). Stony Brook University has reached out to Dowling about the potential of renting out the dorms. Mr. Weir has conferred with his tax partners and they are confident that a short-term lease for the dorms between Dowling and Stony Brook is possible without the bonds becoming taxable.

The motion to approve this lease was made by Mr. Middleton and seconded by Mr. Rose. All were in favor.

PRO’S CHOICE (QUALITY KING DISTRIBUTORS) – APPLICATION

Ms. Mulligan presented the application for Pro’s Choice new robotic picking system at the Quality King (QK) facility. This new system will allow them to condense their merchandise into a much smaller space by using a computerized track system that will automatically pick customer orders. This system will cost roughly \$8 million dollars and their New Jersey facility would be consolidated into the Bellport location. Pro’s Choice is seeking a sales tax exemption

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for this equipment. It was noted that there are many different subsidiaries that operate at the QK site.

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

CEO'S REPORT

Meadows at Yaphank

Ms. Mulligan updated the members on this mixed-use project that will be constructed on the northeast corner of William Floyd Parkway and the Long Island Expressway in Yaphank. The application for Phase One requested exemptions from sales taxes and mortgage recording taxes. A PILOT Agreement has now been requested. The estimated property tax per unit is proposed to be \$3,233 and the PILOT would start in tax year 2016/2017. Payment in the first year is expected to be \$828,480; at full assessment the first year taxes are estimated to be \$1.11 million. This 10-year PILOT would only be for Phase One of this project which is 240 rental units. A second public hearing will be needed to include a potential PILOT. Representatives at Meadows have spoken with the Longwood School District who is very excited about this project.

Ronkonkoma Hub

Ms. Mulligan informed the Board that Tritec has submitted an application for Phase One of this project which includes roughly 12 acres of land. PILOT discussions have begun; the potential for a 25-year PILOT (15 years at 100% and then increasing by 20% per year until full assessment is reached) is being considered. Mr. Ryan provided some background on how tax numbers are determined and outlined a few potential scenarios. Phase One includes 380 apartments as well as infrastructure improvements.

At 9:10 A.M. Mr. Middleton excused himself from the meeting.

The public hearing for this project will be held prior to the next meeting in September and a closing could theoretically happen by next year. There will not be a mortgage recording tax

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exemption issued. Any PILOT would commence in the 2017/2018 tax year. Mr. Braun asked that members of the board attend the public hearing if possible.

The Board agreed to the concept of a 25-year PILOT for Phase One: two years at a land only assessment, fifteen years at \$100,000 and escalating 10% per year until the 25th year. Each phase will be treated the same.

Omega Moulding – Request for Extension of Benefits

The PILOT for this project is due to come to full assessment shortly and Omega has requested an extension. They have 113 employees at their Bellport facility and have additional locations in Georgia, Illinois, California and Canada. They have listed their building for sale and Mr. Tullo has met with a few of the companies interested in purchasing it. Baltimore has been very aggressive in enticing them to relocate there. Omega provided current financials and form 45's to confirm employment numbers.

It was the consensus of the Board to offer a five year extension on the PILOT with taxes increasing by 20% per year until they reach full assessment. A clause will be included stating that if the company shuts the facility down, relocates or terminates the lease early, 100% of the benefits extended will be recaptured. A public hearing will be held to consider this extension.

Sayville Browning

For the benefit of newer board members, Ms. Mulligan provided some background information on this hotel, the Courtyard Marriott on the South Service Road of the Long Island Expressway in Ronkonkoma. Plans to build a Homewood Suites hotel on the same property have already been approved. Mr. Weir noted this is one lot that can't be subdivided due to Suffolk County sewer hook-ups and detailed the financing delays due to the recent economic recession.

An extension on their PILOT Agreement was granted a year ago with the amounts increasing by 20% each year. This extension was tied to the new hotel being constructed but there have been problems with financing. A feasibility study was submitted as requested. Sayville Browning is now requesting that the package already approved be pushed out since construction on the new

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hotel has not started. Mr. Weir stated that the Agency could close on the new transaction before the end of the current tax year. Site work is expected to start in the fall of 2015. A new public hearing will need to be held and a closing could take place in September or October. Recapture clauses will be included in the lease agreement.

Caithness II Update

Several newspaper articles were included in the meeting packets. This project is on hold for now.

Audit Proposal

A proposal was submitted from an Albany-based accounting firm seeking to perform accounting services for the IDA. The members chose to keep these services with the current firm.

Chamber Breakfast

The IDA is sponsoring a breakfast for the local Chambers of Commerce on September 15th at Town Hall from 8:00 A.M. to 10:00 A.M.

LI Forum for Technology (LIFT)

The IDA received a thank you letter from the LIFT for the recent membership renewal.

Commercial

The commercials are on the IDA website and will be airing on television soon. It was suggested that they also be posted on the Town's website.

Website

Applied Computer Technologies is preparing a proposal to upgrade the IDA website.

Ipads

A quote for the purchase of iPads has been requested through the Information Technology Department. Mr. Ryan will follow up on this.

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Frank Lowe

All requested documents were sent to the IRS last week.

The motion to close the meeting at 9:49 A.M. was made by Ms. Scheidt and seconded by Mr. Rose. All were in favor.

The next IDA meeting is scheduled for Wednesday, September 17, 2014.