

TOWN OF BROOKHAVEN
INDUSTRIAL DEVELOPMENT AGENCY

MEETING MINUTES

JUNE 17, 2015

MEMBERS PRESENT: Frederick C. Braun, III
Martin Callahan
Felix J. Grucci, Jr.
John O'Loughlin

EXCUSED MEMBERS: Michael Kelly
Scott Middleton
Ann-Marie Scheidt

ALSO PRESENT: Lisa M. G. Mulligan, Chief Executive Officer
James Ryan, Chief Financial Officer
James M. Tullo, Deputy Director
Annette Eaderesto, Counsel
Howard Gross, Weinberg, Gross & Pergament
William Weir, Nixon Peabody, LLC (via conference call)
Jocelyn Brinka, Assistant
Alan Wax, Wax Words, Inc.

Chairman Braun opened the meeting at 8:11 A.M. on Wednesday, June 17, 2015, in the Economic Development Conference Room on the Second Floor of Brookhaven Town Hall, One Independence Hill, Farmingville, New York.

MINUTES OF MAY 13, 2015

The Minutes of May 13, 2015 were previously sent to the Members for their review. The motion to approve these Minutes as presented was made by Mr. Grucci and seconded by Mr. Callahan. All were in favor.

CFO'S REPORT

Mr. Ryan presented an amended Operating Statement for April to correct the amount in the PILOT account.

The usual expenses were paid in May and PILOT disbursements are ongoing. Precision Estates/Anorad has still not made any payments and Anthony's Closets has not paid their second half. All PILOTS have been disbursed within thirty days of receipt.

The motion to accept the Operating Statements was made by Mr. Gucci, seconded by Mr. Callahan and unanimously approved.

T. MINA SUPPLY – INDUCEMENT RESOLUTION

Ms. Mulligan presented the inducement resolution for T. Mina Supply, a manufacturer and distributor of sewer pipes, who is relocating from Queens to Medford. T. Mina is building an approximately 12,000 square foot facility on roughly 4 acres at a cost of almost \$4 million dollars. They are relocating as a result of eminent domain near CitiField. Mr. Gross informed the Board that they will close on the land and then the Agency will step in for the construction phase of the project. T. Mina will be keeping a few offices in Queens but their manufacturing and distributing facilities will be located in Medford.

The motion to approve the inducement resolution was made by Mr. Gucci and seconded by Mr. Callahan. All were in favor.

CRESTWOOD FARMS – FINAL AUTHORIZING RESOLUTION

Crestwood Farms, a milk distributor, is the first project under the Adaptive Re-Use Policy and is expected to close tomorrow. Crestwood will be purchasing the former All County Provisions building on 32 Sawgrass Drive in Bellport. They will receive a 50% PILOT since the facility is within the former Empire Zone. No comments were received at the public hearing. The cost for this project is between \$1,255,500 and \$1,500,000.

The motion to approve the final authorizing resolution was made by Mr. Gucci, seconded by Mr. Callahan and unanimously approved.

AMERICAN CAPITAL ENERGY (ACE) HOLTSVILLE – APPLICATION

An application was previously submitted from American Capital Energy (ACE) for solar panels at the Manorville Compost facility. This application is for 5,000 310-watt solar panels with a capacity of 1.5 million kilowatts at the Holtsville Ecology site. Ms. Eaderesto added that the Town is moving forward on these projects and minimal trees will be removed. Other potential sites besides the Manorville facility and the Ecology site, include the roof of Town Hall and the landfill. There are a small number of potential panels to be located at Calabro Airport that still requires final FAA approval.

There will be a ground lease payment to the Town. A sales tax exemption on the panels could be granted and a combination of taxable bonds and tax credits could be part of the financing. Ms. Eaderesto advised that the Town Board is considering the SEQRA for the Manorville site at their meeting tomorrow. The Holtsville project will cost roughly \$6.7 million dollars and will be located in an area that is already predominantly cleared.

The motion to accept the application for ACE Holtsville was made by Mr. Callahan and seconded by Mr. O’Loughlin. All were in favor.

Mr. Weir added that the public hearing for the ACE Manorville project would be prepared for publication next week.

DICARLO DISTRIBUTORS – SOLAR PANEL APPLICATION

In 2013, DiCarlo requested the Board’s permission to install solar panels on the roof of the facility. It was explained to them that the Agency could assist with a sales tax exemption which they declined. Their assessed value went up due to the addition of the panels and they are now requesting the 15-year abatement on the solar panels that they were initially offered. Mr. Ryan provided some details on if the panels are considered personal property or not.

Ms. Mulligan noted that there is a question on our application inquiring if any of the executives or the company has been convicted of a felony and their response was “yes”. The company was

convicted of violating the Sherman Anti-Trust Act in 2001. The plea was part of a much larger case involving multiple food distributors.

In response to Mr. Grucci's question, Mr. Weir advised that there is nothing in the State regulations precluding the Agency from assisting a company that has been convicted of a felony.

The motion to accept the application was made by Mr. Grucci, seconded by Mr. O'Loughlin and unanimously approved. The existing PILOT will be pushed out further to accommodate for the solar panel exemption.

CEO'S REPORT

Precision Estates/Anorad

There has still been no payment made towards the 2013-2014 or 2014-2015 PILOT bills. There have been discussions with Precision's bank about the bank paying what is owed and perhaps extending the PILOT to help them market the property for sale. The building is starting to show wear such as broken windows. Mr. Weir informed the Board that if the property is put back on the tax rolls, the amount owed under the PILOT Agreement would be lost. After much discussion, the Board decided to terminate this project as of today. If Precision continues to fail to pay their taxes the affected jurisdictions can sue for payment.

The motion to terminate this project was made by Mr. Grucci and seconded by Mr. Callahan. All were in favor. Ms. Eaderesto will have inspectors visit the property to ensure it is safe and properly secured. Mr. Weir will begin preparing the documents to transfer the property out of the Agency's name.

Project Monitoring/Project Selection

Ms. Mulligan reminded the Board that the Agency hired a firm to perform a risk assessment a few years back. The report noted the need for project monitoring and project selection procedures. Legislation is pending that may standardize these procedures across the state, as

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well as the IDA application and cost benefit analysis. The members will review the drafts Ms. Mulligan provided and discuss at the next meeting.

Islandaire

Ms. Mulligan informed the Board that the Town Fire Marshall has issued tickets to Islandaire for violations such as the lack of a fire sprinkler system and occupying space without a certificate of occupancy. Islandaire will meet with the Building Department tomorrow. Mr. Gross will default this project if necessary.

St. Joseph's College

St. Joseph's has still not terminated their relationship with the IDA; the documents were nearly completed but progress has stalled. It came to the Agency's attention that they hold carnivals on the property this time of year and this is not something the IDA would be involved in. Since there has been no movement, a letter was sent last week that informed the college that termination procedures are moving forward and an invoice to cover costs (roughly \$3,000 to \$5,000) will be sent once it is completed.

Mr. Grucci made a motion to transfer title back to St. Joseph's and authorize the IDA to pay all expenses in connection with the termination. An invoice will be sent to the college once the termination is complete. Mr. Callahan seconded this motion which was unanimously approved.

Legislative Session Update

This state legislation would create minimum standards for IDA applications, financial agreements, job monitoring, criteria for selecting projects and require IDAs to adopt policies for the recapture and suspension of tax benefits. Mr. Braun noted that this legislation is supported by the New York State Economic Development Council.

Comptroller's Annual Performance Report 2015

The State Comptroller's Annual Performance Report for 2015 on IDAs was included in the meeting packets. The numbers included in this report are from 2013; the amount that Brookhaven spends to create jobs is less than most other IDAs in the state.

Presentation from Todd Shapiro

A written summary of Mr. Shapiro's presentation at last month's meeting was distributed to the members.

Newspaper Articles

Numerous articles were included for review.

Job Fair – June 25th

Economic Development is holding a Job Fair at Town Hall on June 25th.

Project Job Creation

Ms. Mulligan presented a spreadsheet that tracks project job creation from the year they are certified, how many jobs they projected for the first two years, and the job numbers they certified for the annual report for the last couple of years.

Cross-Sound Cable

Mr. Weir explained that the parent company that is about three levels above Cross-Sound Cable is being purchased. In connection with that purchase, they are requesting the IDA approve a \$120 million dollar mortgage to re-finance debt. Mr. Braun inquired if the value of the property is that high; Mr. Weir responded that it is probably all of the debt of the company and what it cost to build the entire system. The Agency was not involved with the mortgage in the original financing so the mortgage recording tax exemption would not be considered.

The motion to allow the execution of the mortgage but not to grant the mortgage recording tax exemption was made by Mr. Grucci and seconded by Mr. Callahan. All were in favor.

Anthony's Closets

Mr. Gross is drafting a default letter to this project for failure to pay their second-half PILOT payment.

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Mr. O'Loughlin made a motion to enter executive session to discuss contracts at 9:32 A.M. The motion was seconded by Mr. Callahan and unanimously approved.

At 9:47 A.M. Mr. O'Loughlin made a motion to leave executive session and close the meeting. Mr. Callahan seconded this motion and all were in favor.

The next IDA meeting is scheduled for Wednesday, July 15, 2015.