

TOWN OF BROOKHAVEN
INDUSTRIAL DEVELOPMENT AGENCY

MEETING MINUTES

JUNE 8, 2016

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

EXCUSED MEMBER: Michael Kelly

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, LLP (via conference call)
Jocelyn Linse, Assistant
Alan Wax, Wax Words, Inc.

Chairman Braun opened the meeting at 12:08 P.M. 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 MAY 11, 2016

The Minutes of May 11, 2016 were previously sent to the Members for review. The motion to accept these Minutes as presented was made by Mr. Grucci and seconded by Mr. Callahan. All were in favor.

CFO'S REPORT

Mr. Ryan presented the Operating Statement for May 31, 2016. There was a total of \$51,903.12 in deposits and expenses totaled \$36,148.19. A treasury note matured and second-half PILOT disbursements are ongoing.

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At 12:12 P.M., Mr. Middleton joined the meeting.

Checks have been ordered for the Ronkonkoma Hub account so transfers between that account and the checking account should end this month. Amended Operating Statements for January 2016 until present were included in the packets. Mr. Ryan explained that he was not receiving bank statements for the PILOT account so amendments were necessary.

The income from the Greco investment account is now included in the Operating Statement and Mr. Ryan confirmed he has access to the account online. Treasury notes will be maturing later in the year so there will be a higher return on investment. Mr. Ryan inquired if the Board would like to offer a \$15,000 group term life insurance policy for Agency staff at a cost of \$3 per month through Shelter Point Life Insurance. Mr. Grucci made a motion to offer this insurance policy to Agency staff which was seconded by Mr. Middleton. All were in favor. The policy will terminate when an employee leaves the IDA.

The motion to accept the Operating Statement for May was made by Mr. Grucci, seconded by Ms. Scheidt and unanimously approved.

INVENERGY/SHOREHAM SOLAR COMMONS – RESOLUTION

Ms. Mulligan informed the Board that the public hearing for this project was held yesterday with Chris Shishko of Guercio & Guercio in attendance. Ms. Mulligan read Mr. Shishko's comments aloud to the Members. Mr. Shishko represents the Shoreham-Wading School District who is not opposed to the project, but questioned the methodology in determining the PILOT payments, if there would be a solar curriculum offered for students and if any municipality would receive free electricity as a result of this project. The cost benefit analysis was provided for the Members for their review.

Mr. Pollakusky joined the meeting at 12:23 P.M.

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Ms. Mulligan stated this project would close in two phases: the first closing will be for the equipment and the second will be for the PILOT and real estate. Shoreham Solar Commons/Invenergy will be paying the mortgage recording tax.

The motion to approve this resolution was made by Mr. Grucci and seconded by Ms. Scheidt. All were in favor with Mr. Middleton abstaining.

GENERAL MUNICIPAL LAW AMENDMENTS – RESOLUTIONS

Ms. Mulligan detailed the application and policy changes that were reviewed last month and must be adopted by June 15, 2016. Minor changes to the application have been made since then; a space for the project owner's counsel's phone number was added and a few questions from the old application that proved helpful were put back in.

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

There were no changes made to the Recapture and Termination Policy since last month. Recapture provisions have been in effect at the Brookhaven IDA for quite a few years.

The motion to accept the new Recapture and Termination Policy was made by Mr. Grucci and seconded by Ms. Scheidt. All were in favor.

There have been no changes to the Uniform Project Evaluation Criteria Policy presented last month; Ms. Mulligan would like to add a section about the retention and creation of jobs. This policy can be amended at a later date to include some minor changes. Mr. Braun requested that a brief narrative be included in the project file once a project has been approved.

The motion to accept the Uniform Project Evaluation Criteria Policy was made by Mr. Grucci, seconded by Mr. Callahan and unanimously approved.

CASSONE LEASING, INC. – APPLICATION

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Ms. Mulligan presented the application that calls for the construction of two buildings: a 10,000 square foot office building and a 47,000 square foot manufacturing building. The property is located on the south side of Horseblock Road, just northwest of Woodside Avenue. This project is expected to cost approximately \$9.45 million dollars and their staff is expected to increase to 78 people as a result of this expansion. Cassone has three other sites in Ronkonkoma, Holbrook and Bellport that will be kept as storage yards.

Cassone has also gotten into the modular building business in addition to renting equipment. The office building to be constructed will be modular to help showcase their product. Mr. Braun inquired if this project could be considered retail; this is not the case since it is mainly business to business sales. Mr. Gross added that they may be restricted to how much retail they can do.

The motion to accept the application was made by Mr. Callahan and seconded by Mr. Grucci. All were in favor with Mr. Middleton abstaining.

CEO'S REPORT

Amneal Sales Tax Extension

Ms. Mulligan explained to the Members that constant work order changes have made construction on this project take much longer than anticipated. The closing took place approximately four years ago. Amneal has requested a year-long extension on their sales tax and an increase of their exemption from \$42.5 million dollars to \$80 million dollars. A public hearing is required before this additional allocation can be granted. Over 400 jobs have been created as a result of this project, and Amneal is still hiring.

NYS Minimum Wage Increase

Due to the increase in the New York State minimum wage, FramERICA and Uncle Wally's have both requested extensions of their PILOT Agreements. FramERICA has asked for five additional years at 100% abatement, then an increase of 20% per year until 2022. Mr. Braun noted that this company has considered moving off Long Island and cancelled a solar installation on their roof.

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The minimum wage increases by \$1 per hour at the end of 2016, then another dollar per year until the rate reaches \$15 per hour. Ms. Mulligan informed the Board that a meeting has been scheduled with the other local IDAs to discuss how this increase is impacting businesses. Senator Croci would like a roundtable set up regarding this issue as well. Legislation to exempt manufacturers from this wage increase has been mentioned. There is a look back scheduled to review this increase in 2019. Language could be inserted into a new PILOT Agreement that if the increase is repealed in 2019 the additional abatement would need to be returned.

Uncle Wally's requested 10 years of abatement at 100% until 2026, then increases of 20% per year for five years. Uncle Wally's has also asked that job number requirements be removed from the clawback language as they may move to automate some of their warehouse functions; the Board determined that these requirements must remain in the agreements and any PILOT extensions granted would need to be consistent.

Mr. Grucci made a motion to schedule public hearings to authorize PILOT extensions for Frameria and Uncle Wally's for five years at 100% abatement, then increases of 20% for the next five years. The motion was seconded by Mr. Middleton and all were in favor.

Long Island Business Development Council (LIBDC) Sponsorship

The IDA's annually sponsored LIBDC luncheon is scheduled for July 22, 2016 at the Courtyard Marriott in Ronkonkoma. This year's topic is the Arboretum Project in Farmingville and Mr. Kelly will participate in the panel discussion. The cost for this luncheon is \$2,500. The motion to approve this sponsorship was made by Mr. Grucci, seconded by Ms. Scheidt and unanimously approved.

New York State Legislation

Ms. Mulligan informed the Board that there is legislation pending that would give the Authority Budget Office the power to remove or suspend board members and executive staff of local public authorities if the ABO believes they have knowingly failed to comply with provisions of the Public Authorities Law. Legislation was also introduced that would require all projects that receive IDA benefits pay prevailing wage. It is estimated (by the New York State Economic

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Development Council) that this would increase construction costs by 28% and would negate any benefit that the IDA can provide.

At 12:58 P.M. Mr. Middleton made a motion which was seconded by Ms. Scheidt 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. At 1:07 P.M., Mr. Grucci made a motion to return to the regular agenda. The motion was seconded by Ms. Scheidt and unanimously approved. Ms. Scheidt and Ms. Eaderesto excused themselves from the meeting.

Todd Shapiro Associates - Update

Mr. Wax recently met with Mr. Pollakusky to discuss new ways to reach businesses. Spotlighting an IDA project monthly or quarterly was brought up; Mr. Pollakusky noted that content generation can be limited at times so highlighting one of our projects would be a way to help with keep our social media current. Mr. Braun would like companies contacted that are not aware of what the IDA can do for them; an intern will be brought in from Todd Shapiro Associates to help with this endeavor. Ms. Mulligan added that we have a proposal in with the Business Graduate Program with Stony Brook University. An intern was not available when the proposal was submitted but will be revisited in the fall.

Dowling College

Mr. Braun informed the Board that Dowling College has not defaulted on any bond payments to the best of our knowledge. The bulk of the \$54 million dollars in outstanding bonds is with Suffolk County IDA; approximately \$9 million is with the Brookhaven IDA. There is no exposure to the IDA or the Town of Brookhaven. The next payment is due at the end of July.

Mr. Grucci made a motion to close the IDA meeting at 1:19 P.M. The motion was seconded by Mr. Callahan and unanimously approved.

The next IDA meeting is scheduled for Wednesday, July 27, 2016.