

TOWN OF BROOKHAVEN
INDUSTRIAL DEVELOPMENT AGENCY

MEETING MINUTES

MONDAY, FEBRUARY 28, 2011
(Amended March 21, 2011)

MEMBERS PRESENT: Frederick C. Braun, Chairman
Gasper C. Celauro
Joseph R. Kessel, Jr.
Ronald J. LaVita
Ann-Marie Scheidt
Peter G. Moloney
John Rose

ALSO PRESENT: Lisa M. G. Mulligan, CEO
James Ryan, CFO
Annette Eaderesto, IDA Counsel
Howard Gross, Esq., Weinberg, Gross & Pergament LLP
Paul Pontieri, Economic Development
Jocelyn Brinka, Economic Development
Kathleen M. Estabrook, Recording Secretary

Chairman Braun opened the meeting at 8:00 A.M. on Monday, February 28, 2011 at the Clare Rose facility at 100 Rose Executive Blvd., East Yaphank, NY.

The IDA meeting was hosted graciously by Mark and Sean Rose, Ken Meyers, and the Clare Rose staff.

MEETING MINUTES OF JANUARY 10, 2011

The Minutes of the last meeting were recently amended and changes will have to be made. The final document will be in the 2011 Minutes file. However, the motion to approve the Minutes, as corrected, was made by Mr. Celauro, seconded by Mr. Kessel, and unanimously approved.

CFO'S REPORT

Mr. Ryan presented the Operating Statements for January 2011, giving totals in all our accounts. He gave the total for the CDs and Treasury Notes and indicated the most recent PILOT disbursements. Ms. Mulligan added that only four projects are outstanding, as due date extensions were offered for various reasons.

The issue of the Industrial Access Program (IAP) was discussed and Mr. Ryan said that the audited cost was less than what the State was billing the IDA. The last payment reflects the reduced amount. The IAP is closed. In answer to Mr. Celauro, he stated that the Caithness project paid their first-half PILOT of \$3.1 million. Their PILOT will run another 16 years, escalating to approximately \$9.67 million. In answer to Mr. LaVita, he said that Port Jefferson Power Plant pays approximately \$25 million in real estate taxes.

He added that once Sini & Reeves completes their audit, he has until April 30 to finalize the Annual Financial Report (AFR) and send to the State. He assured the Board that he will have no problem in meeting this deadline.

The motion to approve the CFO's Report was made by Mr. LaVita, seconded by Mr. Kessel, and unanimously approved.

RENAISSANCE TECHNOLOGIES INDUCEMENT RESOLUTION

Mr. Gross offered a brief presentation. This is a \$70 million expansion on their property. They already conveyed some of their land.

The motion to approve the Renaissance Inducement Resolution was made by Ms. Scheidt, seconded by Mr. Kessel, and unanimously approved.

Mr. Braun then asked if Mr. Gross received final documentation from Stafford (DEMKS). He replied that he did, but now has to review it and send to Ms. Mulligan for her signature.

ORGANIZATIONAL RESOLUTIONS – 17-2011 & 18-2011

These were amended versions to Resolutions 1-2011 and 3-2011 that were already approved. Mr. Ryan explained the need for his and Ms. Mulligan's IDA work time to be clarified.

The motion to approve these resolutions was made by Mr. Celauro, seconded by Mr. Moloney, and unanimously approved.

CMD WOODWORKING CORP. – APPLICATION

Ms. Mulligan presented CMD Woodworking's Application. A Project Abstract was prepared and distributed to the Board. This is a privately owned, husband and wife, company. They plan to acquire a 5,750 square foot industrial condominium within the Sills Industrial Condominiums on Horseblock Road in Yaphank. CMD manufactures and installs custom woodworking products (cabinetry, mouldings, doors, etc.) primarily for residential communities. The cost of the project is approximately \$740,000.00 and each condo is assessed separately. This project will create 5 jobs, they currently have 12 employees and will increase to 15 the first year and 17 jobs within two years of completion.

It was the consensus of the Board to move forward with this project and prepare an Authorizing Resolution. Mr. Braun said he would speak to Bill Weir about this.

PROJECT UPDATES

Framerica – This company has been thinking of leaving Long Island. They manufacture picture frames, door saddles, etc. Mr. Braun went into detail on the process they use. Their IDA tax abatement runs out at the end of this year. Ms. Scheidt said that they are teaching English as a second language at this site, since many of their employees are Hispanic.

Asked what other town's are doing in the same situation when projects requests extensions, Ms. Mulligan explained the process that the Town of Islip uses which ends up to be a 17-18-year abatement. Much discussion followed and Ms. Mulligan added that Framerica is also near the end of their Empire Zone certification period. It was stated that Economic Development could be a "hot topic" for the new Governor.

At this point, Ms. Mulligan presented the Board with a spreadsheet on our Industrial Development Agency Projects. Ms. Mulligan requested that Ms. Brinka prepare this very useful document that includes company names, contacts, addresses and activity descriptions. Ms. Brinka provided this very time-consuming data project with efficiency and expediency. All present were grateful for this information and praised the work that Ms. Brinka put into it.

L.I. Precast

Ms. Mulligan informed the Board that the Agency fee for this project will be \$23,519.65 and it is scheduled to close on March 3, 2011.

Luitpold Expansion

This expansion would add about 53,000 square feet to their 80,000 square foot building. They have 400 employees and they would be adding another 50 people. However, Ms. Mulligan said that Luitpold has not yet come to us.

Sayville Browning Request

This hotel is off the LIE between Exits 60 & 61. Sayville Browning is requesting an abatement extension. Mr. Browning plans to build a second hotel near the Ronkonkoma HUB. He needs the extension on his current abatement in order to complete the new project. Mr. Braun discussed banking and the cash flow situation. Ms. Eaderesto encouraged the Board to give much thought to Mr. Browning's request because of some earlier issues that were not caused by Sayville Browning and adversely affected his project, causing a lawsuit. Ms. Mulligan said there needed to be timelines as to when the second hotel would be started, and Ms. Eaderesto said clawback provisions would be needed in a special agreement. The Board is worried about giving any of our projects special treatment and Mr. Gross agreed that, in spite of potential problems with the Town and Planning Department, all our projects have to be treated the same. Ms. Scheidt said the IDA has to prepare a definitive abatement policy agreement.

RONKONKOMA HUB UPDATE

Ms. Eaderesto mentioned the Request For Expressions of Interest (RFEI) in the Ronkonkoma HUB area. This is a new type of zoning and the market has to tell us whatever can be built there. The developers will have to spend about \$100,000 in engineering so more than likely substantial companies will be responding to the RFEI. They will be telling the Town how much retail, how many stories, sewer treatment plant, etc., will go in. Once Expressions of Interest are received, the Town will choose one – these EIs have to be in by June 30th and then the Request for Proposals will go out and be awarded by September. Appraisals are done and condemnations will be made if necessary. There are 36 tax parcels in the area. She added that the MTA owns part of the HUB, as does the Town of Brookhaven and the Town of Islip. In answer to Ms. Scheidt, Ms. Eaderesto explained “form-based zoning”. Mr. Braun said the IDA got involved

with the HUB project back in 1986. Ms. Eaderesto thinks the IDA will again be involved in this project.

The discussion returned to Lee Browning's request. No decision was made. Ms. Mulligan said that Browning is willing to negotiate and added that the IDA needs a policy that spells these issues out. Mr. Celauro asked if there were other financial vehicles that Browning could use (485-B exemption schedule). Mr. Ryan had a few suggestions which he explained. Ms. Mulligan received a letter of interest from "Latitude" Capital Advisors indicating that they would be interested in financing the second project, but it would be contingent on the first project getting a property tax abatement extension. Mr. Braun asked the Board to come to the next meeting with some thoughts, ideas and recommendations, as a policy has to be established. Mr. Celauro spoke about the "sticker shock" when a project's abatement runs out and they see what their new tax will be. He would like to see it ramped up slowly. This will be another issue for discussion at the next meeting.

SEAMAN/SAMANNA REQUEST

Gordon Seaman is requesting an extension on their sales tax. They are installing 29 kilowatts of solar panels on their roof and renovating their existing office space. This company has 108 full-time employees and they think this revamp will allow them to hire six (6) more employees. The average yearly salary is \$60,000. Mr. Gross explained that he thought that Seaman just needed additional time to complete their original project. He realized now that this is the second phase of their project. It was stated that they have to re-apply because this is actually a new project.

Mr. Ryan said the solar panels would add to the assessed value of their property, but they can apply for a tax exemption on these solar panels. Mr. Braun requested that Ms. Mulligan make them aware of this, as the solar exemption might be greater than what they are asking for through the IDA.

CLARE ROSE

Ms. Mulligan informed the Board that Clare Rose is doing a Refinance Modification of Credit Documents. She said no resolution was needed as this was assumed in their original Lease Agreement. She added that Bill Weir is reviewing it.

GLOBAL TISSUE GROUP

Ms. Mulligan and Mr. Ryan met with Global last week. They requested a sales tax extension because they still need need furnishings, signage and some road improvements. The IDA already gave them a 6-month extension and they are requesting another extension on sales tax exemptions. The first 6-month extension ended on June 30, 2010. It was decided that they have until September 30, 2011, retroactively to June 30, 2010, to complete this project.

In addition they have plans to come to the IDA for another 130,000 square feet addition to their current 170,000 square foot facility. Mr. Braun gave some background on Global. There followed much discussion on this addition to the facility and the possible need for a sewer treatment plant.

They may also come to the IDA for assistance in purchasing a new manufacturing line. Mr. Ryan said they told him they have 83 employees and this equipment will add another 10-15 people. Mr. Celauro would like to have their employment numbers checked with the Department of Labor.

The motion to approve another sales tax extension exemption was made by Mr. Celauro, seconded by Ms. Scheidt and unanimously approved. Mr. Braun said they must be made aware that this is the last extension and it is only for the items listed in their letter.

NEW BUSINESS

M-3 Technology

M-3 is interested in purchasing a 26,000 square foot vacant building in the Brookhaven Industrial Park on Sawgrass Drive. This building was constructed 3 or 4 years ago and has been vacant since then. Ms. Mulligan said it recently went on the tax rolls. M-3 distributes electric components. They are presently in a 15,000 square foot facility on Old Dock Road, a property they are leasing. Their business has grown and they now manufacture and warehouse military and helicopter parts. They have 46 employees and will add 10 more people over the next two years. The average salary is between \$40,000 and \$60,000 per year. Ms. Mulligan said this is another policy issue that has to be addressed regarding existing building benefits. She added that the Town of Islip had to

address this issue because they have run out of land for new construction. Ms. Mulligan said the Town of Brookhaven may soon have to face this issue and we have to decide whether or not benefits should be given to those purchasing vacant buildings and refurbishing them. Much discussion followed on this subject. Mr. Celauro suggested freezing taxes now and giving them to the new tenant. Mr. Gross discussed other situations like this and spoke on the Blight to Light project with a sliding scale abatement.

M-3 has indicated that the purchase of this building may be contingent on receiving IDA benefits. Ms. Mulligan said she will report back to M-3 that this issue is under discussion. She added that this property's asking price has been reduced to \$2 million from \$2.8 million.

IDA MISSION STATEMENT

Ms. Mulligan read aloud the Mission Statement. This was adopted today, (to be modified at the next meeting), with a motion from Mr. Moloney, seconded by Mr. Rose, and unanimously approved. Mr. Ryan alerted the Board that he needs these Statements for the Annual Financial Report.

Mulligan will meet with Ms. Eaderesto regarding Model Charters and these will be adopted at the March 21st meeting.

ABO REQUIREMENTS

Ms. Mulligan asked the Board members to sign the Fiduciaries before leaving this meeting. She also asked them to fill out their Ethics Forms and send back to the Town. The Board Assessments have to be sent to the ABO, with the aggregate score of responses.

OTHER

Another item touched on was IMPLAN which Ms. Mulligan learned of at the EDC Meeting. She will get further information on IMPLAN..

The motion to approve the \$688.50 fee for IEDC Membership was made by Ms. Scheidt, seconded by Mr. Moloney, and unanimously approved.

The request by North Shore Hospital/L.I.J. had to be refused as the IDA cannot contribute to these entities.

The STEM Program request, which is sponsored by the Department of Labor, for \$15,000 will be discussed at the March 21st meeting.

A request from the Building & Construction Trades Council to place an IDA ad in their brochure was also turned down.

The Strategic Plan for Economic Development – Ms. Mulligan has to get a draft to the Supervisor and asked for the Board to get suggestions back to her as soon as possible.

Ms. Mulligan was thanked for providing business cards for the members.

The motion to adjourn the IDA meeting at 10:25 A.M. was made by Mr. LaVita, seconded by Ms. Scheidt, and unanimously approved.

The next meeting of the IDA is scheduled for Monday, March 21, 2011.

