

TOWN OF BROOKHAVEN
INDUSTRIAL DEVELOPMENT AGENCY

MEETING MINUTES

APRIL 17, 2013

MEMBERS PRESENT: Frederick C. Braun, III
Gasper C. Celauro
Ronald J. LaVita
John Rose
Ann-Marie Scheidt

EXCUSED MEMBER: Peter G. Moloney

ALSO PRESENT: Lisa M.G. Mulligan, Chief Executive Officer
James Ryan, Chief Financial Officer
Yves R. Michel, Deputy Director
James M. Tullo, Deputy Director
Annette Eaderesto, IDA Counsel
Howard Gross, Weinberg, Gross & Pergament
William Weir, Nixon Peabody, LLP
Jocelyn Brinka, IDA Assistant
Annmarie Hallock, IDA Assistant
John Callegari, Long Island Business News

Chairman Braun opened the meeting at 8:10 A.M. on Wednesday, April 17, 2013, in the Planning Conference Room on the Second Floor of Brookhaven Town Hall, One Independence Hill, Farmingville, New York.

MEETING MINUTES OF MARCH 20, 2013

The Minutes of the regular meeting as well as the Joint Audit Committee meeting were previously sent to the Members for review. The motion to approve both documents as presented was made by Mr. Rose and seconded by Ms. Scheidt. All were in favor.

CFO'S REPORT

Mr. Ryan presented the Operating Statement for March 31, 2013. There was a deposit of a closing fee as well as a Sandy application fee. In response to Mr. Ryan's inquiry, Ms. Mulligan informed the Board that we are holding off on paying the Verizon Wireless bill until charges incurred by the Town for equipment purchased due to Hurricane Sandy are removed from our account. Verizon advised the Agency not to pay any amount until these charges are transferred which should be shortly. A treasury note matured and there was one PILOT deposit for Printing

Spectrum which has been disbursed. Printing Spectrum terminated as a project and will be paying taxes through the Tax Receiver next year.

The motion to accept the Operating Statement for March was made by Mr. LaVita, seconded by Mr. Celauro and unanimously approved.

At 8:17 A.M. Mr. Braun made a motion to go into Executive Session to discuss personnel related matters. This motion was seconded by Mr. LaVita and all voted in favor.

At 8:30 A.M. Ms. Scheidt made a motion to return to the regular agenda. This motion was seconded by Mr. Rose and unanimously approved.

RE-APPOINTMENT OF DEPUTY DIRECTORS

Resolution #26 – Appointment of James M. Tullo as Deputy Director retroactively from February 1, 2013 until January 31, 2014.

Motion made by: Ms. Scheidt

Seconded by: Mr. Rose

Unanimously approved

Resolution #27 – Appointment of Yves R. Michel as Deputy Director retroactively from February 1, 2013 until January 31, 2014.

Motion made by: Ms. Scheidt

Seconded by: Mr. Rose

Unanimously approved

SUFFOLK TRANSPORTATION – SALES TAX EXTENSION

Ms. Mulligan explained that sales tax exemptions are generally granted for 18-24 months. Suffolk Transportation received the exemption for this period but with a caveat that it would need to be extended if the project failed to close within six months. This exemption will now be extended until November 2013. Once the project closes, they will be given another year.

Ms. Scheidt made a motion to approve this extension which was seconded by Mr. Rose. All were in favor.

Ms. Mulligan added the tanks on the property may be removed after the construction period. Mr. Gross noted that the Agency has been very clear about any environmental concerns regarding these tanks and that special insurance was required.

QUARTERLY REPORT – YVES R. MICHEL & JAMES M. TULLO

Mr. Michel detailed the attraction and expansion projects they are working on. The Ronkonkoma Hub project is focused on three separate tracks: infrastructure, entitlement and acquisition. Suffolk County is designing the sewage treatment plant and anticipates that design will be completed by the end of the year. It is hoped that a shovel will be in the ground by the second quarter of 2014. On the entitlement track, they are working on SEQRA and form-based code. Resolutions should be before the Town Board by the end of May. Acquisition of Tier One and Tier Two properties are in various stages and business owners may submit applications to the IDA for new locations. Mr. Michel explained that Tier One and Tier Two refers to the size of the land and since this is such a large project there are different requirements for each specific deal. Tritec is handling these negotiations. There will be an update presented by Tritec this Friday at the Miller Business Resource Center for all involved parties.

Eldor, an IDA project near the end of their abatement, is installing a solar carport on their property. Mr. Michel has been working closely with this company to help them get their change of use application approved. This may not result in an IDA application since it is not a particularly large project.

There have been a few conversations with a potential Sports Center that is considering opening in the Town, as well as a pool manufacturer that wants to relocate with a large number of employees. That meeting will take place shortly.

Waste to Energy which is currently located in Northport is in the late stages of development to produce bio-gas using local municipal solid waste (MSW). This project could help not only the Town but the entire region. Meetings have already been held with Councilwoman Kepert and Matt Miner. An IDA application is expected for the next meeting. The property they are looking at is One Grucci Lane and is 18.6 acres zoned L-2. Conversation followed on landfill and hosting tipping fees and the source of the MSW that is used to produce the final product, 87 octane gas. Mr. Weir added that portions of the project may be considered for tax-exempt bonds and detailed how that process could work. This project has the potential to create 300

construction jobs and approximately 100 permanent high-paying jobs such as chemists and skilled operating engineers.

Mr. Michel is also working with a company that produces sausages and other prepared meats. This company is working with a broker to locate property to construct a 30,000 square foot facility. Another prospective project is a bagel manufacturer that is trying to sell their current building so they can expand here. Once that transaction is solid they will move forward.

Cedar Pines is an assisted living / nursing / housing project to be located in East Moriches. They are still waiting for their Certificate of Need from New York State. This project was put on hold as the State was moving forward with their budget. Mr. Michel has spoken with the owner and they are eager to get this moving. There would be a total of 100 assisted living beds, 80 beds for the nursing home section and some assisted living space as well.

Mr. Michel updated the Members on the Wincoram Commons project which is moving forward. They are still targeting the fourth quarter of this year to begin construction. This project has received much support from the neighboring community in Coram. Mr. Braun inquired if the retail component could be affected by the recent reinstatement of the retail prohibition, and Mr. Michel confirmed that the retail piece is below the 30% threshold making it still eligible for IDA benefits.

The project located at the old Collaborative Labs building is moving forward and an application is expected at the May meeting.

Mr. Tullo noted the three applications before the Board today are a result of months of discussions. Pallets-R-Us, a current IDA project, has submitted an application to expand their business by constructing a sawmill at their site. The closest sawmill is roughly 4 hours away and after Hurricane Sandy this became a real issue. Pallets would create their own pallets using downed trees. They are also in discussions with the Town about processing storm debris. Ms. Eaderesto added that the Town has issued a Request for Proposals to mill or chip this type of material rather than bringing it to the Landfill.

BK at Lake Grove which is a 136-bed assisted living facility has also filed an application which is before the Board today.

Mr. Tullo updated the Members on the Solar Project. The Town selected American Capital Energy as the winner of the Request for Proposals to install solar panels at 15 Town-owned locations. There are weekly conference calls to keep this project moving. Ms. Eaderesto noted that Nixon Peabody has been “recruited” to assist with SEQRA. Mr. Weir explained this process in more detail for the Members. Mr. Tullo added that this \$200 million dollar project will create roughly 600-700 construction jobs, plus additional permanent jobs to run the sites. An application has not yet been submitted for this project.

A current project is selling their building and two different companies will be moving into the space. An estimated 120 jobs are expected to be created as a result as well as an investment of between \$2.8 and \$2.9 million dollars. One company will purchase the building and lease half of it out to the other company.

An air conditioning manufacturer seeking to build a 40,000 square foot facility and hire 35-50 employees in East Setauket is also a prospective project. This would be on a portion of the former Northville site on Belle Meade Road. They currently have a 40,000 square foot facility which they will keep open.

Mr. Tullo informed the Members that Ms. Mulligan, Mr. Ryan and himself recently met with officials from the Brookhaven Rail Terminal (BRT) who are working on their IDA application. Home Depot has entered into a contract with BRT for a 60,000 square foot distributing facility on-site. If this project with Home Depot works out well, BRT is considering constructing a 250,000 square foot building on-site. Mr. Braun noted there are some easement issues with this site. BRT has been bringing in flour by rail; Mr. Braun informed the Members they are now shipping in semolina for a local pasta manufacturer.

A rehabilitation center may be built at the Shirley Industrial Park. There have also been ongoing discussions with two additional sports facilities, one on a much larger scale and one a bit smaller.

Both Mr. Tullo and Mr. Michel have been working with a current IDA project, Northrock Industries, who would like to expand and if certain issues are not resolved may very well relocate off of Long Island. Northrock has a piece of drainage property south of their parcel in Medford. After much discussion with Town and County officials, Northrock may be able to

acquire that property from the County to use it for parking, allowing them to expand their building resulting in the creation of more jobs and capital investment.

M.S. PACKAGING – APPLICATION

Ms. Mulligan presented the application on behalf of M.S. Packaging. M.S. Packaging is looking to purchase 10 acres of vacant land on Zorn Boulevard to construct a 50,000 square foot building to be used as a wholesale distribution facility for packaging supplies. They are currently located in Rocky Point and have grown out of their space. They currently employ 15 people and will create 7 additional positions. It is estimated that this project will cost \$4.5 million to construct. The property they are considering is the old racetrack across from Caithness in Yaphank. Mr. Tullo noted that they distribute their supplies to a lot of our current projects and much of their business is off of Long Island.

The motion to accept this application was made by Mr. LaVita, seconded by Ms. Scheidt and unanimously approved.

BK AT LAKE GROVE / ENGEL BURMAN – APPLICATION

BK at Lake Grove is looking to acquire five vacant lots to construct a new 120,000 square foot 136-bed assisted living facility to be located near the mall in Lake Grove. The brand of this facility is called the Bristol and a number of these have already been built in Islip, Nassau and Westchester Counties. This would be the first of two to three more facilities constructed in Brookhaven. This would be a tax-exempt facility qualifying for low income / affordable housing because at least 20% of the units are for people who earn 50% or less of the area median income. Project costs are estimated to be \$40 to \$43 million dollar so a request for additional bond volume capital allocation will be necessary.

The motion to accept this application was made by Mr. LaVita and seconded by Mr. Rose. All were in favor.

PALLETS-R-US – APPLICATION FOR EXPANSION

This existing IDA project is expanding their business by sawmilling logs into lumber. This expansion is expected to cost roughly \$2.8 million with approximately \$2 million of that for equipment costs. They currently have 118 employees and would add 12 additional positions as a result of this project.

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

STONY BROOK YACHT CLUB – SANDY ASSISTANCE APPLICATION

Ms. Mulligan informed the Board that the Agency recently received an application from the Stony Brook Yacht Club for Hurricane Sandy Assistance. When the State re-enacted the retail prohibition the IDA's ability to assist these projects was taken away. Ms. Mulligan has been in contact with Brian McMahon on having a carve-out set aside so that we can still grant sales tax exemptions to these applicants. Three Sandy projects closed before the legislation changed. It is hoped that the others that had not closed yet can still receive some assistance.

Mr. Weir explained this issue in more detail to the Members noting that the prohibition had been in effect from 1993 to 2008. This change was effective immediately for any projects that had not closed. If 30% of the total project costs are for retail, it is not eligible for IDA benefits. There are three exceptions: if the project is a tourism destination such as a hotel which requires proof that 50% or more of the people using it are from outside the economic development area (restaurants and ballrooms not included), if the project is in a highly distressed area determined by census tract, or if the project provides services or goods not otherwise readily available to the residents of the Town. Retail is defined as a facility that people personally visit to purchase goods or receive services. This includes medical offices or similar service providers unless they provided a unique service such as a cyber-knife that was not otherwise available in this region. Mr. Weir added that sales tax reporting requirements were also tightened up in this new legislation and recapture agreements are now mandatory.

CEO'S REPORT

Governance Committee Update

The Governance Committee met yesterday to discuss potential applications submitted to the Board. Three conceptual projects for sports facilities have approached the Agency and inquired if their project would be eligible for benefits. Mr. Weir informed the Members that there is a separate category in the IDA statute for recreational facilities so a sports complex would not be considered a retail facility. The first project discussed would be located next to Motorola on the Expressway. This indoor/outdoor 260,000 square foot facility would house two regulation sports

fields, a health-focused café, locker rooms, spectator viewing spaces, community meeting rooms and much more including a 60,000 square foot mixed-use retail / sports medicine office building which may have to be carved out. Mr. Weir reiterated that the project can not contain more than 30% of the project costs in retail space in order to be eligible. It is estimated that this \$30 million dollar plus project would create 200 construction jobs and roughly 280 full-time equivalent jobs.

The second sports facility would be 50,000 square feet, indoor only and be located behind the Springhill Suites Hotel in Yaphank. This location was chosen so that when tournaments are taking place at the facility, you can walk to and from the hotel. This project is expected to cost roughly \$3.5 to \$4 million dollars and the land has already been purchased. Twenty employees are expected at the start of the project but that number is expected to ramp up quickly.

The third project is proposed to be at the corner of County Road 83 and Route 25 in Selden in an existing building. The owner is planning to invest \$3 million dollars to raise the roof 50 feet in order to accommodate an indoor soccer complex. They estimate there will be 10 to 15 jobs and tournaments would be held there as well. Ms. Mulligan explained that this property is part of the Blight to Light Program and they are looking for abatements on the improvements, not the existing taxes and a sales tax exemption. Mr. Ryan added that tax certioraris were recently completed on the building and if this project doesn't work the structure will probably be demolished.

Mr. Weir clarified that skiing and golfing are specifically included in the statute; auto and horse racing are specifically excluded. The Board decided to accept applications for all three sports complexes. This does not guarantee approval, only that the Board will review each project. Agency staff will encourage these companies to apply.

At 9:42 A.M., Mr. LaVita excused himself from the meeting to attend to other matters.

Blue Diamond Sheet Metal

This project was informed that they were in default of the Lease Agreement due to their non-compliance in filing their annual report. Once they were informed of this the report was received the next day.

Database

Agency staff met with two companies to obtain proposals for developing a database. Applied Computer Technologies (ACT) who also developed and maintains our website submitted a proposal as did SVAM. ACT would create the database specifically for our needs and SVAM would sell us an already developed program that would be adjusted for us. ACT had previously developed a database for the Empire Zone so some of the groundwork is already in place. Mr. Ryan added that in his experience, already developed programs that need to be customized are much more difficult to work with. ACT gave the option of this being a local or web-based application. The local-based application would cost between \$10,000 and \$15,000; to make it web-based would cost between \$15,000 and \$20,000. A web-based application would be much easier for multiple staff to access remotely. SVAM would charge \$200 per month per user (approximately \$12,000 per year). It was the consensus of the Board to move forward with ACT's proposal since the database would be developed specifically for our needs. A contract and resolution will be prepared and put before the Board at a future meeting.

Marty Cantor Proposal

This matter was tabled until the next meeting.

2012 Annual Financial Report

The final Annual Report for 2012 was distributed to the Members for their review.

Todd Shapiro & Associates Proposal

Ms. Mulligan and Mr. Tullo met with Todd Shapiro about his firm performing some public relations work for the Agency. The Nassau County IDA pays this firm \$5,000 per month for this service and the Islip IDA had a short-term contract with them for \$3,000 per month. Mr. Braun expressed his opinion that a good website, press releases and "tombstone" advertisements to commemorate closings is sufficient. The general feeling of the Board is that a marketing strategy is needed, not a consultant.

Anorad / Precision Estates

This project is due to terminate in December of this year. Tritec plans to purchase the former Quantronix building in East Setauket and invest \$10 million dollars in the renovation and rehabilitation of the building. Tritec would like to have Anorad as a tenant in the renovated facility and has asked if the IDA would consider inducing this project. There was a discussion at

last month's meeting about how Anorad has never met their job creation numbers in their current location. Mr. Ryan informed the Board that he has already been approached to reduce the current tax assessment. The Quantronix building has already received a ten-year 100% property tax abatement and the future of the building that Anorad currently occupies is unknown. The Members determined that more information is needed before any decision could be made. Ms. Mulligan will reach out to Tritec for further details.

NYSEDC Conference – Saratoga

The Agency is a sponsor at this year's conference and this entitles us to a few additional registrations. Mr. Braun invited the Members to attend this conference to get a feel of what is happening in other parts of the State.

Mr. Celauro made a motion to close the meeting at 10:02 A.M. This motion was seconded by Ms. Scheidt and unanimously approved.

The next meeting of the IDA is scheduled for May 15, 2013.