

TOWN OF BROOKHAVEN
INDUSTRIAL DEVELOPMENT AGENCY

MEETING MINUTES

MAY 16, 2012

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

EXCUSED MEMBERS: Joseph R. Kessel, Jr.
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
William Weir, Nixon Peabody, LLP
Howard Gross, Weinberg, Gross & Pergament
Lori LaPonte, Albanese, Sini & Reeves
Jocelyn Brinka, IDA Assistant
Annmarie Hallock, IDA Assistant

Chairman Braun called the meeting to order at 8:00 A.M. on Wednesday, May 16, 2012 in the Work Session Room on the Third Floor at Brookhaven Town Hall, One Independence Hill, Farmingville, New York.

As Ms. LaPonte, Auditor for the IDA and LDC was in attendance to present the Annual Reports for 2011, a motion to recess the IDA meeting and begin the Joint IDA and LDC Audit Committee meeting was made by Mr. Rose and seconded by Ms. Scheidt. All were in favor.

At 8:20 A.M. the IDA meeting resumed and the Audit Committee reported back to the Board.

CFO'S REPORT

Mr. Ryan presented the Operating Statement for April. The usual expenses were noted along with a \$14,500 payment to Albanese, Sini & Reeves for the audit. Mr. Braun pointed out one

correction; a Certificate of Deposit that is listed as maturing on March 14th was rolled over. Mr. Braun commented that the deposit of \$1,891.69 from the Attorney General's Office was as a result of a class action lawsuit for a reverse repo and these funds were paid to Emma S. Clark Memorial Library. Mr. LaVita inquired about the rise in expenses for legal fees. Ms. Mulligan explained that this is due to the additional resolutions that are required by the Authority Budget Office. Ms. Mulligan added that Drive Train has not made any payments towards their 2011-2012 PILOT bill. They delivered a check to the Agency but they have asked that it not be deposited. Precision Estates also has some outstanding interest from their late payment for the first-half.

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

MEETING MINUTES OF APRIL 18, 2012

The Minutes of April 18, 2012 had previously been sent to the Members for review. The motion to approve these Minutes as presented was made by Ms. Scheidt and seconded by Mr. Rose. All were in favor.

CEO'S REPORT

Power Company

Ms. Mulligan informed the Board that the Agency has been approached by another power company in a situation similar to Caithness. This company has responded to the Request for Proposals (RFP) issued by the Long Island Power Authority (LIPA) and are awaiting a decision. Their plan is for a 400 megawatt power plant and a decision from LIPA is expected around September. They have been short-listed and are putting plans in place in case LIPA selects them. Their intention is to come through the IDA for a PILOT Agreement and there are plans for a separate host community benefit package that would not be through the IDA. They hope to break ground in 2015 and start operations in 2017. Mr. LaVita inquired if this company is in competition with Caithness. Ms. Mulligan answered that LIPA will use however many companies they want so there is a chance they may both get it. Mr. Weir added that LIPA is

looking for between 1,000 to 1,200 megawatts and each project is roughly 400 megawatts. The assumption is that three companies will be selected. The expected cost for this project is \$645 million. Mr. Weir informed the Board that two of his partners are representing this company and that Mr. Gross would act as counsel for the Agency. Further discussion followed on the LIPA RFP and Caithness.

Stafford Associates

Dolores Stafford was named the Small Business Administration's Small Business Person of the Year in the New York District. Supervisor Lesko will be visiting Stafford Associates in the near future and the Agency is sending a letter of congratulations to Ms. Stafford.

BST Compliance Risk Assessment

Agency staff has been working on gathering the information necessary for this assessment. BST has already reviewed our website and has requested further information. This risk assessment is a preemptive audit to identify any weaknesses the Agency may have. Mr. Ryan added that Albanese, Sini & Reeves have offered their services if there are any findings to do a detailed audit and make recommendations on improvement.

Uniform Tax Exemption Policy (UTEP)

The latest draft of the Uniform Tax Exemption Policy was sent to all of the taxing jurisdictions in the Town last week. The public hearing is scheduled for May 29th and then it will be before the Board for final approval at the June meeting.

Comptroller Report

The Comptroller's Report on IDAs was included in the meeting packets for review. The chart included in this report shows that the Brookhaven IDA compares very well to other IDAs in areas such as costs per job gained.

New York Power Authority (NYPA)

The first round of ReCharge New York allocations was announced and four of our companies (Global Tissue, Tate's Bake Shop, Uncle Wally's and Amneal Pharmaceuticals) received this award. It was recently learned that if a company is already receiving LIPA benefits through the Empire Zone Program they can't also receive ReCharge NY benefits. Tate's has already declined, Global Tissue and Amneal are evaluating their options, and Uncle Wally's has accepted since their Empire Zone benefits have expired. Framera had some gaps in their application so they will be considered in the next round which is expected to be announced this summer. These are allocations of reduced cost power.

Ronkonkoma Hub Update – Yves R. Michel

Mr. Michel outlined the recent meetings that have taken place about the Ronkonkoma Hub. These meetings included Supervisor Lesko and the property owners, as well as multiple conference calls regarding the Master Developer Designation Agreement (MDDA). There is also an Urban Renewal Plan and SEQRA meeting scheduled for Friday. Mr. Michel provided a map for the Members to see how the project is set up. The Master Developer for the Hub is Tritec. Mr. Ryan inquired what the change in land value would be as a result of this proposal. Mr. Michel responded that the property owners are seeking answers to this and that there were appraisals performed a few years ago which are being kept by the Law Department. Ms. Eaderesto added that appraisals had been done before the rezoning when the project first started. Discussion followed about the possible use of condemnation in this area. Mr. Michel stated that Tritec, as the Master Developer, is charged with purchasing or assembling the land in this zone. Ms. Eaderesto added that the Town put language in the RFP that they would use condemnation of land if necessary. This would be an option in any similar type of project; purchasing is obviously more preferable. Mr. Michel informed the Board of how the zoning in this plan would be broken down: there will be 1,230 residential units, 150,000 square feet of retail and 197,000 square feet of office space.

Mr. Rose inquired if there is a timeframe that Tritec must relinquish ownership of this area. Mr. Michel responded that there is, and the clock starts ticking with the implementation of the sewer system. The sewer will be on nine acres of Suffolk County land in the Islip section. The

strategy for the sewer is 500,000 gallons per day in increments of up to 1.5 million in total. There will be 400,000 gallons allocated for the Ronkonkoma project; the Town of Islip feels they need 100,000 gallons for the airport and other nearby development. The total project cost for the sewers is estimated to be \$25 million dollars and Suffolk County has put aside \$13 million in their budget for the first year. A shovel could be in the ground in the fourth quarter of 2014.

The other activity being worked on is the completion of the MDDA that Tritec must sign. Mr. Michel has also reviewed the MDDA for Yonkers to use that as a guide. Mr. Braun added that the Agency and the LDC (a newly formed LDC, not the current one) are included in the current draft of the MDDA which causes some concerns. It is thought that perhaps the Agency would be in a conflict of interest if the IDA signs the agreement and is a participant in projects, and that the Agency may end up in front with potential condemnation proceedings. Mr. Weir has taken part in other urban renewal agreements and the IDA was not a participating party. There are statutory requirements of going through the public approval process and the fear is signing an agreement like this could jeopardize company benefits. Ms. Scheidt inquired who would receive the IDA benefit; Mr. Weir responded that it would go to Tritec and provided some details on a similar effort that occurred in Patchogue. Mr. Weir noted that IDAs have been used for condemnation in the past. The company would have to agree to indemnify and pay all costs of the IDA and also to pay the condemnation prices. There was further discussion on possible financing options for the sewer system which will be outside of the Town of Brookhaven and would be formed and owned by Suffolk County. The Yonkers MDDA used a LDC to issue bonds for the entire project; Mr. Weir noted that LDCs are not subject to the state bond issuing charge. There was further discussion on what the Agency's possible involvement in this endeavor could be.

Job Fair – June 5, 2012

The Office of Economic Development and the Brookhaven Business Advisory Council will be holding a Job Fair on June 5, 2012 at Town Hall. Ms. Mulligan asked the Board to send any potential employers or job seekers they may know of our way.

Tax Increment Financing (TIF) Workshop – June 6, 2012

Mr. Weir has agreed to perform a workshop on tax increment financing at Town Hall on June 6, 2012. New York State recently amended the tax increment financing statute. Mr. Weir will be presenting along with Ken Adams, Director of the Empire State Development Corporation.

LIBDC Luncheon – June 18, 2012

The IDA is sponsoring the next Long Island Business Development Council (LIBDC) meeting on June 18, 2012 at the Courtyard Marriott in Ronkonkoma. The Brookhaven Rail Terminal (BRT) is the topic of discussion. Mr. Tullo added that BRT hopes to have their first bulk shipment of flour next week. Mr. Braun noted that BRT plans to acquire 230 additional acres to the south of their facility.

The motion to adjourn the meeting at 9:25 A.M. was made by Mr. Rose and seconded by Ms. Scheidt. All were in favor.

The next meeting of the IDA is scheduled for June 20, 2012.