

TOWN OF BROOKHAVEN
INDUSTRIAL DEVELOPMENT AGENCY

MEETING MINUTES

JULY 17, 2013

MEMBERS PRESENT: Frederick C. Braun, III
Gasper C. Celauro
Felix J. Grucci, Jr.
Ronald J. LaVita
Peter G. Moloney
John Rose
Ann-Marie Scheidt

ALSO PRESENT: Lisa M. G. Mulligan, Chief Executive Officer
James Ryan, Chief Financial Officer
James M. Tullo, Deputy Director
Annette Eaderesto, IDA Counsel
William Weir, Nixon Peabody, LLP
Howard Gross, Weinberg, Gross & Pergament
Jocelyn Brinka, Assistant
Annmarie Hallock, Assistant
Alan J. Wax, Wax Words, Inc.
Paul Brenton, Brookfield Renewable Energy Group, LLC (Cross Sound)
Mark Lesko, Accelerate LI
Stacey Sikes, Accelerate LI
Yves R. Michel, Former Deputy Director

Chairman Braun opened the meeting at 8:05 A.M. on Wednesday, July 17, 2013, in the Work Session Room on the Third Floor of Brookhaven Town Hall, One Independence Hill, Farmingville, New York.

MEETING MINUTES OF JUNE 19, 2013

The Minutes of June 19, 2013 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 Ms. Scheidt. All were in favor.

CFO'S REPORT

Mr. Ryan presented the Operating Statement for June 30, 2013. There was a deposit made of \$750 for a termination fee from Eldor Contracting and a \$50,000 transfer was credited to the checking account from the money market account. One Treasury note matured and three additional notes were purchased. Second half PILOT payments were made and have been disbursed. There are no delinquencies.

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

ISLANDAIRE – APPLICATION

Mr. Tullo presented the application for Islandaire, an air conditioner manufacturer located in East Setauket. Islandaire is considering purchasing five acres on Belle Meade Road, demolishing the existing four structures, and constructing a 40,000 square foot building for manufacturing and a 12,000 square foot building to house administrative offices. They would keep their existing 63,000 square foot location open. Islandaire employs 144 people and this \$3.5 million expansion would result in 40 – 45 more jobs. Islandaire is seeking an abatement on the new site, not their current location. Mr. Braun advised that this project would be financed through M & T Bank.

The motion to accept the application for Islandaire was made by Mr. Grucci and seconded by Mr. Moloney. All were in favor.

CROSS SOUND CABLE (CSC) – RESOLUTION

Paul Brenton of Brookfield Renewable Energy Group, the Land Manager for Cross Sound Cable (CSC), was present to represent this project. Mr. Weir reminded the Board that Cross Sound supplies 330 megawatts of electricity to Long Island through a cable that runs under Long Island Sound. The electricity is converted from AC to DC in Connecticut, goes across the Sound, is converted back to AC at a station in Shoreham and then is routed to the Long Island Power Authority (LIPA) power grid. CSC has a Power Purchase Agreement with LIPA that expires in 2031. The property has been involved in a number of tax certioraris with the Town and New York State (the Town taxes the converter station and the State taxes the cable itself) and this PILOT Agreement would settle all current and future certioraris and set payments. Ms. Mulligan advised that a public hearing for this matter was held yesterday with no objections voiced. PILOT payments would be frozen at the current rate for five years, then increase by 2% a year beginning in the 2014/2015 tax year with the PILOT Agreement ending in tax year 2030-2031. No existing taxes will be reduced.

The motion to approve this resolution was made by Mr. Moloney, seconded by Ms. Scheidt and unanimously approved. There will be a \$40,000 administrative fee for this project.

RESOLUTION APPOINTING FELIX J. GRUCCI, JR. TO THE AUDIT COMMITTEE

On a motion made by Mr. LaVita and seconded by Ms. Scheidt, Mr. Grucci was selected to sit on the Audit Committee. All were in favor.

CEO'S REPORT

Tritec / Port Jefferson Project

Mr. Braun reminded the Members about this potential project in Port Jefferson that involves replacing the existing motel with new rental apartments. The Members discussed various benefit scenarios and the merits of assisting this type of project including its location, the lack of adequate rental housing and if it is within the purview of the IDA. After much conversation the matter was put to a vote with the members voting as follows:

Mr. Moloney – No

Mr. Rose – Yes

Mr. Celauro – No

Mr. Grucci – No

Mr. LaVita – No

Mr. Braun – Yes

Ms. Scheidt – Yes

As the nay votes were the majority, the motion to entertain benefits for this project failed.

Quality King Update

Mr. Braun explained to the Members that there has been some confusion as to how many employees are in the Quality King building. Since there are multiple entities involved Agency staff has been working to make sure of the exact number of employees and that there are subleases in place for each company.

At 8:36 A.M. Ms. Scheidt excused herself from the meeting to attend to other matters.

ACCELERATE LONG ISLAND PRESENTATION – MARK LESKO

Mr. Lesko updated the Members on the status of Accelerate Long Island which the IDA funded the initial study for roughly two years ago. The ultimate goal for Accelerate is job creation through partnerships with various organizations across Long Island, as well as the creation of an entrepreneurial eco-system on Long Island. Mr. Lesko added that there are roughly 100 start-up technology-based companies on the Island; half are information technology firms, about 30% are bio-tech/life sciences, and about 20% are energy related. Food-tech is also a growing industry.

Over one billion dollars in research is funded among 5 institutions on Long Island. Programs have been developed to help address gaps in the eco-system on LI; the first gap is the lack of early stage funding. Accelerate has received a \$500,000 state grant to start a seed fund though they don't take equity in the companies. This is a matching grant for the newly formed LI Emerging Technologies Fund, a traditional private seed fund that does take equity in the companies. Accelerate acts as a Talent Scout by assessing companies and connecting them with this financing.

The next gap identified is a lack of mentorship programs. There are some programs in place but Accelerate has entrepreneurs in residence to assist people mainly in the information technology field. Another endeavor is the eco-system effort that brings entrepreneurs together at different events to meet with seasoned executives.

Mr. Lesko noted that a lot of these start-up companies are currently located or are considering locating in Patchogue and Port Jefferson in Brookhaven; throughout Long Island the hot spots seem to be Huntington, Mineola and Hicksville.

Mr. Lesko was thanked for his presentation and at 9:19 A.M. excused himself from the meeting.

CERTIFICATE OF APPRECIATION FOR YVES R. MICHEL

Mr. Braun presented a Certificate of Appreciation to Yves R. Michel, our former Deputy Director, to express the Board's gratitude for all of his efforts in bringing business to Brookhaven. Mr. Michel thanked the Board for their good wishes.

ACCEPTING RESIGNATION OF DEPUTY DIRECTOR

Mr. Grucci made a motion to accept Yves Michel's resignation as Deputy Director which was seconded by Mr. Rose. All voted in favor. Mr. Braun updated the Board that there have been no specific discussions on filling the vacant Deputy Director position.

PRESENTATION BY ALAN WAX ON BEHALF OF TODD SHAPIRO ASSOCIATES

Mr. Wax introduced himself to the Board and explained his relationship to Todd Shapiro Associates who the Agency recently engaged to provide public relations services. Mr. Wax will be attending IDA meetings and spoke about their marketing ideas. Ms. Mulligan noted that Supervisor Romaine has toured the Amneal Pharmaceuticals site and representatives from Shapiro Associates were in attendance. Mr. Celauro inquired if there were any pro-active marketing plans in the works; Ms. Mulligan answered that a CEO Roundtable has been discussed as well as advertising in the Long Island Business News. Mr. Braun, Mr. Tullo and Mr. Ryan also spoke at a Suffolk BAR Association meeting several months ago to help educate real estate attorneys on how IDAs work. A potential seminar for financial professionals was also discussed.

Letter from Supervisor Romaine RE: Wincoram Commons

Ms. Mulligan advised the Board that Supervisor Romaine sent a letter regarding the PILOT being offered to the Wincoram project. The letter was received after the public hearing and board meeting were held. Ms. Mulligan explained to the Supervisor that while this was a deviation from the usual package offered, the tax abatement was not for 100% for 15-20 years which alleviated his concerns.

Quality King – Revisited

Ms. Mulligan reminded the Board that the Quality King building is one of the largest in Brookhaven at roughly 650,000 square feet. There are a number of related entities located at this site and it has been narrowed down to five operating companies with employees. The confusion was caused by the large number of subsidiaries that don't have employees. About a year ago, Quality King applied to the IDA to convert 10,000 square feet of storage space to office space. A closing has not occurred on that piece of the project yet, no fees have been paid and the PILOT has not been finalized. Quality King has since informed the IDA that they hired an additional 100 employees due to the 10,000 sq. ft. conversion and are now requesting a ten-year extension to their PILOT Agreement. They would like this extension to begin in the 2018/2019 tax year, with an abatement of 100% for six years, and then the rate would increase by 20% per year until the tenth year. The Agency has not received current NYS Form 45s to verify the number of employees and an application would be necessary for this

request to be considered. The Members determined that this request will not be addressed until the required information has been supplied to the Agency.

At 9:41 A.M. Mr. LaVita excused himself from the meeting.

Authority Budget Office (ABO) Annual Report

The Annual Report issued by the Authority Budget Office (ABO) was included in the meeting packets.

Auditing Services

An auditing firm sent a letter requesting if the IDA would be issuing a Request for Proposals (RFP) for auditing services. The Agency is not obligated to put out an RFP and it was the feeling of the Board that the accounting services already in place are satisfactory.

Public Authorities Accountability Act (PAAA) Training

A schedule of upcoming training sessions was distributed.

Letter from South Shore Press

The South Shore Press would like the IDA to consider using their newspaper to publish public hearing notices. While it would be less costly than Newsday their circulation does not span across the entire Town which is a requirement for posting notices.

The motion to close the meeting at 9:50 A.M. was made by Mr. Rose, seconded by Mr. Celauro and unanimously approved.

The next meeting of the IDA is scheduled for Wednesday, August 21, 2013.