

TOWN OF BROOKHAVEN  
INDUSTRIAL DEVELOPMENT AGENCY

MEETING MINUTES

AUGUST 15, 2012

MEMBERS PRESENT: Frederick C. Braun, III  
Gasper C. Celauro  
Joseph R. Kessel, 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  
Yves R. Michel, Deputy Director  
Annette Eaderesto, IDA Counsel  
William Weir, Nixon Peabody, LLP  
Howard Gross, Weinberg, Gross & Pergament  
Jocelyn Brinka, IDA Assistant  
Annmarie Hallock, IDA Assistant

Chairman Braun called the meeting to order at 8:00 A.M. on Wednesday, August 15, 2012 in the Work Session Room on the Third Floor of Brookhaven Town Hall, One Independence Hill, Farmingville, New York.

**MEETING MINUTES OF JULY 18, 2012**

The Minutes of July 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.

**CFO'S REPORT**

Mr. Ryan presented the Operating Statement for July 31, 2012. The usual expenses were noted along with quarterly tax payments. Drive Train made a payment of \$20,000.00 towards their PILOT for 2011-2012 which has been disbursed. They still owe roughly \$10,000.00 depending on when the balance is paid. Mr. Braun inquired why the balance in the money market account was rather high; Mr. Ryan responded that the interest rate in that particular account is at a higher rate than treasury notes. It is expected that investments in treasury notes will resume in September. Investing in AAA insured municipal bonds was discussed at the last meeting. After some research

it was determined that this type of investment may not be a viable option for the Agency. Mr. Braun reminded the members that the current policy allows for investing in only certificates of deposit and treasury notes. Mr. Braun noted that there was an expense for repair of the 2006 Impala which is used as a pool car.

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

### **INSURANCE**

Mr. Ryan informed the Board that Agency insurance policies are now due. The directors and officer policy and the excess liability policy (both in the amount of \$5 million) have been bound since their expiration dates are soon and the premiums have not changed. The rest of the policies are also coming due; the only two with increased premiums are workers' compensation and the auto/commercial umbrella policy. Mr. Braun requested that Mr. Ryan ensure that all underwriters are New York State admitted carriers.

The motion to approve the binding and payment of these policies was made by Mr. Celauro and seconded by Mr. LaVita. All were in favor.

### **MAEHR INDUSTRIES – FINAL AUTHORIZING RESOLUTION**

Ms. Mulligan presented the final authorizing resolution for Maehr Industries, a manufacturer of machine parts for the aircraft and communication industries. Maehr is constructing an approximately 12,000 square foot building on Sawgrass Drive in Bellport. The cost for this project is \$1.35 million, nine jobs will be retained and three new jobs will be created.

The motion to approve this resolution was made by Ms. Scheidt, seconded by Mr. Moloney and unanimously approved.

### **LUITPOLD PHARMACEUTICALS – INDUCEMENT & AUTHORIZING RESOLUTION**

This current IDA project is planning an 88,000 square foot expansion to their facility in Shirley at a cost of \$71.7 million. They will retain almost 400 jobs and will create 35 new jobs as a result of this expansion. Mr. Braun noted that years ago Luitpold purchased two former IDA properties in this area: Natcon and Syscomm.

The motion to approve this resolution was made by Mr. Moloney and seconded by Mr. Rose. All were in favor.

**AMNEAL PHARMACEUTICALS – AMENDED PRELIMINARY INDUCEMENT & FINAL AUTHORIZING RESOLUTION**

This \$50 million dollar project consists of adding on to an existing building, constructing a new structure to develop hormonal drugs and the construction of their own sewage treatment plant. One hundred and ninety jobs will be retained and 400 new jobs will be created. Mr. Braun added that Amneal is also considering developing land that is located behind their facility in the future. This amended resolution is necessary due to the addition of the sewage treatment plant.

The motion to approve this resolution was made by Ms. Scheidt, seconded by Mr. Moloney and unanimously approved.

Mr. Braun inquired of Mr. Weir as to the best way to confirm the amount an applicant says they will invest in a project. Mr. Weir stated that a Completion Certificate is issued when a project is done and could be amended to include a final cost breakdown. Mr. Weir will add language to the closing documents to include this requirement.

**CEO’S REPORT**

Sayville Browning Request

Mr. Braun and Mr. Michel have recently met with Mr. Browning who owns the Courtyard Marriott in Ronkonkoma about some financial difficulties he has been facing. Marriott mandates a management company (Urgo) run the hotel for years before he can manage it himself. Their financing interest rate is locked in at a rather high rate. Sayville Browning paid approximately \$53,000 on the 2011-2012 PILOT. When the PILOT goes to full assessment it will be approximately \$280,000.00. Mr. Braun has reviewed the financials for this company and the funds are not there to accommodate for this increase. The hotel is at a 74% occupancy rate and the room rates don’t seem to be climbing on Long Island. Some hotels are beginning to accept Section 8 recipients to help fill the rooms.

Mr. Weir noted that this hotel was built when studies showed that there was a great need for them on Long Island and Mr. Braun added how Mr. Browning rehabilitated the area that was once a truck

depot. The Ronkonkoma Hub redevelopment could help but that is expected to be at least five years away. Mr. Browning hopes that changes in the management company and the potential BOLT Bus project could help with bringing people in from New York City.

There was much discussion about the consequences if this hotel does fail creating a potential eyesore and the loss of tax revenue. Mr. Kessel inquired if an IDA project can have Section 8 housing; Mr. Weir replied that it was approved as a commercial hotel and while the IDA can do an affordable housing project; it is not what was approved.

The consensus of the members was that Sayville Browning pays the land-only assessed value for 2011/2012 and 2012/2013 and then full assessment in PILOT year 2014/2015.

The motion carried to keep the taxes for Sayville Browning at the land-only assessed value as described above.

Mr. Kessel requested that a cost benefit analysis be performed for this case. Ms. Mulligan will run the analysis for both scenarios. Mr. Braun added that reporting will be necessary from Sayville Browning. Mr. Michel will put Mr. Browning in contact with Mr. Ryan to discuss his assessment.

#### Tate's Wholesale, LLC

Ms. Mulligan informed the Board that the public hearing will be held for this project on August 20, 2012 and a special IDA meeting will be necessary to vote on their resolution. The special meeting will be held at 11:00 A.M. on Monday, August 20, 2012 in the Economic Development conference room.

#### BST Risk Assessment

The Agency recently received the draft report from BST Risk Assessment which audited internal controls. The Members will review this report and take any recommendations made under advisement.

#### Renewable Energy

There has been quite a bit of interest in renewable energy projects as of late. Ms. Mulligan detailed four different scenarios: solar panels added to an existing project, panels on the roof of an IDA project leased to another company, panels on a building not owned by the IDA, and a solar farm.

The solar farm would probably not go through the IDA because the State offers a 15-year tax abatement and the State portion of sales tax is exempt. Panels on the roof of a building not affiliated with the IDA can access these same benefits. The last two remaining scenarios would go through the IDA; since they are exempt they would not be eligible for the State 15-year abatement. Ms. Mulligan proposes offering a 15-year PILOT for these projects. Mr. Weir added that the sales tax exemption should also run for 15 years if the solar panels are being leased. The consensus of the Board was to offer a 15-year abatement period for projects with a renewable energy component to match what is offered by the State to our projects.

### Buy Local

Both the Suffolk County IDA and Islip IDA have recently adopted policies encouraging their projects to buy locally while constructing and equipping their projects. Mr. Braun mentioned that there is an encouragement on the cover of our IDA application that encourages the use of local labor; an additional line will be included that when possible, we encourage you to buy materials locally.

### Reducing Property Taxes

Ms. Mulligan reminded the Members that the Suffolk County IDA has a new Uniform Tax Exemption Policy (UTEPP) that allows for reducing existing property taxes which Mr. Weir elaborated on. The Supervisor's Office has inquired if the IDA would be considering enacting a similar policy. The Board decided that this is not something they wish to adopt.

### Initial Bond Allocation

The Agency received a notice from the State regarding our private activity bond allocation for 2012 in the amount of \$7,694,013. Any allocations that are not used go back to the State's pool.

### Website

BST who performed the recent risk assessment for the IDA says that almost all requirements are posted on the website. Mr. Braun has been researching other IDA websites for design ideas such as adding pictures of our projects and adding the remaining information suggested by BST.

At 9:32 A.M. Mr. LaVita made a motion to go into executive session to discuss legal proceedings. This was seconded by Mr. Moloney and unanimously approved.

At 9:49 A.M. Ms. Scheidt made a motion which was seconded by Mr. Rose to return to the regular meeting. All were in favor. No action was taken in executive session. Mr. Moloney excused himself from the meeting to attend to other matters.

#### Long Island Forum for Technology (LIFT) Membership Request

The Agency is not currently a member of this organization. Mr. Braun recommends that the IDA become a member since LIFT is becoming increasingly involved in commercial development. Mr. Tullo added that LIFT (located in Bethpage) is extending their reach further east on the Island.

A motion to pay \$500.00 for a one-year membership was made by Mr. LaVita and seconded by Mr. Rose. All were in favor.

#### Long Island Business Development Council (LIBDC) Conference Sponsorship Request

A request was received to sponsor the 43<sup>rd</sup> Annual Conference at Gurney's Inn. Sponsorships range from \$1,000 to \$7,500. Ms. Mulligan, Mr. Braun and Mr. Ryan generally attend this conference.

A motion to sponsor the conference at the \$2,500 level was made by Mr. LaVita, seconded by Mr. Celauro and unanimously approved.

#### Miller Business Resource Center

The Agency recently received a note of thanks for participation in the Strictly Business Trade Show.

#### BBAC Building Business in Brookhaven Expo – September 27, 2012

The Division of Economic Development and the Brookhaven Business Advisory Council are holding the 8<sup>th</sup> Annual Building Business in Brookhaven Expo at Town Hall on September 27, 2012. Ms. Mulligan will send the final flyer to the Board and asked that they send it to any companies they think would like to participate.

#### SUNY Stony Brook Resources for Brookhaven Businesses – October 11, 2012

This invitation only event is being held at the Center for Excellence in Wireless Technology (CEWIT) at Stony Brook University.

The motion to adjourn the meeting at 9:55 A.M. was made by Mr. LaVita and seconded by Ms. Scheidt. All were in favor.

*The next meeting of the IDA is scheduled for September 19, 2012.*