

TOWN OF BROOKHAVEN

INDUSTRIAL DEVELOPMENT AGENCY

MEETING MINUTES

NOVEMBER 14, 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
James M. Tullo, Deputy Director
Yves R. Michel, Deputy Director
Annette Eaderesto, IDA Counsel
Howard Gross, Weinberg, Gross & Pergament
William Weir, Nixon Peabody (via conference call)
Jocelyn Brinka, IDA Assistant
Annmarie Hallock, IDA Assistant

INVITED GUESTS: Allen Handelman, Conifer, LLC
Marianne Garvin, Community Development Corp. of Long Island

Chairman Braun called the meeting to order at 7:57 A.M. on Wednesday, November 14, 2012 in the Work Session Room on the Third Floor of Brookhaven Town Hall, One Independence Hill, Farmingville, New York.

MEETING MINUTES OF OCTOBER 17, 2012

The Minutes of October 17, 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.

WINCORAM COMMONS – APPLICATION

Marianne Garvin of the Community Development Corporation of Long Island and Allen Handelman of Conifer, LLC were present to discuss their project, Wincoram Commons. Ms. Garvin outlined this mixed-use project at the October meeting. This roughly \$55 million dollar project will be located at the former United Artist Movie Theater site in Coram. Mr. Handelman

informed the Members that they are applying to New York State Homes and Community Renewal (NYSHCR) for tax credits. The deadline for this application had been November 29th; that date has been moved back to January 8, 2012 due to the recent hurricane. Mr. Braun added that a 20-year PILOT has been requested. The payment-in-lieu-of-taxes for the first 12 years on the existing land tax are projected to increase by 3.5% per year, and then brought up to full tax at a 12.5% increase for the last 8 years. Mr. Braun asked Ms. Garvin to address the concern of keeping rental rates affordable and how they are monitored. Ms. Garvin replied that there will be a regulatory agreement that they will enter into with NYSHCR who will be providing the bulk of the equity through the issuance of tax credits. NYSHCR requires that the rents be below market value.

The tenants that will rent at Wincoram will have to demonstrate that their income meets certain levels and the vast majority will be 60% below the median area income. Since there will be State tax credits involved as well, there will be some residents that earn up to 90% of the median income. Mr. Ryan inquired if the rentals are formula-based or estimates of what they intend to charge. Mr. Handelman responded that it is what they intend to charge and that the guideline is 30% of a household's income, adjusted for bedroom size. The commercial rent rate is not regulated. Mr. Handelman detailed the commercial and retail space that will be available at this development. Mr. Celauro requested that the income requirements be clarified: Ms. Garvin explained that \$106,000 is the median income for a family of four. This housing would be targeted to people that earn 60% below this amount. The percentage changes depending on the number of people per household. This will not be Section 8 Housing where the rents are geared toward the individual; in this case the rent amounts will be fixed. Annual reporting is required from tenants to certify that their income level is within the set guidelines. If a tenant exceeds 140% of the area median income they would need to find alternate housing.

Mr. Handelman explained that in his experience, these types of developments act as incubators for households and people tend to go out and buy homes in the community. In response to Mr. Tullo's question, apartments are awarded by a lottery system, and there are minimum income requirements which Mr. Handelman detailed. The sewage treatment plant at nearby Bretton Woods will be upgraded to accommodate for this development. This is a 17.5 acre site with roughly 12 units per acre. Mr. Rose questioned if individuals on public assistance are eligible; Mr. Handelman answered that tenants only need to meet the minimum income requirement and

there is no age restriction. Credit and criminal background checks will be necessary for all units. Mr. Braun added that this project has received full support from the local civic organizations.

The motion to accept the application was made by Mr. LaVita, seconded by Mr. Celauro and unanimously approved with Ms. Scheidt abstaining. At 8:25 A.M. Ms. Garvin and Mr. Handelman were thanked for their presentation and excused themselves from the meeting.

Ms. Mulligan explained that the cost benefit analysis program is not set up for this type of project. The benefits to the project outweigh the benefits to the community but special consideration is necessary since this is a workforce housing / “Blight to Light” project.

HURRICANE SANDY POLICY

Mr. Braun informed the Board that a number of agencies are contemplating offering sales tax exemptions to businesses that were damaged by Hurricane Sandy to assist them in reconstruction. The Riverhead and Suffolk County IDA are considering granting sales tax exemptions for purchases up to \$100,000. Ms. Mulligan added that starting today there will be representatives from the Small Business Administration and Small Business Development Center located in Economic Development to assist local businesses. Mr. Braun asked Mr. Weir how this is possible without transferring the title of either the real estate or equipment to the IDA. Mr. Weir replied that New York City is going to enter into short-term equipment leases where they will cover personal property without taking title to the building. This is similar to the recent Amneal project where there was a real estate company and a separate equipment lease with the operating company. New York City will perform deals for under \$1 million dollars for industrial and commercial companies, not retail, and New York State and New York City taxes will be waived. Severely damaged or completely destroyed buildings will be treated as full IDA projects and title to the property will be transferred to the IDA. Mr. Weir noted that this assistance does not cover lost revenue or loss of food for businesses like supermarkets.

Ms. Mulligan added that the majority of businesses in Brookhaven that sustained damage were smaller retail stores in the coastal areas. It was the consensus of the Board to include retail businesses in this policy. Developing simple sales tax letters, equipment leases and resolutions was discussed as a way to deal with the potential influx of applicants. It was noted that most of these companies have already applied to FEMA and have documented their losses. Requiring the company’s FEMA number, a quote from a contractor, and the insurance report and appraisal

was also discussed. Agency staff and attorneys will work on developing this policy which will most likely have a nominal fee and would be in effect for roughly six months with the possibility of extending it if necessary.

CFO'S REPORT

Mr. Ryan presented the Operating Statement for October 31, 2012. There was a variety of deposits including a \$139,000 closing fee from Amneal Pharmaceuticals. A \$5,000 PILOT payment was made by Drive Train which has been disbursed to the applicable taxing jurisdictions. Drive Train still owes roughly \$5,000 more for tax year 2011-2012. Mr. Braun commented that Suffolk County National Bank (SCNB), the IDA's depository, had a loss for the third quarter due to the write-off of some loans they sold off at less than market rate (60% of face value).

The motion to accept the Operating Statement for October was made by Ms. Scheidt and seconded by Mr. Celauro. All were in favor.

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

Wincoram Commons

Mr. Michel has been working closely with Conifer and the Community Development Corporation on the Wincoram Commons application.

Ronkonkoma Hub

Mr. Michel updated the Members that he has been visiting Tier One property owners (owners with the majority amount of property) within the Ronkonkoma Hub. The Urban Renewal Plan is being worked on right now and will hopefully be submitted to the Town in the near future.

BASF

The expansion of BASF is on hold as they await a decision from their European partner company before moving forward. Mr. Braun noted that this potential \$35 million dollar project is located at a former IDA project site, the old Collaborative Labs facility. This 75,000 square foot expansion would sit on 12 acres and their employee count would rise to 80 employees.

Always Bagels

Always Bagels, currently located in Islip with another facility in Pennsylvania, is looking to sell their property and relocate to Brookhaven. Due to personal issues these plans are currently on hold. They have 145 employees and this project would cost roughly \$10 million dollars.

Cedar Pines

Cedar Pines, an assisted living/nursing home located in Center Moriches has submitted an application to the State for licensing. They have not yet applied to the IDA for assistance. The Cedar Pines project is estimated to cost roughly \$45 to \$50 million dollars and would create 155 permanent jobs and 225 construction jobs.

Alps Provision Co., Inc.

Mr. Michel updated the Board that Alps Provision Co., Inc., a sausage manufacturer located in Astoria, Queens, is considering a 30,000 square foot expansion in the Town of Brookhaven. They currently have 20 full-time employees and this expansion would increase that number to 35. They have identified two parcels in Yaphank that they are interested in purchasing.

Chembio Diagnostics

Mr. Tullo and Mr. Braun recently met with Chembio Diagnostics who manufacture HIV tests worldwide. They are located in multi-use buildings off Horseblock Road in Medford and would like to consolidate their operations under one roof. This may become an IDA project in 2013.

Islandaire Manufacturing

This manufacturer of residential and commercial air conditioners is located in East Setauket and would like to build a new 40,000 square foot facility on the old Northville site on Belle Meade Road. Meetings have taken place with the attorney for Islandaire and the Town Planning and Law Departments as there are covenants and restrictions on the property. They currently have 35,000 to 40,000 square feet of space and they would not relocate employees to the new site; these would be new hires.

Sunshine Manufacturing

Sunshine Manufacturing designs assembly lines and is currently located in Bohemia. They are in contract to purchase a 1.5 acre piece of property across the street from Amneal Pharmaceuticals on County Road 101 in Yaphank. An IDA application is expected soon.

Town of Brookhaven Renewable Energy Request for Proposals (RFP)

Mr. Tullo reminded the Board about this RFP for fifteen Town of Brookhaven sites for solar projects. Six bidders responded to the RFP and the Town is reviewing their proposals. There will be only one winner for this \$100 million dollar project and the selected company is expected to apply to the IDA at some point. Meetings will be held with Mr. Ryan to determine potential benefits. The selection process is expected to be completed by the Town in February or March of 2013.

Insurance Auto Auctions (IAA)

This company applied to the IDA roughly three months ago but the site they were considering fell through. They have chosen an alternative site at the corner of Bellport Avenue and County Road 101 that is two lots. One 25-acre lot is owned by Riegel Warehouse who has applied to the IDA in the past. IAA would merge this lot with another 65-acre parcel to create an 85-acre site. They are in contract for this property and a site plan has been submitted to the Planning Department. An amended IDA application will be necessary to include the new location. Mr. Tullo added that due to Hurricane Sandy, IAA is bringing in 1,000 damaged cars per day. They are looking for any temporary sites to store these vehicles which are coming from up and down the East Coast. Ms. Eaderesto informed the Board that IAA is on the agenda for the Planning Board for their first meeting in December. Mr. Braun noted that while IAA does not have many employees of their own they create numerous ancillary jobs. Mr. Braun added that he would like there to be more outreach to companies in the Town to inquire of their potential expansion plans.

STAFFORD ASSOCIATES – RESOLUTION APPROVING SUBTENANT

Mr. Braun reminded the Board that Stafford Associates was not given a full 100% abatement on their building since it was understood they would have subtenants which require IDA approval. This resolution authorizes Three Village Agency as a subtenant at the Stafford facility on Bennetts Road in Setauket.

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

NORTH SHORE COMPONENTS / CJR REALTY – RE-FINANCING

The Agency recently received a letter from North Shore Components stating their wish to re-finance and add a third mortgage to their building. This has no effect on the Agency but Board approval is required.

The motion to approve this request was made by Ms. Scheidt and seconded by Mr. Rose. All were in favor.

CEO'S REPORT

Suffolk County IDA Update

Ms. Mulligan updated the Board about the status of Suffolk County IDA (SCIDA) accepting an application for PK Metals where they would reduce existing property taxes. Ms. Mulligan has met with Mr. Manetta of SCIDA and Ms. Minieri of Suffolk County Economic Development about this matter. Unfortunately there has been no change in their position. Mr. Braun attended and submitted a letter at the public hearing for this project; however, there is some doubt that the concerns of the Brookhaven IDA were not passed on to the Board of the Suffolk County IDA.

Three newspaper articles were included in the meeting packets about other local IDA activities. One article is about a collaborative project between the Suffolk and Nassau IDAs for a group of 32 projects including one in Brookhaven. This project does not involve reducing property taxes but freezing taxes at their current rate and then slowly increasing them.

Existing Inventory Policy

Ms. Mulligan inquired if the Board would like to consider adopting a policy to assist companies that wish to purchase pre-existing buildings. For instance, if a company is interested in purchasing a building to expand their business, what type of assistance could the Agency offer? Could the property taxes be reduced? Could mortgage recording tax and sales tax exemptions be considered? The property tax rate may be too high since the building is vacant. A temporary reduction may be possible. Mr. Celauro suggested developing a policy that involves job creation per square foot noting that there are many empty buildings throughout the Town. The Members discussed potential scenarios and what types of benefits could be granted. Mr. Braun suggested that Agency staff work to craft a policy and present it to the Board at a future meeting.

Special IDA Meeting

There will be a special IDA meeting at 9:30 A.M. on Friday, November 16, 2012 in the Economic Development conference room to consider a resolution for Suffolk Transportation Services.

Board Member Resignation

Mr. Braun informed the Members that Joseph Kessel has resigned from his position on the Board effective immediately. The Town Board will fill this vacancy.

New York State Economic Development Council (NYSEDC) Membership

The Agency's membership with the New York State Economic Development Council (NYSEDC) is up for renewal at a cost of \$750.00.

The motion to renew the membership with NYSEDC at a cost of \$750.00 was made by Mr. Rose, seconded by Mr. Celauro and unanimously approved.

Long Island Power Authority (LIPA) Update on RFP

An article was included in the meeting packets about LIPA's award of 700 megawatts of energy to Caithness, J. Power, or both. When this award is granted one or both companies will be approaching the Agency for assistance.

The motion to close the meeting at 9:44 A.M. was made by Ms. Scheidt and seconded by Mr. LaVita. All were in favor.

The IDA Holiday Dinner Meeting is scheduled for December 5, 2012 at 5:30 P.M. at Pace's Steakhouse in Port Jefferson.