

TOWN OF BROOKHAVEN
INDUSTRIAL DEVELOPMENT AGENCY

JANUARY 9, 2019

MEETING MINUTES

MEMBERS PRESENT: Frederick C. Braun, III
Martin Callahan
Gary Pollakusky
Ann-Marie Scheidt
Frank C. Trotta (via conference call)

EXCUSED MEMBERS: Felix G. Grucci, Jr.
Scott Middleton

ALSO PRESENT: Lisa M. G. Mulligan, Chief Executive Officer
Lori LaPonte, Chief Financial Officer
James M. Tullo, Deputy Director
Annette Eaderesto, Counsel
Howard Gross, Weinberg, Gross & Pergament
William F. Weir, Nixon Peabody, LLP (via conference call)
Jocelyn Linse, Executive Assistant
Terri Alkon, Administrative Assistant
Amy Illardo, Administrative Assistant
Alan Wax, Wax Words, Inc.
Eric Russo, VanBrunt, Juzwiak & Russo, P.C.

Chairman Braun opened the meeting at 12:19 P.M. on Wednesday, January 9, 2019 in the Work Session Room on the Third Floor of Brookhaven Town Hall, One Independence Hill, Farmingville, New York. A quorum was present.

MINUTES OF NOVEMBER 14, 2018

The Minutes of November 14, 2018 were previously sent to the Members for review. The motion to approve these Minutes as presented was made by Mr. Pollakusky and seconded by Ms. Scheidt. All were in favor.

MINUTES OF DECEMBER 4, 2018

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The Minutes of December 4, 2018 were also previously sent to the Members for review. The motion to approve these Minutes as presented was made by Mr. Pollakusky, seconded by Mr. Callahan and unanimously approved.

Supervisor Romaine joined the meeting at 12:21 P.M. The Supervisor thanked the Board for their efforts and offered the Town's support if needed. Mr. Romaine also informed the Board of a potential new initiative that would require solar panels on part of the roof of newly constructed industrial and commercial buildings. New homes could be added to this potential legislation as well.

The Supervisor excused himself from the meeting at 12:26 P.M.

CFO'S REPORT

November 30, 2018 Operating Statement

Ms. LaPonte presented the Operating Statement for November 30, 2018. A closing fee was received for the United Rentals project and multiple application fees were received. The normal recurring expenditures were noted. There was no activity in the investment, PILOT and Ronkonkoma Hub escrow account except for interest. All payroll taxes, retirement and deferred compensation payments have been paid in full.

The motion to accept the Operating Statement for November 2018 was made by Mr. Pollakusky and seconded by Ms. Scheidt. All were in favor.

December 31, 2018 Operating Statement

Ms. LaPonte presented the Operating Statement for December 31, 2018. Deposits included closing fees for 10 National Medford and CD Ramsay as well as multiple application fees. The usual expenditures were noted along with the annual payment to the retirement system. All payroll taxes, retirement and deferred compensation payments have been paid in full. There was a \$200,000 transfer from the checking account to the investment account. There was no activity in the PILOT or Ronkonkoma Hub escrow account. Ms. LaPonte added that the auditors were in

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the office in December and had no findings or concerns. Related party questionnaires were sent to the Members to be returned to the auditors.

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

VISTAS OF PORT JEFFERSON – SALES TAX INCREASE

This 245-unit senior housing project has requested a \$400,000 increase to their sales tax exemption. A public hearing was held this morning with no comments received. The cost benefit analysis was included in the meeting packets.

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

CEO'S REPORT

Triple Five PILOT

Ms. Mulligan reminded the Board that when this project closed in September of last year, Triple Five opted to postpone accepting a PILOT Agreement. Triple Five received exemptions from mortgage recording taxes and sales tax. The project has now requested a PILOT and included the completed tax certiorari in their request. The Assessor's Office determined that the assessed value will be reduced from \$187,350 to \$120,400. This assessment change is only for the 2018-2019 tax year. A PILOT would not be scheduled to start until 2019-2020. The original PILOT offered to Triple Five was mostly in line with the Adaptive Re-Use Policy; Triple Five was offered three years at 50% rather than the customary two years. This PILOT starts at \$368,747 and increases to \$935,000 in year thirteen. A counter proposal was received from Triple Five that has the PILOT starting at \$242,000 and increases to \$718,000 in year thirteen.

Mr. Russo stated that the project is still in the process of seeking tenants but anticipates they will be in place within the required timeline. Mr. Russo added that his client knew in August that there was a possibility the tax certiorari would not result in a lower assessment and they wanted

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time to see what would transpire. The \$120,400 assessed value was based on the actual purchase price paid, the assessed value of \$187,350 was before it was reduced. Mr. Russo stated that by going back to the proposal from August, there would be a \$1.8 million tax benefit with their alternative as opposed to taxes significantly more that they would be paying under the PILOT the IDA is offering at this time and they are asking for consideration.

A PILOT must be in place by March 1st. A new public hearing would be needed if the PILOT contemplated in August is reduced in any way. The next IDA meeting is scheduled for February 20th; the public hearing would need to be held prior to the meeting in order to close before taxable status date. Mr. Russo detailed his client's methodology in their proposed PILOT. Ms. Eaderesto said the Assessor's Office could re-assess next year (based on the rent) if there are tenants.

Ms. Mulligan presented the PILOT that the IDA offered and what Triple Five is proposing. This matter will be revisited later in the meeting.

Mr. Russo left the meeting at 12:51 P.M.

ORGANIZATIONAL RESOLUTIONS

Resolution #1 – Appointment of Lisa M. G. Mulligan as Chief Executive Officer/Executive Director

Resolution #2 – Appointment of Jocelyn Linse as Executive Assistant

Resolution #3 – Appointment of Lori LaPonte as Chief Financial Officer

Resolution #4 – Appointment of Terri Alkon as Administrative Assistant

Resolution #5 – Appointment of James M. Tullo as Deputy Director

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Resolution #6 – Appointment of Annette Eaderesto as Legal Counsel

Resolutions #1 through #6 were deferred until after executive session.

Resolution #7 – Appointment of Industrial Coverage Corporation as Insurance Broker of Record

Resolution #8 – Appointment of Officers

Resolution #9 – Establishment of Governance Committee

Resolution #10 – Establishment of Audit Committee

Mr. Pollakusky made a motion to approve resolutions #7 through #10. The motion was seconded by Ms. Scheidt and unanimously approved.

Resolution #11 – Rental of Office at the Town of Brookhaven

Resolution #12 – Hourly Requirement

Resolution #13 – 2019 Meeting Schedule

Resolution #14 – Appointment of Cybernet as Computer Consultant

Resolution #15 – Banking and Investing with Empire National Bank

A single signature of the Chairman, Treasurer, Assistant Treasurer, CEO or Deputy Director will be required for checks up to \$5,000. For amounts over \$5,000, a second signature is required. The PILOT account will require only one signature.

The motion to approve resolutions #11 through #15 was made by Mr. Callahan and seconded by Mr. Pollakusky. All were in favor.

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Resolution #16 – Adopting a Mission Statement and Measurement Report

Ms. Mulligan read the Mission Statement aloud; the Members determined there would be no change. Ms. Mulligan read the Measurement Report aloud, all Members responded in the affirmative.

Resolution #17 – Adopting the Town of Brookhaven Ethics Policy, Procurement Policy and Property Acquisition and Disposal Policy

Resolution #18 – Adopting Governance Committee Charter, Audit Committee Charter and Finance Committee Charter

Resolution #19 – Adopting a Uniform Tax Exemption Policy

This policy may be amended later in the year.

Resolution #20 – Adopting a Compensation Policy

The motion to approve resolutions #16 through #20 was made by Mr. Pollakusky, seconded by Ms. Scheidt and unanimously approved.

Resolution #21 – Adopting a Policy Concerning Board Member and Employee Loans

Resolution #22 – Adopting a Prevailing Wage Policy

Resolution #23 – Adopting a Whistleblower Policy and Investment Policy

Resolution #24 – Appointing a Finance Committee

Resolution #25 – Adopting an Adaptive Re-Use Policy

The motion to approve resolutions #21 through #25 was made by Mr. Pollakusky and seconded by Ms. Scheidt. All voted in favor.

Resolution #26 – Delegating and Authorizing Execution of IDA Documents

Resolution #27 – Adopting an Incentive/Compensation Policy

This will be discussed during executive session.

Resolution #28 – Adoption of Deferred Compensation Program Policy

Resolution #29 – 2019 Holiday Schedule

Resolution #30 – Adopting a Travel and Discretionary Funds Policy

The motion to approve resolutions #26, #28, #29 and #30 was made by Mr. Pollakusky, seconded by Mr. Callahan and unanimously approved.

Resolution #31 – Adopting an Accrual Policy for Full-Time Management Employees

Resolution #32 – Adopting a Bereavement Policy

Resolution #33 – Appointing Audit/Financial Services

Appointment of Albrecht, Viggiano & Zureck for auditing and financial reporting services in an amount not to exceed \$23,000 annually, and Jones, Little & Co. CPA's, LLP to provide quarterly and annual payroll tax services in an amount not to exceed \$1,500 annually. Ms. LaPonte reminded the Board that she is a related entity of Jones, Little & Co. CPA's, LLP.

Resolution #34 – Adopting an Accrual Policy for Full-Time Non-Management Employees

Resolution #35 – Adopting a Conflict of Interest Policy

The motion to approve resolutions #31 through #35 was made by Mr. Callahan and seconded by Ms. Scheidt. All voted in favor.

Resolution #36 – Appointment of Risk Management International as Insurance Risk Manager
The fee for Risk Management International will be \$800 per month.

Resolution #37 – Appointment of Todd Shapiro Associates, Inc. as Public Relations Firm
The fee for Todd Shapiro Associates, Inc. will be \$4,000 per month.

The motion to approve resolutions #36 and #37 was made by Ms. Scheidt, seconded by Mr. Callahan and unanimously approved.

HO PENN MACHINERY – APPLICATION AND RESOLUTION

Ms. Mulligan presented the application for HO Penn Machinery, which was an IDA project in the early 1980's. HO Penn is a distributor of power generation and other Caterpillar equipment. The company has locations off of Long Island as well as the former IDA facility in Brookhaven which they will keep. They have been renting a 15,000 square foot facility at 15 Middle Avenue in Holtsville for approximately 10 years and now plan to relocate to a facility at 20 Platinum Court in Medford. HO Penn has not decided whether they will purchase or lease this new building; the public hearing held this morning contemplated both cases. If the building is purchased, it will cost approximately \$3.6 million, if it is leased, it will be a \$2.78 million lease. \$220,000 in renovations are expected. HO Penn plans to retain their 26 employees.

The motion to accept the application was made by Mr. Callahan and seconded by Ms. Scheidt. All voted in favor.

The motion to approve the final authorizing resolution was made by Ms. Scheidt, seconded by Mr. Callahan and unanimously approved.

FOUR L SUBTENANT – NORTH SHORE SPRINKLER SUPPLY

Ms. Mulligan presented the application for North Shore Sprinkler Supply to be a subtenant in the Four L facility.

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The motion to accept the subtenant application was made by Mr. Pollakusky and seconded by Ms. Scheidt. All voted in favor.

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

HSRE-EB MT. SINAI – AMENDED AND RESTATED AUTHORIZING RESOLUTION

There was a scrivener's error in the sales tax dollar amount in the original resolution; it has been amended to reflect the correct amount of \$1,807,800 from \$1,483,500.

The motion to approve this resolution was made by Mr. Pollakusky and seconded by Ms. Scheidt. All voted in favor.

EB MT. SINAI – AMENDED AND RESTATED AUTHORIZING RESOLUTION

As was the case with HSRE-EB Mt. Sinai, there was a scrivener's error in the sales tax dollar amount in the original resolution. It has been amended to reflect the correct amount of \$2,397,750 from \$1,828,500.

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

AGILITAS / ACE CALABRO SOLAR 1 – UPDATED APPLICATION

The application for Agilitas / ACE Calabro Solar 1 has been updated to include the amount of mortgage recording tax exemption requested.

The motion to accept the updated application was made by Mr. Pollakusky and seconded by Mr. Callahan. All voted in favor.

AGILITAS / ACE CALABRO SOLAR 2 – UPDATED APPLICATION

The application for Agilitas / ACE Calabro Solar 2 has been updated to include the amount of mortgage recording tax exemption requested.

The motion to accept the updated application was made by Mr. Pollakusky, seconded by Mr. Callahan and unanimously approved.

AGILITAS / ACE CALABRO SOLAR 1 – AMENDED RESOLUTION

The motion to approve the amended resolution reflecting the amount of mortgage recording tax exemption was made by Mr. Callahan and seconded by Ms. Scheidt. All voted in favor.

AGILITAS / ACE CALABRO SOLAR 2 – AMENDED RESOLUTION

The motion to approve the amended resolution reflecting the amount of mortgage recording tax exemption was made by Mr. Callahan, seconded by Ms. Scheidt and unanimously approved.

CD RAMSAY – RESOLUTION INCREASING SALES TAX EXEMPTION

CD Ramsay has requested an approximate \$14,000 increase to their sales tax exemption. The motion to approve this resolution was made by Mr. Pollakusky and seconded by Mr. Callahan and unanimously approved.

CEO'S REPORT

WHTB Glass – Sales Tax

Ms. Mulligan informed the Board that the sales tax exemption for WHTB Glass expired on December 31, 2018; the company has sent a letter requesting that their sales tax exemption and completion date be extended until December 31, 2019. WHTB has requested a \$2 million increase which will require a new public hearing. This matter will be revisited at the next meeting after the hearing has been held.

Ms. Scheidt made a motion to extend the completion date until December 31, 2019. The motion was seconded by Mr. Callahan and all voted in favor.

At 1:06 P.M., Mr. Callahan made a motion to enter executive session to discuss the medical, financial, credit or employment history of a particular person or corporation, or matters leading

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to the appointment, employment, promotion, demotion, discipline, suspension, dismissal or removal of a particular person or corporation. The motion was seconded by Ms. Scheidt and unanimously approved.

At 1:18 P.M., Mr. Pollakusky made a motion to exit executive session and resume the regular agenda. The motion was seconded by Ms. Scheidt and all voted in favor.

ORGANIZATIONAL RESOLUTIONS – CONTINUED

Resolution #1 – Appointment of Lisa M. G. Mulligan as Chief Executive Officer/Executive Director

Resolution #2 – Appointment of Jocelyn Linse as Executive Assistant

Resolution #3 – Appointment of Lori LaPonte as Chief Financial Officer

Resolution #4 – Appointment of Terri Alkon as Administrative Assistant

Resolution #5 – Appointment of James M. Tullo as Deputy Director

Resolution #6 – Appointment of Annette Eaderesto as Legal Counsel

The motion to approve resolutions #1 through #6 was made by Mr. Pollakusky, seconded by Ms. Scheidt and unanimously approved.

Resolution #39 – Allocation of 2018 Incentive Compensation

Resolution #40 – Appointment of Amy Illardo as Administrative Assistant

The motion to approve resolutions #39 and #40 was made by Mr. Pollakusky and seconded by Ms. Scheidt. All voted in favor.

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Resolution #27 – Adopting an Incentive/Compensation Policy

The dollar amount for 2019 for incentive compensation will be increased to \$75,000. Goals will be discussed and determined at the February meeting.

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

CEO'S REPORT – REVISITED

Financial Disclosure Forms

The annual financial disclosure forms were distributed for the Members to complete and submit.

Bond Allocation

The bond allocation for 2019 is approximately \$8.5 million.

Setauket Meadows

A letter was received from Setauket Meadows informing the Agency that the Suffolk County IDA's decision may impact their project.

Triple Five PILOT

Mr. Pollakusky made a motion to offer the same PILOT Agreement to Triple Five as was presented prior to their closing in September of last year. The motion was seconded by Mr. Callahan and unanimously approved.

The motion to close the meeting at 1:30 P.M. was made by Mr. Pollakusky and seconded by Mr. Callahan. All voted in favor.

The next IDA meeting is scheduled for Wednesday, February 20, 2019.