

TOWN OF BROOKHAVEN
INDUSTRIAL DEVELOPMENT AGENCY

MEETING MINUTES

OCTOBER 21, 2015

MEMBERS PRESENT: Frederick C. Braun, III
Martin Callahan
Felix J. Gucci, Jr.
Michael Kelly
Ann-Marie Scheidt

EXCUSED MEMBER: Scott Middleton

ALSO PRESENT: Lisa M. G. Mulligan, Chief Executive Officer
James Ryan, Chief Financial Officer
James M. Tullo, Deputy Director
William Weir, Nixon Peabody, LLP
Howard Gross, Weinberg, Gross & Pergament, LLP
Annette Eaderesto, Counsel
Jocelyn Linse, Assistant
Terri Alkon, Assistant
Alan Wax, Wax Words, Inc.
Christopher W. Shishko, Guercio & Guercio LLP
(Representing Shoreham-Wading River School District)

Chairman Braun opened the meeting at 8:07 A.M. on Wednesday, October 21, 2015, in the Work Session Room on the Third Floor of Brookhaven Town Hall, One Independence Hill, Farmingville, New York. A quorum was present.

FTS PROJECT OWNER 2, LLC (S. POWER) – INDUCEMENT/AUTHORIZING RESOLUTION

Ms. Mulligan informed the Board that one comment was e-mailed in from a Trustee of the Shoreham-Wading River School District for the public hearing yesterday. Ms. Mulligan read the comment into the record which requests that the school district receive no less than its equivalent ad valorem property tax pro rata share from the PILOT payment and that their percentage be at least equal to the percentage they would have received if the property was taxed in the absence of a PILOT agreement. Confirmation that connections to the substation were included was also requested. Mr. Ryan noted that wires to the

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substation are special franchise properties and are assessed by the State of New York. The substation itself is already on the assessment roll and is already being taxed.

Mr. Weir added that under the IDA Act, all PILOTS must be distributed on a pro rata share basis to all taxing jurisdictions without preference or special treatment. The cost benefit analysis was provided to the Members.

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

RONKONKOMA HUB PHASE ONE – FINAL AUTHORIZING RESOLUTION

Ms. Mulligan presented the final authorizing resolution for this project while noting that comments received at the public hearing had previously been provided. It is expected that the closing on the financing for this project will occur in the spring of 2016; a closing for the IDA benefits will be in the near future.

The motion to approve this resolution was made by Mr. Gucci, seconded by Mr. Callahan and unanimously approved.

MEETING MINUTES OF SEPTEMBER 16, 2015

The Minutes of September 16, 2015 were previously distributed to the Members for their review. The motion to approve these Minutes as presented was made by Mr. Gucci and seconded by Mr. Callahan. All were in favor.

CFO'S REPORT

Mr. Ryan presented the Operating Statement for September 30, 2015. There was a total of \$4,000 in deposits and the usual expenses were noted. There is only interest and the initial investment in the PILOT account. A termination fee was received from Anthony's Closets; two termination invoices have been sent to St. Joseph's College to date. Mr. Braun

suggested that half of the Agency available funds be invested on a laddered basis and monitor how the trades are executed.

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

AUDIT FIRM CHANGE

Mr. Ryan reported to the Board that there has been a change in the firm that conducts our audit. Ms. LaPonte purchased the audit functions from Albanese, Sini & Reeves and has relocated to Jones Little. Albanese, Sini & Reeves have moved away from audits citing an absence of expertise in that area and the associated risks in the preparation of audited financial statements. Since peer review is needed and the audit partner must change every five years, a change was necessary. Ms. LaPonte has indicated that Jones Little will honor the fee arrangement and continue to file our quarterly payroll taxes.

The motion to approve Jones Little as the new auditing firm was made by Mr. Grucci and seconded by Mr. Callahan. All were in favor.

BURMAX – APPLICATION

Burmax has been an IDA project since 1994 and has gone through multiple expansions. Their original facility was 92,000 square feet; they have expanded by 12,000 square feet and now plan to expand another 26,000 square feet. The original 92,000 square feet is at full assessment, the 12,000 square foot addition is still receiving PILOT benefits. They have 161 employees and plan to hire eight more people due to this expansion which includes the 8 employees hired when they acquired Product Club.

Burmax is requesting the basic package of benefits for the new extension; in addition they have asked if the Board would extend their PILOT on the prior expansion to have it end at the same time as the new expansion. There are approximately 5 years left on the current PILOT Agreement.

The Board voted to grant a 100% PILOT on the new expansion, increase the current PILOT on the first expansion by 20% per year and end both PILOT Agreements at the same time. The motion to accept this application and PILOT structure was made by Mr. Callahan, seconded by Mr. Grucci and unanimously approved.

EXCEL HOLDINGS – APPLICATIONS

These two applications are intertwined and call for purchasing the Courtyard Marriott, Homewood Suites and two restaurants in Ronkonkoma from the current project owner, Sayville Browning. The Courtyard Marriott has been up and running for several years; the foundation for Homewood Suites has been started. The purchaser has requested that the PILOT for Courtyard be passed along to them, along with a sales tax exemption for an estimated \$1.5 million in refurbishing they are planning and a mortgage recording tax exemption. There are four years left on the PILOT extension for the Courtyard. Mr. Weir noted that assigning the benefits to another owner is provided for in the lease agreement.

The total cost for the entire deal is estimated to be \$37 million dollars. Mr. Weir reminded the members that this is all on one lot that the Suffolk County Board of Health would not allow to be split and detailed the issues there have been in financing this project. Since this is two separate projects, Excel is also requesting that the sales tax exemption, mortgage recording tax exemption and PILOT (which starts in 2016/2017) for the Homewood Suites portion transfer to them. Excel expects it will take a year to have Homewood Suites up and running. According to the contract the Homewood Suites hotel needs to be opened by a set date.

The motion to accept the application for the Homewood Suites project was made by Mr. Grucci and seconded by Ms. Scheidt. All were in favor.

The motion to accept the application for the Courtyard Marriott project was made by Ms. Scheidt, seconded by Mr. Callahan and unanimously approved.

It was noted that this area is located at the entrance to the Ronkonkoma Hub development. In response to Mr. Grucci's question about clawback provisions, Mr. Weir stated that there are clawbacks in place for the Homewood Suites project; the Courtyard project predated these provisions. Clawbacks will now be added for this part of the project.

CEO'S REPORT

Quality King – Sales Tax Extension

Ms. Mulligan informed the Members that Quality King (QK) has run into some delays putting in the robotic warehouse picking system, and the system has grown an estimated 10% larger than initially considered. QK is requesting a four month extension on the sales tax exemption, though they did not request an increase in the amount. Ms. Mulligan will double check that the cost is not expected to increase over the exemption amount granted. If it increases by more than \$100,000 a new public hearing is required.

Mr. Grucci made a motion to extend the sales tax exemption until March 31, 2016. This motion was seconded by Ms. Scheidt and all were in favor.

Bond Allocation

The Agency recently received the adjusted bond volume allocation in the amount of \$8,147,346. Additional allocation had been requested for the Overbay and Penn Fabricators projects. This allocation will be returned if these projects fail to close by the end of the year.

ACE Manorville

A press conference and ceremonial groundbreaking will be held at the project site on Paper Mill Road in Manorville at 11:00 AM tomorrow. Mr. Weir added that a public hearing will be scheduled shortly, and the project is planned to be on the November agenda.

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Upcoming Closings

It is expected that S. Power will close today. Closings for Aarco and the Ronkonkoma Hub are scheduled for early November. There have been some delays encountered with closing on the DiCarlo solar project.

At 8:48 A.M., Mr. Grucci made a motion to enter executive session to discuss litigation and personnel matters. The motion was seconded by Ms. Scheidt and unanimously approved.

At 9:11 A.M., the Members resumed the regular agenda.

Hiring of Full-Time Clerical Assistant

Mr. Braun made a motion to hire Theresa Alkon as a full-time Clerical Assistant at a salary of \$45,000 per year, plus benefits. Mr. Grucci seconded this motion and all voted in favor. This appointment is effective as of October 15, 2015.

December Meeting Date

The December meeting will be held on Wednesday, December 2nd at Savino's Restaurant in Mt. Sinai at 5:30 P.M.

The motion to adjourn the meeting at 9:12 A.M. was made by Mr. Grucci, seconded by Mr. Callahan and unanimously approved.

The next IDA meeting is scheduled for Wednesday, November 18, 2015.

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