

TOWN OF BROOKHAVEN
INDUSTRIAL DEVELOPMENT AGENCY

MEETING MINUTES

NOVEMBER 16, 2016

MEMBERS PRESENT: Frederick C. Braun, III
Martin Callahan
Michael Kelly
Scott Middleton
Gary Pollakusky

EXCUSED MEMBERS: Felix J. Grucci, Jr.
Ann-Marie Scheidt

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 Weir, Nixon Peabody, LLP
Jocelyn Linse, Assistant
Terri Alkon, Assistant
Alan Wax, Wax Words, Inc.

Chairman Braun opened the meeting at 8:12 A.M. on Wednesday, November 16, 2016 in the Work Session Room on the Third Floor of Brookhaven Town Hall, One Independence Hill, Farmingville, New York. A quorum was present.

MEETING MINUTES OF OCTOBER 19, 2016

The Minutes of October 19, 2016 were previously sent to the Members for review. The motion to approve the Minutes as presented was made by Mr. Middleton and seconded by Mr. Kelly. All were in favor.

CFO'S REPORT

Ms. LaPonte presented the Operating Statement for October 31, 2016. The Agency recently started using remote deposit to help reduce trips to the bank. Ms. LaPonte informed the Members that our existing collateral agreements with Suffolk County

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National Bank will be in effect after they merge with People's United Bank. The different interest rates are now listed for each account on the Operating Statement; the Agency is continuing to look at alternative options for higher interest rates. Two treasury notes were purchased in October.

The motion to accept the Operating Statement for October was made by Mr. Kelly, seconded by Mr. Callahan and unanimously approved.

Ms. LaPonte will be meeting with our new auditors, Albrecht, Viggiano, Zureck and Company, on Friday to review the new Government Accounting Standards Board (GASB) reporting requirements. Ms. Mulligan noted that the Town has to report on all tax abatements now so more information has been requested.

EXCEL 6 - RESOLUTION

Ms. Mulligan presented the resolution authorizing mortgage financing for the extended stay hotel in Ronkonkoma. The resolution calls for an additional mortgage in the amount of \$4 million dollars but not to exceed \$4.5 million dollars. The total mortgage financing is now \$19.5 million dollars. The Board recently agreed to allow Excel 6 to extend the deadline for the hotel's completion to June of 2018.

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

VISTAS OF PORT JEFFERSON, LLC – APPLICATION

Ms. Mulligan presented the application for Vistas of Port Jefferson, LLC, a proposed senior housing facility in Port Jefferson Station. The application calls for 244 senior rental housing units on 27 acres of land. A rental schedule was included for this assortment of townhouses and apartments; rents will range from \$1,395 to \$2,900 monthly. A total of 28 buildings will be constructed as well as a clubhouse and fitness center. There is an affordable component included in this project.

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The applicant is requesting a sales tax exemption and a PILOT Agreement; Vistas will pay the mortgage recording tax. They have requested a 20-year PILOT for this \$64 million dollar project. Mr. Braun determined the PILOT will be discussed at a later date; the only action today will be accepting the application and allowing the public hearing to be scheduled.

The motion to accept the application and set a public hearing was made by Mr. Kelly, seconded by Mr. Middleton and unanimously approved.

J-POWER – APPLICATION

Ms. Mulligan presented the application for J-Power. This application is for a “peaker” plant located on just shy of 10 acres of the Shoreham power plant property. There is a current PILOT Agreement, independent of the IDA, in place between LIPA and the Town of Brookhaven whereby J-Power pays approximately \$2.4 million dollars per annum. A number of factors have changed or are changing and J-Power is requesting the IDA Board to replace the existing agreement with a PILOT for a lesser amount. The PILOT had been paid directly by LIPA.

This plant is on standby 24 hours a day and can be activated if needed in 25 minutes. J-Power’s power purchase agreement expires in the spring. Originally LIPA said they would not renew the agreement so J-Power submitted paperwork to the NYS Public Service Commission to shut down the plant. This plant is modular and can be moved to another location in about a week, which will happen if the agreement is not renewed. LIPA has now said they would consider renewing the agreement if the capacity payments are cut in half and if J-Power negotiates and pays their own PILOT.

Mr. Tullo joined the meeting at 8:30 A.M.

The Members discussed the need to speak with the local school district about this issue and any potential PILOT that could be granted. Mr. Weir’s firm represents J-Power; Mr. Gross is representing the Agency. Ms. Mulligan added that there has not yet been a

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discussion with the Supervisor or Councilwoman representing this area as the application was only recently received. Ms. Eaderesto inquired when the PILOT could change since schools have already completed their budgets; the PILOT wouldn't begin until 2017/2018 at the earliest. If the plant is disassembled and moves off Long Island, there would be no payments made resulting in an even larger loss to the taxing jurisdictions.

The Members stated that meetings need to be held with Town and school district officials before a public hearing will be scheduled. Due to a timing issue, the Board discussed authorizing Ms. Mulligan to post the public hearing after these meetings are held. A special meeting may also be necessary in January.

The motion to accept the application was made by Mr. Pollakusky and seconded by Mr. Kelly. All were in favor. Mr. Kelly made a motion to authorize Ms. Mulligan to post the public hearing notice. The motion was seconded by Mr. Pollakusky and unanimously approved.

BROOKHAVEN MEMORIAL HOSPITAL – RESOLUTION

Mr. Braun excused himself from the meeting while this resolution was discussed. Mr. Tullo informed the Members that no one attended the public hearing for benefits for Brookhaven Memorial Hospital's (BMH) "Foley facility" from Suffolk County. The cost benefit analysis was included in the meeting packets for review. BMH plans to move their dialysis center and some administrative offices from Patchogue to the first floor of the facility and lease out the remaining four floors to two different for-profit entities. This \$40 million dollar project will result in the retention of 125 employees and the creation of 13 additional jobs. This final authorizing resolution approves the PILOT Agreement and the mortgage recording and sales tax exemptions.

The motion to approve the resolution was made by Mr. Pollakusky and seconded by Mr. Kelly. The motion passed with Mr. Braun abstaining.

CEO'S REPORT

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Innovate Long Island

Ms. Mulligan received an e-mail from John Kominicki requesting support for Innovate Long Island, a website that provides a snapshot of the innovation economy on Long Island. They recently ran a story on the UI Digital project. Many IDAs and Nixon Peabody are listed as sponsors. The request is for a \$6,000 annual payment which includes placement in the rotating bar at the top of the website. Mr. Pollakusky inquired of the earned media that would be gained from this; Mr. Braun suggested tabling this matter until more information can be gathered.

Board Assessments

The 2016 board assessments were distributed to the Members.

2017 Meeting Schedule

The 2017 meeting schedule was distributed. The Members were asked to review the schedule for any potential conflicts.

St. Joseph's College Scholarship

This scholarship had been set up to be awarded to a student that resides in the Town of Brookhaven. Though the program ended a few years ago, there is still money left in this grant. St. Joseph's recently sent a letter informing the Agency that this year's winner is a nursing student from the Patchogue-Medford area.

New York State Economic Development Council (NYSEDC) Membership

The annual membership with the New York State Economic Development Council (NYSEDC) is up for renewal. Their membership rates are based on an organization's budget. Since our budget has increased, the rate has risen to \$1,250.

The motion to approve this renewal was made by Mr. Kelly and seconded by Mr. Callahan. All were in favor.

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Mortgage Recording Tax

Ms. Mulligan informed the Members that the IDA can no longer exempt the full mortgage recording tax; only .75% can now be exempted. Nixon Peabody provided an outline of these changes. The mortgage recording tax exemption is one of the three benefits that an IDA can give. The town receives approximately 48% of the mortgage recording tax; the balance goes to the county and villages if applicable.

WHTB Glass Update

Mr. Braun inquired of the status of the WHTB Glass project; Mr. Tullo responded that they are working on getting architects and engineers in place.

PRESENTATION – ALAN WAX

Mr. Wax provided an update on marketing for the past month. Ms. Mulligan received a Top 50 Women in Business Award from Long Island Business News on October 20th; a press release was issued. Mr. Pollakusky will be receiving a 40 Under 40 Award from Long Island Business News in January. The New York Real Estate Journal has offered to name the Brookhaven IDA as the IDA of the Month at a cost of \$1,600 which includes placement on the front page and centerfold of the publication.

Press releases for UI Digital and Blue Point Brewery were posted on the website; releases on AVR Chelsea and Ms. LaPonte's appointment were picked up by local media.

Releases on Brookhaven Memorial Hospital and Burmax are ready and waiting for final approval. Social media has been expanded to Twitter, Instagram and Google Plus.

Mr. Pollakusky suggested that a protocol be established on how accomplishments are broadcasted to the public. An intern, Justin Schwarz, has started work in the office to assist with social media outreach and building contact lists. Ms. Mulligan thanked Mr. Pollakusky for all of his technical expertise.

The motion to close the IDA meeting at 9:10 A.M. was made by Mr. Pollakusky and seconded by Mr. Kelly. All were in favor.

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*The next IDA meeting is scheduled for Wednesday, December 7, 2016 at 5:30 P.M. at
Savino's in Mt. Sinai.*