

TOWN OF BROOKHAVEN
INDUSTRIAL DEVELOPMENT AGENCY

FEBRUARY 20, 2019

MEETING MINUTES

MEMBERS PRESENT: Frederick C. Braun, III
Martin Callahan
Gary Pollakusky
Ann-Marie Scheidt
Frank C. Trotta

EXCUSED MEMBERS: Felix J. 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
William F. Weir, Nixon Peabody, LLP
Howard Gross, Weinberg, Gross & Pergament
Jocelyn Linse, Executive Assistant
Terri Alkon, Administrative Assistant
Alan Wax, Wax Words, Inc.
Eric Russo, VanBrunt, Juzwiak & Russo, PC
Kevin Gremse, National Development Council

Chairman Braun opened the meeting at 11:38 A.M. on Wednesday, February 20, 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 JANUARY 9, 2019

The Minutes of January 9, 2019 were previously sent to the Members for review. The motion to approve these Minutes as presented was made by Ms. Scheidt and seconded by Mr. Trotta. All were in favor.

CFO'S REPORT

Ms. LaPonte presented the Operating Statement for the period ending January 31, 2019. Empire National Bank has again increased the interest rate on the investment account

IDA Meeting
February 20, 2019

from 1.0% to 1.25%. There were five closings in January, two sales tax extensions and a termination. Deposits also included administrative fees collected from projects. The usual expenditures were noted. All PILOT payments received have been disbursed within the required 30-day deadline; the first disbursement was sent in January, the second in early February and the third will be sent out today. To date, approximately \$9 million has been collected and sent out to the taxing jurisdictions. All payroll taxes, retirement and deferred compensation payments have been paid in full.

Mr. Braun inquired if a certificate of deposit should be obtained through Empire National Bank in an effort to increase the IDA's return; Ms. LaPonte will look into this.

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

Albrecht, Viggiano, Zureck & Company, P.C. (AVZ) Questionnaire

AVZ is in the process of conducting the external audit and has completed their fieldwork. Ms. LaPonte is waiting on a draft of the financial statements. There have been no issues or concerns identified. Work on importing information into the Public Authorities Reporting Information System (PARIS) has begun; all information is due to PARIS by the end of March. The auditors will be invited to the March meeting to present their findings to the Audit Committee.

Ms. Eaderesto joined the meeting at 11:48 A.M.

Ms. LaPonte added that in relation to the audit, related party inquiries were sent to board members and staff to be returned to AVZ.

PENNYSAVER SOLAR, LLC – APPLICATION

Ms. Mulligan presented the application for Pennysaver Solar, LLC. This application is for 2.5 megawatts of solar to be generated by carports at the Town's Amphitheater. This project is expected to cost approximately \$4.9 million.

The motion to accept the application and schedule a public hearing was made by Mr. Pollakusky and seconded by Mr. Trotta. All were in favor.

RESOLUTION #38 – PROHIBITION AGAINST UNLAWFUL HARASSMENT & UNLAWFUL SEXUAL HARASSMENT

This resolution should have been voted on in January but had only been adopted last November when the law came into effect. There is a system outlined in the resolution to report abuse.

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

AGILITAS / ACE CALABRO SOLAR – RESOLUTIONS REGARDING SCHOOL DISTRICTS

This solar project at Calabro Airport was split into two projects. There was an error in notifying the school district on one project. This is a zeroed-out PILOT so no payments would be sent to any taxing jurisdiction. Since there are so many overlapping school districts around the airport, notice will be sent to all surrounding districts.

The motion to approve the resolution for ACE Calabro Solar was made by Mr. Callahan and seconded by Ms. Scheidt. All were in favor.

The motion to approve the resolution for ACE Calabro Solar 2 was made by Mr. Pollakusky, seconded by Mr. Callahan and unanimously approved.

AGILITAS TOWN HALL – RESOLUTION TO EXTEND SALES TAX EXEMPTION & COMPLETION DATE

Agilitas has requested an extension of their sales tax exemption and completion date until June 30, 2019. Ms. Mulligan noted that the project made an error on their sales tax which resulted in a recapture of sales tax benefit due to an agent making purchases prior to

IDA Meeting
February 20, 2019

obtaining designation as an agent. Payment was received yesterday; we are waiting on certification that no other purchases were made. This payment will be forwarded to the New York State Tax Department.

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

T. MINA – RESOLUTION EXTENDING JOB CREATION TIMELINE

This project is under construction on Old Medford Avenue in Medford. T. Mina has requested an extension of their job creation timeline until December 31, 2020; their sales tax exemption has already been extended to January 31, 2020.

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

WHTB GLASS – RESOLUTION TO EXTEND & INCREASE SALES TAX EXEMPTION

A public hearing was held for this sales tax exemption request on February 8, 2019 with no comment received. The cost benefit analysis was included in the meeting packets for review. WHTB is requesting an increase in sales tax exemption to make \$2.02 million in purchases, as well as the extension of their completion date to December 31, 2019. This is the first US location for this Chinese window manufacturing company.

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

Eric Russo joined the meeting at 12:06 P.M.

SELDEN COMMERCIAL – SOLAR PANEL REQUEST

This indoor athletic facility had requested permission to install solar panels on the roof some time ago but the project has not been completed yet. The completion date and sales

IDA Meeting
February 20, 2019

tax exemption have both expired. Selden Commercial has said they are no longer requesting a sales tax exemption but are requesting that the completion date be extended until June 1, 2019.

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

Ms. Scheidt made a motion to recess the IDA meeting at 12:10 P.M. to open the Governance meeting. The motion was seconded by Mr. Callahan and all voted in favor. Mr. Russo left the meeting at this time.

At 1:07 P.M., Ms. Scheidt made a motion to resume the IDA meeting. The motion was seconded by Mr. Pollakusky and unanimously approved.

Kevin Gremse of National Development Council joined the meeting at 1:08 P.M.

UNIFORM TAX EXEMPTION POLICY (UTEP)

Mr. Pollakusky made a motion to amend the Uniform Tax Exemption Policy (UTEP) as it relates to senior housing projects and schedule a public hearing. Senior housing projects would only be considered for assistance if they are within certain designated areas: a Community Development Block Grant area, an Opportunity Zone, a revitalization, a Transit Oriented Development, a highly distressed area or an established downtown. Ms. Scheidt seconded this motion, and all voted in favor.

PRESENTATION – KEVIN GREMSE, NATIONAL DEVELOPMENT COUNCIL

Kevin Gremse of the National Development Council (NDC) has been retained to prepare a potential PILOT for the Kelly Builders of Farmingville LLC project, also known as the Arboretum. Mr. Gremse explained to the Members that NDC works with municipalities, public benefit corporations and not-for-profit organizations as an economic advisor to right-size public incentive packages. This project is a \$121 million development that

IDA Meeting
February 20, 2019

includes 292 mixed-income rental housing units. This development was initially planned to be condos but later changed to rentals, so the units are larger than typical rentals.

The units consist of 77 townhomes, 67 2-bedrooms with a loft and terrace, 67 2-bedroom units with a basement and garage and 51 cottages. Thirty units will be set aside as true affordable units. The median rent per unit is \$2,400. A clubhouse, pool, seven acres of green space including passive and active recreation trails will be part of this development, as well as civic building improvements and the restoration of one of the oldest firehouses on Long Island. A house on the property will also remain. A 150,000 gallon per day sewage treatment system will be constructed at a cost of approximately \$10 million to support the property as well as neighboring businesses. Forty-one Pine Barren credits will be redeemed, and, while not part of this project, there will be 24,000 square feet of commercial space.

Mr. Gremse detailed the budget for this project; on a per unit basis it seems high, on a per square foot basis it is reasonable. The current taxes on the property are \$61,804, taxes at full assessment once the project is complete are estimated to be \$1,538,000. Mr. Gremse advised that at full assessment, this project is not financially feasible. The proposed PILOT assumes that 25% of the units will go into production each of the first four years and places a 75% abatement on the units put into service. By the fifth year all 292 units should be completed. The PILOT would run for 15 years with a 75% abatement for the first five years, years six through ten with a 66% abatement, and years eleven through fifteen with a 25% abatement. This PILOT would generate almost \$12 million over the 15-year term for the residential portion; the savings realized are expected to be approximately \$11 million. With the residential and commercial portions combined there is a 12X multiplier over the existing taxes for the affected taxing jurisdictions.

Ms. Scheidt left the meeting at 1:29 P.M.

Approximately 77 new students are expected to enroll in the Sachem school district which has seen a decline of over 1,700 students over the past decade. In addition to the

IDA Meeting
February 20, 2019

PILOT, approximately \$653,000 in mortgage recording tax exemptions will be abated and \$1.8 million in sales taxes will be exempted. There is a net public benefit of \$5.7 million. Job creation is expected to be 400 construction jobs, 4 full-time equivalent jobs and 2 part-time jobs for the residential piece and 72 full-time equivalent jobs for the commercial portion.

Ms. Mulligan pointed out that if the PILOT doesn't start until the first year after construction is complete, the Assessor may partially re-assess the site. If this project closes after March 1st the earliest the PILOT would be in place is in the 2020/2021 tax year.

Mr. Trotta made a motion to authorize scheduling a public hearing for this project. The motion was seconded by Mr. Callahan and unanimously approved.

Mr. Gremse excused himself from the meeting at 1:43 P.M.

PRESENTATION – ALAN WAX, WAX WORDS, INC.

Mr. Wax informed the Members that a few of our press releases were picked up by local press and the annual tombstone ad is being processed. Proposals were received that total less than \$4,000 to run the tombstone ad in the New York Real Estate Journal, Long Island Business News and Real Estate Weekly; last years' cost was \$7,000. Ms. Mulligan was also featured in the New York Real Estate Journal today.

Mr. Callahan made a motion to recess the IDA meeting at 1:47 P.M. to open the LDC meeting. The motion was seconded by Mr. Trotta and all voted in favor.

Mr. Pollakusky made a motion to resume the IDA meeting at 2:08 P.M. The motion was seconded by Mr. Callahan and unanimously approved.

CEO'S REPORT

IDA Meeting
February 20, 2019

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Ms. Mulligan informed the Members that the completion date for this project was December 31, 2018 but they are still waiting on approval from the Health Department for the sewer system so they do not have a Certificate of Occupancy. Furniture, fixtures and equipment are being installed. No action is needed at this time.

Board Assessments

The results of the board assessments were favorable, but some improvement still needs to be made with workforce development. The results will be sent to the Authorities Budget Office.

Sales Tax Minimum Fee Schedule

Ms. Mulligan explained that some of our projects have requested an increase in their sales tax exemption after their initial exemption was granted. The closing formula is currently being used to calculate fees for these requests. These requests require a lot of work to be done. Ms. Mulligan proposed charging a minimum fee of \$2,500 for increasing sales tax exemptions. In response to Mr. Pollakusky's question, it is unknown if other IDAs charge a similar fee. This matter will be tabled until next month.

New York State Economic Development Council (NYSEDC) May Conference & Voluntary Dues Request

This conference has been sponsored at a cost of \$5,000 in the past. A request has also been received for \$2,000 in voluntary dues to assist in hiring a firm to track, manage and advocate on behalf of the membership during the 2019 legislative session.

The motion to approve sponsoring the conference in May at a cost of \$5,000 and approving the payment of the voluntary dues for \$2,000 was made by Mr. Trotta and seconded by Mr. Callahan. All were in favor.

At 2:21 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

IDA Meeting
February 20, 2019

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

At 2:28 P.M., Mr. Callahan made a motion to exit executive session and return to the regular agenda. The motion was seconded by Mr. Pollakusky and all voted in favor.

RESOLUTION #27 – INCENTIVE COMPENSATION 2019

The motion to approve resolution #27 was made by Mr. Pollakusky, seconded by Mr. Callahan and unanimously approved.

INSURANCE RISK MANAGER

Mr. Trotta made a motion to grant Ms. Mulligan the authority to act on the IDA's behalf as it relates to the retainer agreement with the insurance consultant. The motion was seconded by Mr. Callahan and unanimously approved.

Mr. Callahan made a motion to close the IDA meeting at 2:30 P.M. The motion was seconded by Mr. Pollakusky and all voted in favor.

The next IDA meeting is scheduled for March 20, 2019.