

TOWN OF BROOKHAVEN
INDUSTRIAL DEVELOPMENT AGENCY

MEETING MINUTES

FEBRUARY 21, 2018

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

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

ALSO PRESENT: Edward P. Romaine, Supervisor
Matthew Miner, Chief of Operations
Lisa M. G. Mulligan, Chief Executive Officer
Lori LaPonte, Chief Financial Officer
James M. Tullo, Deputy Director
Annette Eaderesto, IDA Counsel
Howard Gross, Weinberg, Gross & Pergament
William Weir, Nixon Peabody, LLP
Jocelyn Linse, Executive Assistant
Alan Wax, Wax Words, Inc.
James Dolan, McFarland Johnson
Zachary Staff, McFarland Johnson
Michael Ranieri, Ingerman Smith, LLP

Chairman Braun opened the meeting at 12:05 P.M. on Wednesday, February 21, 2018 in the Work Session Room on the Third Floor of Brookhaven Town Hall, One Independence Hill, Farmingville, New York. Two Members had yet to arrive so official business was put on hold and the presentation by McFarland Johnson began.

PRESENTATION – MCFARLAND JOHNSON

James Dolan and Zachary Staff of McFarland Johnson were introduced. McFarland Johnson was retained by the IDA to conduct a study on the feasibility of the IDA taking over operations at Calabro Airport. Mr. Staff provided some background on the airport which was built during World War II and transferred to the Town in 1963. There are

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approximately 200 aircraft based at Calabro and 40,000 operations (takeoffs and landings) per year. There are five fixed base operators and land available for future aviation and non-aviation related development.

Mr. Kelly joined the meeting at 12:15 P.M. thereby constituting a quorum.

Mr. Staff detailed the operating costs at the airport. There has been a sewage treatment plant planned by Suffolk County utilizing Superstorm Sandy funds but there has been no progress. Land would either be purchased or leased from the Town. Any development at the airport requires FAA approval which can be a lengthy process. The possible actions that could be taken were listed: no action and the airport remains under Town ownership, ownership is transferred to the IDA requiring significant cooperation with the FAA and NYS Department of Transportation or the IDA leases and manages the facility.

Ms. Scheidt joined the meeting at 12:21 P.M.

Mr. Staff noted that the airport is in a residential area which makes noise a concern and limits some development. There is a reversion clause that the land must be retained by the Town and remain as an airport or any outstanding FAA grants would need to be repaid; there are outstanding grants that total approximately \$5 to \$10 million. If a grant was given to the Town by the FAA for land that land must remain as an airport in perpetuity. A minimum of \$150,000 is allocated by the FAA every year for infrastructure improvements. The IDA could accept these funds and apply for additional funds to compete on a national basis.

Mr. Staff explained that the IDA could provide staff to the airport and set its own rates for landing fees, etc. General maintenance such as snow removal and lawn mowing could be outsourced. Another alternative is hiring a management company to handle the critical functions and the IDA could focus on developing land. There are other IDAs in the state that own or operate airports; Mr. Staff provided some specifics on how each is structured.

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The FAA pays for 90% of capital improvements at the airport, the NYS DOT pays 5%, leaving the Town (or IDA) responsible for the remaining 5%. If the IDA leases the airport from the Town it would absolve the Town of financial responsibility but the Town will still retain some control. The timeline to go through the FAA approval process varies and can be very lengthy but the IDA could possibly begin the lease while it is in process.

Discussion followed on recent noise complaints from nearby residents and the plan to close Teterboro Airport due to rising water concerns and the overall effects of general aviation in the region. Two small airports in East Moriches have also closed due to zoning enforcement making it harder to accommodate the needs for general aviation. Supervisor Romaine expanded on the noise issues that surround nearby airports and the possible causes for it. In response to Mr. Miner's question about the installation of solar panels, Mr. Staff responded that while it was not reviewed as part of this study, it could be possible in certain locations if angled in a way to reduce glare. The complete McFarland Johnson report is on file in the Economic Development Office.

The representatives from McFarland Johnson, Supervisor Romaine and Mr. Miner excused themselves from the meeting at 12:51 P.M.

The IDA meeting was recessed at 12:56 P.M. to open the LDC meeting.

At 12:59 P.M. the IDA meeting continued.

MINUTES OF JANUARY 10, 2018

The Minutes of January 10, 2018 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. Kelly. All were in favor.

CFO'S REPORT

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Ms. LaPonte presented the Operating Statement for January 31, 2018. All payroll taxes, retirement and deferred compensation payments have been paid in full and all PILOT payments received have been disbursed within 30 days. The PARIS report is almost complete and is due to the State at the end of March. The external audit is ongoing; no issues have been identified. The regular expenses for the month were noted. The interest rate on the investment account increased to 1% as of February 1st. The reporting details on PILOT disbursement checks have been enhanced to include which projects are part of the payment. The only outstanding PILOT is for Four Keys.

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

Mr. Braun referenced a recent story in Newsday about the appointment of three new Board Members to the Babylon IDA. Town of Brookhaven IDA and LDC Members are all volunteers and have never been compensated for their service.

HOLTSVILLE INDUSTRIAL – RESOLUTION

Ms. Mulligan presented the resolution for Holtsville Industrial which plans to purchase and renovate the former IRS building into two to three industrial units. The cost benefit analysis was provided in the meeting packets. This approximately \$4 million project is expected to create 50 employees. A public hearing was held with Michael Ranieri of Ingerman Smith, LLP speaking on behalf of the Sachem School District. Ms. Mulligan read Mr. Ranieri's comments to the Board.

Language has been added to the closing documents requiring the building be 50% rented in addition to other requirements.

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

VISTAS OF PORT JEFFERSON – AMENDED RESOLUTION

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The original resolution expired one year after the date the Board adopted it. The project has requested it be extended until November 30, 2018. There have been no other changes made.

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

WHTB GLASS – AMENDED RESOLUTION

This resolution has been amended to reflect a change in job numbers. The letter requesting this change as well as an amended cost benefit analysis were included in the meeting packets. The job numbers have decreased from 143 jobs to 50 jobs within the first five years of operation. This project has a foundation permit and has yet to close.

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

DUGGAL VISUAL SOLUTIONS – APPLICATION

Ms. Mulligan presented the application for Duggal Visual Solutions, a digital printing company with locations in Manhattan and the Brooklyn Navy Yard. They have 380 employees and plan to create 25 new positions with their relocation to the former Torino facility on Sawgrass Drive in Bellport. They expect to phase out their Manhattan location. This project is expected to cost approximately \$6.675 million. Mr. Braun noted their financials show a very strong company.

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

CEO'S REPORT

Tombstone Advertisement

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The 2017 tombstone ad showing the projects that were closed was provided to the Board. This ad will be run in Long Island Business News and the Real Estate Journal at a cost of \$2,200.

Mr. Wax added that the Real Deal publication has offered a discounted rate of \$4,500 for a full page color ad. This monthly publication reaches approximately 65,000 people primarily in the New York City real estate industry.

The motion to ratify these expenses was made by Ms. Scheidt and seconded by Mr. Callahan. All were in favor.

Granting the CEO Authority to Default Projects When Timing is an Issue

There have been some instances with projects that are time sensitive such as lack of insurance, building or environmental issues that require an immediate action and can't wait until the next board meeting. Ms. Mulligan inquired if the Board would like to grant standing authority to default a project if timing is an issue. Mr. Weir noted that if lack of insurance is the problem, the IDA has the right to put insurance in place and the project must pay for it. A formal resolution to delegate the authority for Ms. Mulligan to send a letter threatening default will be prepared for the next meeting.

Pallets-R-Us

A letter was received from Pallet-R-Us requesting an extension on their PILOT Agreement which is set to expire soon. They do have 140 jobs as promised. Pallets-R-Us is considering a solar project at their facility which could be considered for benefits. The Board decided to put this request on hold until the solar project application or additional information is submitted.

Ethics Forms

These forms will be sent out shortly; they need to be completed and submitted by the end of this month.

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MBA Students

A proposal was received from students that are part of a Masters class at Stony Brook University to work with the IDA on a statistical analysis report at no cost to the IDA.

At 1:27 P.M. Mr. Kelly 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 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 1:50 P.M. Mr. Kelly made a motion to resume the regular agenda. The motion was seconded by Mr. Callahan and all voted in favor.

AMENDING RESOLUTION #27

Mr. Kelly made a motion amend resolution #27. The motion was seconded by Mr. Callahan and unanimously approved.

Mr. Kelly made a motion to close the IDA meeting at 1:53 P.M. The motion was seconded by Ms. Scheidt and all voted in favor.

The next IDA meeting is scheduled for Wednesday, March 21, 2018.