

TOWN OF BROOKHAVEN
INDUSTRIAL DEVELOPMENT AGENCY

MEETING MINUTES

APRIL 19, 2017

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

EXCUSED MEMBER: Scott Middleton

ALSO PRESENT: Lisa M. G. Mulligan, Chief Executive Officer
Lori LaPonte, Chief Financial Officer
James M. Tullo, Deputy Director
Annette Eaderesto, IDA Counsel
William Weir, Nixon Peabody, LLP
Howard Gross, Weinberg, Gross & Pergament
Terri Alkon, Assistant
Jocelyn Linse, Assistant
Alan Wax, Wax Words, Inc.

Chairman Braun opened the meeting at 8:17 A.M. on April 19, 2017 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 MARCH 21, 2017

The Minutes of March 21, 2017 were previously sent to the Members for review. The motion to approve the Minutes as presented was made by Ms. Scheidt seconded by Mr. Kelly and unanimously approved.

MEETING MINUTES OF MARCH 21, 2017 AUDIT COMMITTEE

The Minutes of March 21, 2017 were previously sent to the Members for review. The motion to approve the Minutes as presented was made by Ms. Scheidt and seconded by Mr. Pollakusky. All were in favor.

CFO'S REPORT

Ms. LaPonte presented the Operating Statement for March 31, 2017. Some accounts have moved from Suffolk County National Bank (SCNB) to Empire; two accounts are still open at SCNB which are expected to be closed out by next week. The first direct deposit for IDA employees occurred on April 15th with no issues. This has also resulted in a cost savings as payroll checks are no longer needed, and Empire is not charging the Agency for direct deposit services. All first-half PILOT payments have been received and disbursed as well as an early second-half payment. All PILOTS have been disbursed within the 30-day required deadline. ACE Holtsville and ACE Manorville have still not paid their annual administrative fees.

Ms. Eaderesto joined the meeting at 8:18 A.M.

All funds in the investment account at SCNB have been transferred to Empire where it is earning much more interest. As the investments at Greco mature they will be moved to Empire as well. The Agency received inquiries from Suffolk County and the Town related to Government Accounting Standards Board (GASB) 77; a response was sent back to the County, a reply is being formulated to the Town. Ms. Eaderesto added that the Town has determined that the IDA and LDC are not component units of the Town. In response to Board Member questions about account balances, Ms. LaPonte noted that the IDA is considered an enterprise unit and does not need to spend down a surplus. In the past, funds have been used to assist other economic development projects in the past but the Authority Budget Office (ABO) told us this is no longer a permissible use. Mr. Weir stated that the IDA can't go out of existence while it has projects in effect. It is statutorily required to stay in business so funds should be retained.

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

CLARE ROSE – RE-FINANCING RESOLUTION

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This re-financing was approved by the Board a few months back; the bank has requested a formal resolution. This re-financing applies an additional \$7 million dollars to an existing consolidated mortgage of \$26.5 million dollars.

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

FINANCE COMMITTEE – RESOLUTION

Mr. Callahan made a motion to replace Ann-Marie Scheidt and appoint Felix J. Grucci, Jr. to the Finance Committee. The motion was seconded by Mr. Kelly and all voted in favor.

REGENT TEK INDUSTRIES, INC. – APPLICATION

Ms. Mulligan presented the application for Regent Tek Industries, Inc., a manufacturer of thermoplastic road marking materials. Regent Tek is a new start-up, minority/woman-owned business enterprise that is purchasing an existing building at 202 Mastic Boulevard in Shirley. This is a \$2.4 million dollar project that is expected to create five full-time equivalent positions. The existing building is owned by MS Packaging, an IDA project, and was once used for storage. This project falls under the Adaptive Re-Use Policy which calls for a 50% reduction in the current taxes which are then frozen for two years, then increases of 2% per year for the remainder of the ten-year term.

The motion to accept the application was made by Mr. Grucci, seconded by Mr. Kelly and unanimously approved.

CRANE'S NEST, LLC – APPLICATION

The application for this crane renter and operator involves the purchase of 2.5 acres on Commercial Boulevard in Medford to construct a 10,000 square foot building at a cost of \$2.3 million dollars. Crane's Nest plans to use 5,000 square feet of the building and rent out two 2,500 square foot units. The possibility of Crane's Nest occupying more than half of the building was discussed as this would affect any potential PILOT. Tenants have not been identified yet. Crane's Nest expects to hire four new full-time employees and two new part-time

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employees to bring their total job numbers to eight full-time and 3 part-time employees. Crane's Nest is currently located in Riverhead and wants to move further west to remain competitive.

The motion to accept the application was made by Mr. Grucci and seconded by Mr. Kelly. All were in favor.

CEO'S REPORT

Penn Fabricators – Sales Tax Extension

Penn Fabricators has requested a time extension on their sales tax exemption which is set to expire at the end of May. They have not requested any additional allocation.

Mr. Grucci made a motion to extend the sales tax exemption until November 30, 2017. The motion was seconded by Ms. Scheidt and unanimously approved with Mr. Kelly abstaining.

McKeon

The Board declined McKeon's request to extend the PILOT on their current facility for another ten years with 10% increases per year last month. Their attorney has asked if the Board would consider extending the PILOT for five years with 20% increases. The current PILOT is set to end in 2018. McKeon is constructing a new building a few doors down from their current facility which is expected to have a standard ten-year PILOT.

The motion to approve extending McKeon's current PILOT for five years with 20% per year increases was made by Mr. Grucci and seconded by Ms. Scheidt. All were in favor.

Selden Commercial

An application for solar panels was accepted by the Board last month for this project. However, it was recently discovered that Cross Fit has moved into the building without approval or insurance. The project was originally approved as an athletic facility that was not readily available in the Town. Cross Fit does not fit this model, and it is considered retail. Mr. Weir noted that this tenant puts Selden Commercial in violation of the lease agreement and the lack of

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insurance for a business such as Cross Fit is a real concern. It was also noted that Cross Fit was not listed as a tenant on the solar panel application. Ms. Mulligan also gave the project the opportunity to submit a subtenant application for Cross Fit by this morning's meeting; it was not received. Mr. Weir recommended the Board terminate this project and clawback the benefits.

The motion to terminate this project immediately and clawback the benefits granted since Cross Fit moved in was made by Mr. Pollakusky and seconded by Ms. Scheidt. The motion was approved with Mr. Kelly abstaining. Mr. Grucci made a motion to rescind the application accepted last month for solar panels. The motion was seconded by Ms. Scheidt and approved with Mr. Kelly abstaining.

Crestwood Farms

Crestwood was sent a default letter three weeks ago for failing to provide required reports and nonpayment of attorney fees. The reporting requirements have still not been met but a check has been received for counsel fees. There is also a tenant in the building without approval. Mr. Gross has spoken with the attorneys for this project but the reports have yet to be sent. Mr. Grucci made a motion to take further action if the required documents are not submitted by Friday. The motion was seconded by Mr. Pollakusky and unanimously approved.

ACE Holtsville & ACE Manorville

ACE Holtsville and ACE Manorville have still not paid Nixon Peabody and have not paid their administrative fees after two notices were sent. Ms. Eaderesto noted that the solar panels were ordered in February by Greenwood and are expected to be installed by August. The deal transferring the project from ACE to Greenwood has still not closed. Mr. Weir will draft a default letter.

New York State Economic Development Council (NYSEDC) Sponsorship

The Board will sponsor the New York State Economic Development Council's annual meeting in Cooperstown next month at a cost of \$5,000. The motion to ratify this payment was made by Ms. Scheidt and seconded by Mr. Grucci. All were in favor.

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Job Numbers

Mr. Braun and Ms. Mulligan reviewed the responses to the 2016 Annual Financial Reports that were below the agreed upon threshold for job creation. Either an explanatory note will be placed in the project's file, or a letter will be sent requesting additional Dept. of Labor Form 45s to check if seasonal fluctuations in employment should be considered. Four projects will receive this letter; their PILOTS could increase as a result of not meeting the job requirements. A recommendation will be made at the next meeting.

Housing Policy

The existing Uniform Tax Exemption Policy (UTEP) allows for a 100% abatement for all projects including housing projects. The Port Jefferson school district recently voiced some concerns regarding the PILOT for the Overbay project. There are currently three applications for housing projects that have been accepted. The IDA can assist only rental housing projects, not condos or single family homes. The Board discussed several possible amendments to the UTEP; it was determined that a Governance Committee meeting will be scheduled. A consultant will be hired to develop a PILOT for the Overbay project and direction was given for the remaining two applications. Vistas of Port Jefferson (senior housing project) and AVR Chelsea (assisted living project) would pay land only taxes for three years, then a double 485B exemption for the next ten years. The double 485B exemption increases ten percent per year until it reaches full assessed value.

Risk Manager

Mr. Grucci made a motion to hire Risk Management International to review Agency insurance policies, as well as current and future project insurance policies. The motion was seconded by Mr. Kelly and unanimously approved.

Public Authorities Accountability Act (PAAA) Board Member Training

All Board Members, with the exception of Mr. Pollakusky, are due to re-certify their PAAA training. The Authority Budget Office requires this training be completed every three years. There are two online webinars scheduled for May; this training will be scheduled as soon as possible.

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Annual Performance Report on IDAs

The Comptroller's Annual Performance Report on IDAs in 2015 was included in the meeting packets for review.

Invenergy

There will be a groundbreaking ceremony at the Invenergy site on April 21, 2017 at 11:00 A.M. All were invited to attend.

AVR Boulevard Hotel at Yaphank

The application for this hotel was recently received. It was discovered after accepting the application that the IDA can no longer support hotels unless they are located in a highly distressed area, or if they provide services or goods not readily available in the Town. This project does not qualify under either provision. The Board approved returning the application fee to the applicant.

At 9:55 A.M., Ms. Eaderesto excused herself from the meeting.

Mr. Grucci requested an overview of the projects completed in 2016 and those that are still pending. Ms. Mulligan will distribute this to the Board.

The motion to close the IDA meeting at 10:01 A.M. was made by Mr. Grucci and seconded by Mr. Kelly. All were in favor.

The next IDA meeting is scheduled for Wednesday, May 17, 2017.