

TOWN OF BROOKHAVEN
INDUSTRIAL DEVELOPMENT AGENCY

MEETING MINUTES

MAY 2, 2018

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

EXCUSED MEMBER: Ann-Marie Scheidt

ALSO PRESENT: Lisa M. G. Mulligan, Chief Executive Officer
Lori J. LaPonte, Chief Financial Officer
James M. Tullo, Deputy Director
Annette Eaderesto, Counsel
Howard Gross, Weinberg, Gross & Pergament
William Weir, Nixon Peabody, LLP
Jocelyn Linse, Executive Assistant
Alan Wax, Wax Words, Inc.
Rosalie Drago, Workforce Development Institute
Phil Rugile, LaunchPad Huntington

Chairman Braun opened the meeting at 12:18 P.M. in the Work Session Room on the Third Floor of Brookhaven Town Hall, One Independence Hill, Farmingville, New York.

A quorum was present.

PRESENTATION – WORKFORCE DEVELOPMENT INSTITUTE

Ms. Mulligan introduced Rosalie Drago from the Workforce Development Institute (WDI). Mr. Braun noted that one item on the board assessments that members felt could be improved was meeting the needs of the community; it is hoped that WDI can assist with this component. Ms. Drago explained that WDI is a statewide non-profit that focuses on where industry is hiring. There are potentially grant funds available for job training.

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WDI has worked with the Suffolk County IDA to try to help projects meet their job creation numbers. When an IDA first meets with a company, WDI meets with them to determine what types of positions they will have and what skills are needed. They then meet with educational institutions to connect with a pipeline of potential workers. Available funding for training comes from multiple sources which Ms. Drago detailed. Ms. Mulligan added that introduction e-mails have been sent to some of our IDA projects to connect them with WDI.

At 12:29 P.M., Ms. Drago and Mr. Rugile left the meeting.

MINUTES OF MARCH 28, 2018

The Minutes of March 28, 2018 were previously sent to the Members for review. The motion to approve these Minutes as presented was made by Mr. Kelly and seconded by Mr. Callahan. All were in favor.

MINUTES OF MARCH 28, 2018 AUDIT COMMITTEE

The Minutes of the March 28, 2018 Audit Committee meeting were also sent to the Members in advance of this meeting. The motion to accept these Minutes as presented was made by Mr. Pollakusky, seconded by Mr. Kelly and unanimously approved.

CFO'S REPORT

Ms. LaPonte presented the Operating Statement for March 31, 2018. The Duke Energy project closed and the last first-half PILOT payment for Four Keys was received; this payment was disbursed timely. All payroll taxes, retirement and deferred compensation payments have been paid in full.

The motion to accept the Operating Statement for March was made by Mr. Grucci and seconded by Mr. Callahan. All were in favor.

Ms. LaPonte presented the Operating Statement for April 30, 2018. The WHTB Glass and Overbay projects both closed in April. Funds were transferred from the checking

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account to the investment account to earn a higher interest rate. The fee for the 2017 audit was paid to Albrecht, Viggiano, Zureck & Company (AVZ). A second-half PILOT payment was received and has been disbursed. An expense was paid out of the Ronkonkoma Hub escrow account. Ms. LaPonte informed the Board that Quickbooks has been upgraded to the 2018 version. All payroll taxes, retirement and deferred compensation payments have been paid in full. Mr. Grucci inquired how cash reserves could be spent. Mr. Braun noted that the marketing program is being finalized and that the IDA is very restricted on how funds can be spent. Mr. Weir added that as a self-funded agency, there must be adequate reserves.

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

The motion to approve retaining AVZ to conduct the 2018 audit at a cost of \$20,800 was made by Mr. Grucci and seconded by Mr. Callahan. All were in favor.

Mr. Braun added that IDA funds are collateralized at 105% above FDIC insurance.

RESOLUTION FOR RISK MANAGER

Ms. Mulligan informed the Members that the cost for the insurance risk manager will decrease to \$800 per month from \$1,200 per month.

The motion to update this resolution to reflect the new cost per month was made by Mr. Grucci, seconded by Mr. Kelly and unanimously approved.

HSRE LAKE GROVE, LLC (BK AT LAKE GROVE) – APPLICATION & RESOLUTION

An application and letter were received informing the Agency that HSRE Lake Grove will be redeeming two bonds for the BK at Lake Grove project. Harrison Street Real Estate Capital, LLC will be providing a cash infusion into the project. Mr. Weir explained that HSRE were investors in this project along with the Engel Burman Group.

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The bond holders have approved redeeming \$10 million in bonds and let HSRE assume all remaining obligations. This is an \$81 million project. Engel Burman will continue to operate the BK at Lake Grove project on behalf of HSRE. A public hearing was held with no one in attendance.

The motion to accept the application was made by Mr. Callahan and seconded by Mr. Grucci. The motion passed with Mr. Middleton abstaining.

The motion to approve the final authorizing resolution was made by Mr. Grucci and seconded by Mr. Kelly. The motion passed with Mr. Middleton abstaining.

CD RAMSAY – APPLICATION

CD Ramsay plans to construct a 12,000 square foot industrial building on approximately 4 acres at the corner of Ramsey Road and Precision Drive in Shirley. There is a total of five companies involved in this project that distribute proteins to the life sciences research community, provide protein expression and purification services, distribute antibodies and provide antibody library services and offer bio-pharma products. CD Ramsay is currently leasing an 1,800-square-foot facility in the Shirley Industrial Park. They have 17 employees and expect to create 5 more positions. This is a \$4 million project.

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

MTK ELECTRONICS – APPLICATION

The Agency previously assisted MTK Electronics in building their current facility on National Boulevard in Medford. MTK is now looking to expand the building by 5,100 square feet. MTK, a defense manufacturing company, has 40 employees and plan to hire 6 new employees. They have requested a 50% reduction on property taxes for their existing building for ten years and a 100% abatement on the expansion. MTK has been

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at full assessed value since they terminated two years ago. It was the consensus of the Board to consider granting benefits for the expansion, but not the existing facility.

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

355 SILLS ROAD – APPLICATION

Ms. Mulligan presented the application for 355 Sills Road/East End Group, a general contractor and specialty metal fabrication company, currently occupying a 12,000 square foot facility on Old Dock Road. East End is looking to purchase an existing building at 355 Sills Road under the Adaptive Re-Use policy. They have 39.5 full-time equivalent employees that earn an average salary of \$123,000 and expect to hire ten more people with this move. The project is expected to cost approximately \$6 million. The building has been vacant since Hi-Temp Specialty Metals moved out a few years ago.

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

ANGELA’S HOUSE / IGHL / LUCKY DAUGHTERS REALTY – APPLICATION

Angela’s House is a not-for-profit subsidiary of IGHL that provides homes for medically fragile children. There are three of these homes locally that are set up so that a child can receive the medical care they need but don’t have to live their life in a hospital; they can also help set up similar services in the child’s own home. The applicant is proposing that Lucky Daughters Realty (a for-profit entity) purchase an existing building located at 2052 Route 112 in Medford to store equipment and furniture that has been donated to Angela’s House. Lucky Daughters would then lease the building to Angela’s House and IGHL. The building is 25,000 square feet; approximately 2,000 square feet would be used for retail space.

A sales tax exemption has not been requested; the only work that will be done to the building are bathroom renovations, parking lot repairs and setting up the small retail

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component. They are requesting the property tax abatement under the Adaptive Re-Use Policy.

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

CEO'S REPORT

Selden Commercial

A default letter was sent to this project due to lack of insurance. Selden Commercial subsequently secured insurance, however, proof that the insurance has been paid has still not been received by the Agency. This has been an ongoing matter. A personal guaranty was received from the project owner until the insurance was in place.

June / July Meeting Date

The IDA sponsored Long Island Business Development Council dinner is scheduled for June 19th, the evening before the currently scheduled June 20th IDA meeting. There is also a scheduling conflict for the July 18th meeting. It was decided to combine the June and July meetings to a single meeting on July 11th at 12:00. A special meeting can be scheduled in the interim if needed.

Project Tour

Mr. Tullo will plan a tour of IDA projects in the near future.

Excel 6

An e-mail was received from this project outlining the progress that has been made on the hotel. The hotel will not be finished by June 15, 2018 which is when the sales tax exemption expires; a Certificate of Occupancy is tentatively scheduled for November 7th. It was the determination of the Board that additional sales tax allocation would not be granted but any extension would have to be done prior to the current exemption expiring.

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The motion to extend the sales tax exemption to December 31, 2018 was made by Mr. Grucci and seconded by Mr. Kelly. All were in favor.

Job Creation Numbers

Projects whose job creation numbers were below the 85% threshold were reviewed. A few are about to terminate and eight projects received letters requesting more information. This matter will be revisited at a later date.

Give and Go

Give and Go has sent two letters regarding their recent fire at their facility that destroyed an oven and took out a production line. They have requested the Agency's permission to proceed with repairs. Additionally, the new oven they are installing allows them to expand their business and, as a result, they plan to build a silo on the property to store flour and sugar. Give and Go has requested permission to construct the silo as well.

Mr. Kelly excused himself from the meeting at 1:27 P.M.

The motion to approve the repairs at Give and Go including the installation of the new oven and the tanks for flour and sugar was made by Mr. Grucci, seconded by Mr. Callahan and unanimously approved.

Penn Fabricators Ribbon Cutting

The ribbon cutting for Penn Fabricators has been scheduled for May 9th at 11:30 A.M. at their facility at 30 Platinum Court in Medford. Subsequent to the meeting, several members of the administration and the board attended this event.

Long Island Business Development Council (LIBDC)

The annual Brookhaven IDA sponsored LIBDC dinner is scheduled for June 19th. Final details have not yet been determined. The topic of the dinner is tentatively planned to feature Yacov Shamash from Stony Brook University.

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The motion to approve sponsoring this dinner at a cost of \$5,000 was made by Mr. Grucci and seconded by Mr. Callahan. All were in favor.

PRESENTATION – ALAN WAX

Mr. Wax informed the Board that a few ads and press releases were completed. Facebook has been active and pictures were taken at the recent D & F Patchogue Ribbon Cutting.

Multiple articles were included in the meeting packets for review. The IDA was also featured prominently in the Supervisor's State of the Town address.

A professional photographer will be hired to take pictures of IDA projects for the website. The new website should go live soon.

The motion to close the IDA meeting at 1:45 P.M. was made by Mr. Grucci, seconded by Mr. Callahan and unanimously approved.

The next IDA meeting is scheduled for Wednesday, July 11, 2018.