

TOWN OF BROOKHAVEN
INDUSTRIAL DEVELOPMENT AGENCY

MEETING MINUTES

JUNE 19, 2019

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

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, Counsel
William F. Weir, Nixon Peabody, LLP
Howard Gross, Weinberg, Gross & Pergament
Jocelyn Linse, Executive Assistant
Terri Alkon, Administrative Assistant
Alan Wax, Todd Shapiro Associates
Justin Feldstein, Audio Den / VANA
Chris Parles, Audio Den / VANA
Eric Russo, VanBrunt Juzwiak & Russo, PC
Daniel Deegan, Forchelli Deegan Terrana, LLP
Sam Glass, Scalamander Cove, LLC
Douglas Partrick, Heatherwood
Christine Linsalato, Heatherwood
Richard Andreoni, Heatherwood
Peter Curry, Farrell Fritz, P.C.
Beth Reilly, Town Attorney's Office

Chairman Braun opened the meeting at 12:45 P.M. on Wednesday, June 19, 2019, in the Work Session Room on the Third Floor of Brookhaven Town Hall, One Independence Hill, Farmingville, New York. A quorum was present.

PRESENTATION – HEATHERWOOD

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The application for this \$55 million 200-unit senior rental housing project in East Setauket was received a few months back but has been on hold. Mr. Curry, representing the Heatherwood project, addressed the Board about the need for rental housing in the Town. Mr. Curry stated that the remaining 9 holes of the golf course will remain, and this project is expected to create 125 to 150 construction jobs and 3 full-time employees. All approvals have been obtained from the Town. In response to questions from the Board, Heatherwood will verify if the percentage of units set aside as affordable or workforce are 10% or 15%.

The representatives from Heatherwood left the meeting at 12:56 P.M.

SCALAMANDER COVE – APPLICATION & PRESENTATION

The application for this \$21 million 96-unit housing project on Rocky Point-Middle Island Road in Middle Island was included in the meeting packets. This project is expected to create 6 jobs. These are not age restricted rentals. There is an affordable and workforce component that averages to 15% of the overall number of units. The project has met with the local school district which has a declining population. A mix of single people, families and seniors are expected to occupy these rentals. Mr. Deegan informed the Board that this project would not be built without the IDA's assistance. Mr. Glass detailed his experience in constructing these developments; while he has not requested IDA assistance in the past, the scale of this project is much larger than what he normally builds. This project will tap into the sewage treatment plant built by Concern across the street.

Mr. Deegan and Mr. Glass left the meeting at 1:10 P.M.

AUDIO DEN – APPLICATION & PRESENTATION

Justin Feldstein and Chris Parles were present from Audio Den to discuss their project. This is a \$1.6 million Adaptive Re-Use project in a 10,500 square foot existing building on Montauk Highway in Brookhaven hamlet. Audio Den has a 3,200 square foot location in Lake Grove with 20 employees; they expect to add 1 new employee per year over the next 3 years. Their original business was audio sales but has transitioned to installation with only approximately 10% of their business being retail. Mr. Feldstein explained that he is representing both Audio Den and

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VANA, which have similar ownership. As technology has evolved, Audio Den has moved into installing automation systems in homes and businesses. A larger facility and closer access to highways is needed. VANA will share the space and is a purely business to business distributor who imports product from China and Europe. They are currently using a warehouse in Massachusetts but would like more control of their product and would like to warehouse their goods in the new facility. Audio Den will own the building and sublease to VANA. All current employees will remain. Exemptions from mortgage recording tax, sales tax and a PILOT Agreement are being requested. Renovations of approximately \$200,000 to \$300,000 are needed and the zoning for the property is correct. Ms. Eaderesto advised that the applicant file for a change of use with the Planning Department. Mr. Feldstein stated this project may not be feasible without IDA assistance.

Mr. Feldstein and Mr. Parles left the meeting at 1:20 P.M.

Mr. Grucci made a motion to accept the application from Audio Den and schedule a public hearing. The motion was seconded by Mr. Trotta and unanimously approved.

Discussion followed on the Heatherwoods and Scalamander Cove applications. The Uniform Tax Exemption Policy has not yet been amended and the prevailing wage issue is expected to be settled this week. The possibility of requiring a higher percentage of affordable and workforce units was considered.

CEO'S REPORT

Brooks Partners

The PILOT analysis from Camoin Associates with proposed PILOT payment amounts was included in the meeting packets. Payments start at \$99,183 increasing incrementally until it reaches full assessment. The motion to accept the proposed PILOT was made by Mr. Grucci and seconded by Ms. Scheidt. All voted in favor.

C2 NY BROOKHAVEN, LLC – RESOLUTION

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A public hearing was held for this acquisition of the Pennysaver Solar project with no comments received. The Assignment and Assumption was approved at a prior meeting.

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

At 1:44 P.M. Ms. Reilly joined the meeting and Mr. Russo left.

Ms. Reilly provided the Members with further detail of the affordable/workforce requirements for the Heatherwood and Scalamander Cove projects. In 2006 the Town Board adopted a change of zone on its own motion to put a covenant on requiring 10% affordable (13 units) for the Scalamander Cove project. For the Heatherwood project, it is 10% of affordable or workforce units. The Long Island Housing Partnership monitors the affordable/workforce requirements. Ms. Eaderesto added that a provision can be included in the agreements that the project hire an entity that annually monitors that these units are kept as affordable/workforce housing and reports to the IDA for the life of the project. Affordable housing is for individuals and families earning at or below 80% of the annual median income for this region; workforce housing is for individuals and families earning at or below 120% of the annual median income for this region.

It was the consensus of the Board to require that 10% of units be set aside as affordable (80% of area median income) and 10% of units be set aside as workforce (120% of area median income) for senior or market rate housing. These requirements will be included in the amended Uniform Tax Exemption Policy along with the previously discussed amendments. Definitions of affordable and workforce housing will also be included. Ms. Mulligan will reach out to Heatherwood and Scalamander Cove to see if they would like to proceed with their applications.

Ms. Reilly left the meeting at 2:15 P.M.

MEETING MINUTES OF MAY 15, 2019

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The Minutes of the May 15, 2019 meeting were previously sent to the Members for review. The motion to approve these Minutes as presented was made by Mr. Grucci and seconded by Mr. Trotta. All voted in favor.

MEETING MINUTES OF MAY 17, 2019

The Minutes of May 17, 2019 meeting were also previously sent to the Members for review. The motion to approve these Minutes as presented was made by Mr. Trotta, seconded by Ms. Scheidt and unanimously approved.

CFO'S REPORT

Ms. LaPonte presented the Operating Statement for the period ending May 31, 2019. There were no closings in May, deposits included an application fee, two termination fees and five document processing fees. Also received was the fee for Camoin Associates from Brooks Partners for their PILOT study. Expenses for the month included meeting sponsorships and the booth at the HIA tradeshow. A payment was made to National Development Council (NDC) for the Kelly Builders PILOT study; Kelly Builders had reimbursed the Agency a few months back but the invoice from NDC was only recently received. Cash controls have been tightened, when Ms. Mulligan transfers funds between accounts, an e-mail is now automatically sent to Mr. Braun and Mr. Callahan. All PILOT payments have been disbursed within the required 30-day deadline. All PILOTS have now been paid; two projects paid after the due date and have been charged penalties and late fees. These funds will be disbursed once the checks have cleared. There was no activity in the Ronkonkoma Hub escrow account. All payroll taxes, retirement and deferred compensation payments have been paid in full. Ms. LaPonte had a preliminary meeting with the insurance broker to discuss upcoming premiums.

The motion to accept the Operating Statement for May was made by Ms. Scheidt and seconded by Mr. Pollakusky. All voted in favor.

VISTAS AT PORT JEFFERSON – APPLICATION

Ms. Mulligan presented an application from Vistas at Port Jefferson, a senior housing project being constructed in Port Jefferson Station. Vistas miscalculated their sales tax in their original

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application; they are requesting an increase from \$22 million to approximately \$31 million. This will require a new public hearing.

The motion to accept the application and schedule a public hearing was made by Mr. Grucci, seconded by Ms. Scheidt and unanimously approved.

AMNEAL PHARMACEUTICALS – RESOLUTION

This resolution is for consent to sublease their facility. Mr. Weir explained that the original deal named a subsidiary that operated at the location. The FDA is requiring that the building be subleased to the parent corporation since that is the entity named on their operating license.

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

AMERICAN ORGANIC ENERGY – RESOLUTION

A public hearing was held this morning, Ms. Mulligan read the comments received to the Board. These comments will be attached to the meeting minutes. All questions regarding these comments were answered by Counsel. This resolution increases the sales tax exemption, the mortgage recording tax exemption due to increased construction costs and potentially increases the term of the PILOT to be equal to the term of the tax-exempt and taxable bonds to be issued by the LDC to finance the acquisition, construction and equipping of the facility. The total amount of tax-exempt and taxable bonds to be issued for this project will be in an amount not to exceed \$125 million in the aggregate.

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

YAPHANK AVR CHELSEA – RESOLUTION

The sales tax exemption and completion date for this project have expired. A public hearing was held with no comments received.

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

CEO'S REPORT – REVISITED

Calabro Airport

Ms. Mulligan and Ms. LaPonte met with the Town's Finance Commissioner about Calabro Airport. A lot of information has been received and is being reviewed.

Four Keys

Four Keys has requested consent for a shift in the use of their outdoor space at their property on Zorn Boulevard in Yaphank. The motion to approve this request was made by Mr. Grucci, seconded by Mr. Callahan and unanimously approved.

New York State Economic Development Council (NYSEDC) Award

The Agency recently won an award for the newly redesigned website at the NYSEDC conference in Cooperstown.

Signs

The topic recently came up of posting signs at project locations. The Board discussed having the developer install a sign that says "Facilitated by the Brookhaven IDA" with the phone number listed.

Gateway 70th Anniversary Event

Mr. Trotta is being honored at Gateway's 70th Anniversary Celebration on June 28th. Mr. Braun made a motion to sponsor this event at a cost of \$2,500. This sponsorship includes a congratulatory ad and 4 tickets to the event. The motion was seconded by Mr. Grucci and approved with Mr. Trotta abstaining.

NYS Senate Investigations & Government Operations Committee

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Ms. Mulligan informed the Members that a letter was received requesting a large amount of information from the Agency. This request is due by June 28th. Mr. Braun added that most all of this information is on our website or has been filed with PARIS and the Labor Department. The PARIS report will be attached to the response. Part of this request is information on who recused themselves from voting on a project; there will now be a formal tracking system to track recusals. The Members were asked to inform Ms. Mulligan and Ms. Eaderesto if they will need to recuse themselves from a particular matter in advance of the meeting. It was clarified that abstaining means you are not voting but can participate in the conversation and recusing yourself means you have a conflict of interest and can not vote. If recusing yourself from a vote, the Member should leave the table. A form will be available if a Member needs to recuse themselves.

PRESENTATION – TODD SHAPIRO ASSOCIATES

Mr. Wax informed the Board that there were press releases issued on Mr. Braun's recent Corporate Citizenship Award and the NYSEDC award.

Mr. Trotta made a motion to close the meeting at 2:44 P.M. The motion was seconded by Ms. Scheidt and all voted in favor.

The bus tour of IDA projects will be July 11, 2019.

The next IDA meeting is scheduled for Wednesday, July 17, 2019.