

TOWN OF BROOKHAVEN
INDUSTRIAL DEVELOPMENT AGENCY

MEETING MINUTES

AUGUST 16, 2017

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

EXCUSED MEMBERS: 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
Jocelyn Linse, Executive Assistant
Terri Alkon, Administrative Assistant
Alan Wax, Wax Words, Inc.
Kevin Gremse, National Development Council

Chairman Braun opened the meeting at 8:02 A.M. on Wednesday, August 16, 2017 in the Work Session Room on the Third Floor of Brookhaven Town Hall, One Independence Hill, Farmingville, New York. A quorum was present.

PRESENTATION – NATIONAL DEVELOPMENT COUNCIL

Ms. Mulligan introduced Kevin Gremse, of National Development Council. Mr. Gremse was hired by the Agency to develop a potential PILOT Agreement for the Overbay project. Mr. Gremse provided some background on his firm, a non-profit that was established roughly 50 years ago.

Mr. Kelly joined the meeting at 8:04 A.M.

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National Development Council is based in New York City and works exclusively with municipalities to right-size public incentive packages like PILOTS. Mr. Gremse detailed the Overbay application: proposed 52 residential apartments in Port Jefferson at the site of a formerly abandoned and blighted boat yard. The units are comprised of 46 two bedroom units and 6 one bedroom units. This is an estimated \$15 million dollar development, or slightly less than \$300,000 per unit. Rents for the two-bedroom units are anticipated to be \$2,200; rents for the one-bedroom units are anticipated to be \$1,800. These rates are consistent with market rate, perhaps falling on the lighter side.

Ms. Eaderesto joined the meeting at 8:11 A.M.

Mr. Gremse stated that this development would not be financially feasible at the full tax rate. He proposes phasing in to full taxes over the next fifteen years. The benefits to the taxing jurisdictions exceeds the benefit to the developer.

This project is expected to create 77 constructions jobs and 7 full-time jobs. Mr. Braun noted that it has been the Agency's goal to pass any tax benefits on to the tenants by way of reduced rents. Mr. Gremse responded that the PILOT allows the developer to charge lower rents. The rents proposed by the developer are slightly below market rate when the amenities are considered. Mr. Grucci inquired why this project wouldn't work without incentives when cashflow after expenses would be around \$80,000 to \$90,000. Mr. Gremse stated that no developer would do this project for less than an 8% return ratio.

Mr. Weir reminded the Board that a public hearing has been held for this project with strong disagreement from the Port Jefferson School District. After hearing the school district's concerns, the Uniform Tax Exemption Policy has been reviewed and will be amended. Discussion followed on school funding. A new public hearing will be scheduled for this project.

At 8:31 A.M., Mr. Gremse concluded his presentation.

MEETING MINUTES OF JULY 19, 2017

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The Minutes of July 19, 2017 were previously sent to the Members for review. The motion to approve these Minutes as presented was made by Mr. Grucci, seconded by Mr. Kelly and unanimously approved.

CFO'S REPORT

Ms. LaPonte presented the Operating Statement for July 31, 2017. All Suffolk County National Bank accounts have been closed and transferred to Empire National Bank. All payroll taxes, retirement and deferred compensation payments have been paid in full. A small fee for Rail Realty's mortgage re-finance was received. There were no out of the ordinary expenses. The PILOT account holds only interest and the initial investment made by the Agency. All 2016-2017 PILOT disbursements have been made within the mandated 30-day period. There was no activity in the Ronkonkoma Hub account for this period. The Authority Budget Office sent a preliminary report on their recent review of two terminated projects; no issues were identified. We have been receiving requests for information related to GASB 77 which is abatement reporting for local governments. New insurance policies were in place as of August 12th, these policies were reviewed and changed as necessary.

Preparation of next year's budget has begun. Mr. Weir advised that when responding to GASB 77 requests, provide the link to our PARIS report and the project's PILOT Agreement. Mr. Braun informed the Members that the IDA was included as a component unit in the Town's annual report.

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

AMERICAN CAPITAL ENERGY HOLTSVILLE – RESOLUTION

This resolution is for a \$2.3 million mortgage for American Capital Energy (ACE) Holtsville. Mr. Weir advised that since this was an equity transaction the name of the entity did not change when Agilitas assumed this project, the name may change to Agilitas once the project is built. Solar panels have been ordered and construction is moving forward.

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

AMERICAN CAPITAL ENERGY MANORVILLE – RESOLUTION

This resolution is for a \$1.7 million mortgage for American Capital Energy (ACE) Manorville. The motion to approve this resolution was made by Mr. Grucci and seconded by Mr. Kelly. All were in favor.

QUALITY KING DISTRIBUTORS – RESOLUTION

The PILOT for Quality King was extended several years ago to include their picking system and solar panels. The lease term was not extended at that time; this resolution will extend the lease term so it runs concurrently with the PILOT.

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

AMERICAN ORGANIC ENERGY (AOE) - RESOLUTION

Mr. Weir reminded the Board that this project will take yard and food waste and turn it into energy using an anaerobic digester. The methane that results from this process will be used to produce electricity and the water is treated to make it almost drinkable. The residue is then made into soil and mulch. The digester will be completely enclosed and approvals are already in place.

Ms. Eaderesto explained that the landfill will be closing in eight years and will become an energy center. Fuel cells were awarded for the landfill and there will be a small solar project as well (not related to the AOE project). This project will help to drastically decrease the waste stream. Curbside composting could also begin in the town at some point. The Town already has a power purchase agreement to pull methane from the landfill, convert it to electricity and put it on the electric grid.

Mr. Weir added that all permits for AOE should be done within two months and a fourth quarter bond financing is anticipated. The project costs have increased to \$82 million. The IDA has

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approximately \$8 million in bond allocation; the Suffolk County IDA has agreed to transfer their \$32 million allocation. An additional \$20 million in bond allocation will be requested from the State. George LaPointe from Empire State Development has said there is volume capital allocation that is ready to expire that can be used for this project. Mr. Braun stated that the anaerobic digester is a system that is known to work.

This resolution is for bonds not to exceed \$60 million dollars. The motion to approve this resolution was made by Mr. Grucci and seconded by Ms. Scheidt. All were in favor.

OVERBAY – RESOLUTION

This resolution is to set a new public hearing based on the new proposed PILOT. The motion to approve this resolution was made by Mr. Pollakusky, seconded by Mr. Grucci and unanimously approved.

Ms. Mulligan will send information on the new PILOT to Overbay, their counsel and the school district. A conference call will be scheduled with the school district and their counsel to answer any questions. It was noted that the public hearing will be held in Port Jefferson Village.

SELDEN COMMERCIAL – SOLAR PANELS

A public hearing was held on the solar panels to be installed on the Selden Commercial facility this morning, no members of the public attended. The cost benefit analysis was provided to the Members and the PILOT is in the process of being updated. A proposed PILOT was sent to the project; no response has been received from the project, though there have been a few calls from a tax certiorari firm. Workers Compensation insurance has been received from the tenant. The original PILOT amount for 2018/2019 was approximately \$141,000, it will increase to approximately \$164,000. The PILOT is scheduled to run for the next eight years; no extension will be granted.

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

ROSE-BRESLIN ASSOCIATES – APPLICATION

Ms. Mulligan presented the application for Rose-Breslin Associates for another project at the Meadows at Yaphank site. This application is for a hotel and 295 rental units with a clubhouse. The hotel will be a 146 suite Hilton hotel with conference space. This project is expected to cost approximately \$95 million dollars and will be situated on 35.5 acres. A PILOT study will be required from the National Development Council. Approximately \$72 million dollars is expected to be financed. An IDA meeting will be scheduled at the Meadows at Yaphank site in the future.

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

CEO'S REPORT

Crestwood

This project was sent a default letter in March; Crestwood responded with some information. They submitted their mid-year report but not their NYS Form 45's and their insurance was cancelled and not renewed. The Board directed that another default letter be sent.

Mid-Year Reporting

Twenty-five projects out of eighty have not submitted their mid-year report. Some of the reports received have been incomplete; hopefully the full results will be available at the next meeting.

Atlantic Fluid

Atlantic Fluid sent their mid-year report without their NYS Form 45. Their report states they have 12 employees; they should have 30 employees. Their explanation was that their business is mainly government projects which come and go and there has been a steady decline in employment over the last few years. Ms. Scheidt suggested that Atlantic Fluid reach out to Stony Brook University for assistance. The Board decided not to recapture benefits or terminate this project. It is scheduled to go to full assessment in 2020/2021.

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Fuel Cells

Three fuel cells were recently awarded at three sites: the Town landfill, Clare Rose and the Brookhaven Rail Terminal. It is assumed that all three will apply to the IDA for assistance. These fuel cells will produce a total of approximately 40 megawatts of power and have a much smaller footprint than solar panels.

Community Development Corporation (CDC) Annual Luncheon

The CDC's annual luncheon is planned for October 13th at 11:30 at the Cresthollow Country Club. Mr. Braun, Ms. Scheidt, Ms. Mulligan and Mr. Tullo will be attending. All members were invited to attend.

Uniform Tax Exemption Policy (UTEP)

A number of revisions have been made to the Uniform Tax Exemption Policy. A public hearing will need to be scheduled and every taxing jurisdiction in the Town will be notified. Mr. Grucci made a motion to accept the draft form of the UTEP and schedule the public hearing. Mr. Callahan seconded this motion and all voted in favor. A stenographer will be hired for this hearing.

New York State Economic Development Council (NYSEDC)

This organization has been through a number of changes recently. Brian McMahon, the longtime Executive Director, announced his retirement about a year ago. His replacement resigned in May and the Executive Assistant, Selene Eaton, passed away very suddenly. A new Executive Director, Ryan Silva, has been hired.

Mr. Kelly excused himself from the meeting at 9:38 A.M.

Long Island Association (LIA)

The IDA received an offer from the Long Island Association (LIA) to purchase half of a share at the 2018 US Open at Shinnecock Hills. The cost is \$16,250 and includes five tickets per day plus food and drinks. The consensus of the Board was to decline this offer.

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Long Island Business Development Council (LIBDC) Conference

The agenda for the annual LIBDC conference in Montauk was included in the meeting packets. All Members were invited to attend, the conference will be held October 4th – 6th. Mr. Braun, Mr. Callahan, Ms. LaPonte and Mr. Tullo will be attending.

PRESENTATION – ALAN WAX

Mr. Wax has been taking pictures of our projects; these pictures will be featured on our website as well as other marketing pieces. Mr. Tullo will be setting up a tour of our projects for Members and staff in the near future. Work on doubling our social media followers is expected to start next week.

The motion to close the meeting at 9:58 A.M. was made by Mr. Grucci and seconded by Ms. Scheidt. All were in favor.

The next IDA meeting is scheduled for Wednesday, September 20, 2017.