

TOWN OF BROOKHAVEN
INDUSTRIAL DEVELOPMENT AGENCY

MEETING MINUTES

AUGUST 17, 2016

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

Chairman Braun opened the meeting at 8:01 A.M. on Wednesday, August 17, 2016 in the Work Session Room on the Third Floor of Brookhaven Town Hall, One Independence Hill, Farmingville, New York. A quorum was present.

Ms. Scheidt 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 Mr. Callahan and unanimously approved.

At 8:03 A.M., Ms. Eaderesto joined the meeting.

At 8:11 A.M., Mr. Kelly joined the meeting.

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At 8:18 A.M., Mr. Kelly made a motion to return to the regular agenda. The motion was seconded by Mr. Callahan and all voted in favor.

APPOINTMENT OF CHIEF FINANCIAL OFFICER

Mr. Kelly made a motion to appoint Lori LaPonte as Chief Financial Officer. The motion was seconded by Mr. Callahan and unanimously approved. The Board welcomed Ms. LaPonte to her new role. Ms. LaPonte had previously served as the IDA's auditor since 2000.

MEETING MINUTES OF JULY 27, 2016

The Minutes of July 27, 2016 were previously sent to the Members for their review. The motion to approve these Minutes as presented was made by Ms. Scheidt and seconded by Mr. Kelly. All were in favor.

FINANCIAL REPORT

Ms. Mulligan presented the Operating Statement for July 31, 2016. The opening balance in the checking account was approximately \$84,000; a closing fee for Invenenergy was deposited as well as a late PILOT payment fee from Northrock Industries. The ending balance was approximately \$208,000. A treasury note matured in July; the certificate of deposit matured in January and was automatically rolled over, it will mature again in January 2017. Ms. Mulligan noted that the interest rate on the CD is very low and asked if the Board would like to re-evaluate this investment. This will be revisited.

The Ronkonkoma Hub escrow account will no longer be included as part of the Operating Statement; it will be reported separately. The PILOT account holds interest and the initial investment; three disbursement checks have not been cashed so the actual balance is higher than it should be. Mr. Braun added that we can have an independent audit done if Ms. LaPonte feels it is necessary.

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

INVESTMENTS

Suffolk County National Bank (SCNB) may be acquired by People's United Bank. Mr. Braun has spoken with Bridgehampton National Bank (BNB) regarding our investments as there have been issues dealing with SCNB's investment arm. BNB has investments go through M&T Bank at \$75 per transaction and there is no online account access. Mr. Braun will also reach out to Wells Fargo and speak with M&T Bank directly.

PRESENTATION – ALAN WAX – TODD SHAPIRO ASSOCIATES (TSA)

Mr. Wax informed the Board that there has been some difficulty getting press releases published due to delays in the approval process. A photo from a recent ribbon cutting was picked up by the Brookhaven News Herald. A press release will be issued regarding our new CFO and the release on the Four Keys project will occur once the project has closed. We are moving forward with the Business of the Month proposal; the first business featured will be LI Precast. Ms. Mulligan has been nominated for the Long Island Business News' Top Woman of the Year Award. A draft of the quarterly newsletter has been completed and an intern was hired by TSA to assist with business outreach and social media. This intern will meet with Mr. Pollakusky to discuss the Agency's wishes. We are waiting on dates for the reception and the radio show.

INSURANCE RENEWAL – RATIFYING RESOLUTION

The insurance premium summary was included in the meeting packets. The rates are down approximately \$400 from last year. This resolution needs to be ratified as the payment was due prior to the board meeting to avoid a lapse in coverage.

The motion to ratify this payment was made by Mr. Kelly and seconded by Mr. Callahan. All were in favor.

J-CAD – RE-FINANCING RESOLUTION

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This resolution increases the mortgage amount to \$1.5 million dollars from \$950,000. The J-CAD project involves three companies that relocated out of the Ronkonkoma Hub area. The motion to approve this resolution was made by Mr. Kelly, seconded by Mr. Callahan and unanimously approved.

AMERICAN CAPITAL ENERGY (ACE) – RESOLUTIONS

These two solar projects, ACE Manorville and ACE Holtsville, both had applications approved through their parent company, American Capital Energy, Inc., to install solar panels at two Town of Brookhaven locations. ACE has now created one special purpose entity for each project. Since the transactions were approved for the parent company, approval is now needed for each of these new entities. Both transactions are scheduled to close on August 30, 2016; a shovel must be in the ground before Labor Day. Mr. Weir added that a request is expected for the September meeting to bring in a new equity investor, Greenwood Energy. Greenwood would acquire up to 100% of the equity from the LLCs. Mr. Weir and Ms. Eaderesto spoke with the attorneys from Greenwood and ACE; this is permitted under the Town of Brookhaven lease agreements for both sites.

The motion to approve the resolution for ACE Manorville was made by Mr. Kelly and seconded by Ms. Scheidt. All were in favor.

The motion to approve the resolution for ACE Holtsville was made by Mr. Kelly, seconded by Ms. Scheidt and unanimously approved.

RAIL REALTY – RESOLUTION AMENDING MORTGAGE AMOUNT

Ms. Mulligan presented the resolution amending the mortgage amount for Rail Realty. This apartment complex located on the north side of the railroad tracks in Port Jefferson has already rented out all units in the first building; construction on the second building has started. The original mortgage was for \$15 million dollars; they have asked to increase it to \$16.5 million dollars. This resolution allows for an increase of \$1.5 million but not to exceed \$3 million dollars.

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

UI DIGITAL - APPLICATION

Ms. Mulligan presented the application for UI Digital. This application was only received yesterday so the cost benefit analysis will be available at the next meeting in advance of a public hearing. UI's parent company, Uninet, has been in existence for thirty years selling printer cartridge replacements. They have a facility in California and fourteen employees at their facility in New York. They have decided to relocate the printer cartridge component of their business to California. They are growing an offshoot company that produces short run labels for things such as wine bottles and t-shirts. In order to run off these types of labels, you used to have to run off a set minimum amount. This printer lets you produce as many or as little as you like. They are in contract to purchase the old Anthony's Closets building on Old Dock Road in Yaphank, a former IDA project. UI Digital currently has one employee. They expect to take the fourteen employees that were employed by the company moving to California, and add three to five additional employees in the next two years.

This project is expected to cost approximately \$2.22 million dollars and would fall under the Adaptive Re-Use Policy resulting in a 50% property tax reduction. UI has also requested exemptions on sales and mortgage recording taxes. Minimal purchases would need to be made to retrofit the facility. There is a tenant in the building that is expected to stay and an additional tenant may be added as well. Any tenants would have to comply with IDA reporting requirements. The facility on Old Dock Road is 15,700 square feet. One tenant occupies 1,600 square feet and UI contemplates renting out an additional 3,000 to 6,000 square feet. Discussion followed on how much benefit should be granted if one third of the building will be rented out. Ms. Scheidt noted they are a start-up using proprietary technology. Mr. Kelly made a motion to accept the application and consider this project for the normal adaptive re-use benefits package. Ms. Scheidt seconded this motion which was unanimously approved. Mr. Braun requested that Ms. Mulligan obtain financials and or tax returns from the parent company.

CEO'S REPORT

Excel 6 (Extended Stay Hotel)

Ms. Mulligan informed the Board that the Extended Stay Hotel has still not been completed. The PILOT for the adjoining Courtyard Marriott had been extended for the original owner; the completion of the Extended Stay Hotel was a condition of the PILOT extension. Both hotels were sold to Excel in December of last year with a guarantee that construction would be completed by December 31, 2016. Ms. Mulligan said Excel claims they never intended to be able to finish by the end of the year and obtained an extension from Hilton. A copy of this extension was requested from Excel but not received. They are in default if the hotel is not completed by the end of the year. Mr. Braun requested Mr. Weir draft a letter to Excel to that effect. Research will be done to determine if their two-year building permit has expired, and exactly how much time is left on the PILOT extension for the Courtyard. Mr. Braun requested a copy of their financial commitment.

Amneal

The sales tax exemption was extended for this project last month. Amneal has now requested an increase in their mortgage from \$37.5 million to \$48 million. The original authorization allowed for up to \$60 million so they are still within their limit.

CMD Woodworking

This project closed approximately five years ago. This woodworking company on Horseblock Road in Yaphank has changed its name to Island Trimmers Corporation. The ownership of the company has also transferred to the wife from the husband. Since all documents name CMD Woodworking, Island Trimmers is not an approved entity and they are in default. A new application and an Agency Compliance Agreement are necessary. Mr. Weir will draft a letter informing Island Trimmers of what is required to rectify this.

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Dowling College

Title work was completed and forwarded to Ms. Eaderesto and Mr. Weir. Mr. Weir is anticipating that the IDA will be involved in foreclosure actions. Dowling has now shut down and is not accepting students. The dorms had been leased to Stony Brook University for the last two years; it is unclear if they are on site now. Multiple bond trustees are involved and there have not yet been any bankruptcy filings. There is no liability for the IDA.

September Meeting

The September 21, 2016 meeting is expected to be held at Wincoram.

Community Development Corporation (CDC) Annual Luncheon

The annual CDC luncheon is scheduled for October 14, 2016. The Agency purchased a table at this event last year at a cost of \$2,500. Mr. Kelly made a motion to sponsor this event at the same amount. Mr. Callahan seconded this motion which was approved with Ms. Scheidt abstaining.

Quality King Robotic Picking System

Marc Garrett of Quality King has invited the Board to see their new robotic warehouse picking system. This tour will be set up in the next few weeks.

At 9:21 A.M., Mr. Kelly made a motion to close the IDA meeting. The motion was seconded by Ms. Scheidt and unanimously approved.

The next IDA meeting is scheduled for Wednesday, September 21, 2016.