

TOWN OF BROOKHAVEN
INDUSTRIAL DEVELOPMENT AGENCY

MEETING MINUTES

AUGUST 21, 2019

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

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
Carl McGowan, Newsday
Patricia Castiglione, Resident
Douglas Partrick, Heatherwood Golf & Villas, LLC
Christine Linsalato, Heatherwood Golf & Villas, LLC
Richard Andreoni, Heatherwood Golf & Villas, LLC
Peter Curry, Farrell Fritz
Louis Fiore, Forchelli Deegan Terrana

Chairman Braun opened the meeting at 12:07 P.M. on Wednesday, August 21, 2019, in the Work Session Room on the Third Floor of Brookhaven Town Hall, One Independence Hill, Farmingville, New York. A quorum was present.

Mr. Grucci made a motion to enter executive session at 12:07 P.M. to discuss proposed pending or current litigation. The motion was seconded by Mr. Trotta and unanimously approved.

Mr. Middleton joined the meeting at 12:09 P.M.

Ms. Scheidt joined the meeting at 12:20 P.M.

Mr. Pollakusky made a motion to exit executive session at 12:42 P.M. and resume the regular agenda. The motion was seconded by Mr. Callahan and all voted in favor.

HEATHERWOOD GOLF & VILLAS, LLC – APPLICATION

Mr. Braun inquired of the representatives from Heatherwood why they are seeking benefits for this project but did not request benefits for any of their other developments that have been built on Long Island. Mr. Curry stated that Heatherwood has not pursued many new projects on Long Island for some time; Ms. Eaderesto noted a development currently being built in Center Moriches. Mr. Curry said that since every other developer is seeking IDA benefits for their projects, by not having IDA benefits it places this project at a disadvantage which means it could not be built. Mr. Pollakusky stated that the Board has a fiduciary responsibility to the taxpayer and again asked the applicant to explain why benefits haven't been requested before. Mr. Partrick stated that assistance wasn't needed for the Center Moriches development, however, the Centereach project has significant concerns, considerations and challenges.

Mr. Partrick added that Heatherwood has been in business for 70 years and partners with the Town and County. Mr. Grucci requested that Mr. Partrick identify the economic challenges faced with this project versus the other projects completed and if this project would move ahead without the IDA's involvement. Mr. Partrick responded that they received zoning approval five years ago and that their challenges are costs associated with infrastructure, economics that involve much more of a larger affordable component which has an impact on the economic balance sheet and the understanding that donating 40 acres of land at exit 69 on the Long Island Expressway was in consideration for the zoning approval. Ms. Eaderesto pointed out that the 40 acres was in lieu of purchasing Pine Barrens credits. Mr. Curry stated that this project would not be built without the Agency's assistance. Mr. Curry added that the IDA Board's request that the affordable and workforce components be increased was agreed to by Heatherwood and that this applicant met with Agency staff beginning two years ago and have been kept abreast of all movement with this project. He added that financial projections are dependent on a PILOT Agreement and reiterated that this project would not be built without IDA benefits. Mr. Curry

reminded the Board of how many housing communities the Board has granted benefits to along with neighboring IDAs. Mr. Grucci stated that while there may have been other projects that this Board has induced there may have been other circumstances that warranted that inducement that may not be prevalent on this application and added that he still hasn't heard the severity of the economic challenge being faced that would warrant the IDA inducing this project. Mr. Curry responded that without the benefits this project would be at a competitive disadvantage; Mr. Grucci replied that he didn't know if it is appropriate for the Board to make a decision on that basis. Mr. Curry pointed out the feasibility study shows a 6:1 economic benefit and detailed the figures included in the study. In response to Mr. Middleton's question of when this study was completed and if nearby projects were considered, Mr. Curry replied that the study is new and believes that Camoin always considers nearby projects. Mr. Middleton inquired what goes into that analysis and does it also factor in the 9,000 people becoming 55 and over in the period noted and is this an inducement for them to stay? Mr. Curry stated that studies have generally shown that building 55 and over active housing causes people to stay. Mr. Curry went on to say that people leave due to high tax burdens and that there is a dearth of rental housing compared to other metropolitan area suburbs.

Mr. Trotta inquired what the rental amounts for these units will be; Mr. Curry said that the units will not be online for two and a half to three years so he can't make a projection. The applicant has been in discussions with banks regarding financing and have received a fairly good response based on the analysis of what the PILOT would be. Mr. Middleton asked if the units were online today what the rents would be. Mr. Curry again stated they are unsure of that right now. Mr. Middleton added that with all of these analyses being done there must be some type of projection of what their rental income would be so they would know if it was feasible to build. The feasibility study lists \$2,550 as the average rent per month for the area. Ms. Eaderesto asked if there were any apartments or condos on the golf course presently; the applicant replied that there are not.

Mr. Middleton made a motion to accept the application and Mr. Callahan seconded it. The Members voted as follows:

IDA Meeting
August 21, 2019

Mr. Grucci voted no.

Mr. Trotta voted no.

Ms. Scheidt voted no.

Mr. Callahan voted yes.

Mr. Pollakusky voted no.

Mr. Middleton voted yes.

Mr. Braun voted yes.

The motion to accept the application failed.

At 12:59 P.M., the representatives from Heatherwood left the meeting.

BRP FARMINGVILLE, LLC – FINAL AUTHORIZING RESOLUTION

The application, cost benefit analysis and feasibility study were included in the meeting packets for review. BRP will be assuming the 292 rental housing project in Farmingville from Kelly Builders. The project is expected to cost approximately \$109 million and 10% of the units will be set aside as affordable. A public hearing was held with no comment received.

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

GIVE AND GO FOODS (USA) CORP. / STORE CAPITAL CORPORATION – APPLICATION & RESOLUTION

Uncle Wally's continues to operate but was purchased by Give and Go a few years ago. Give and Go would like to sell the facility to Store Capital Corporation and then lease it back to Give and Go. The job numbers for this project have been historically good; there are 185 current employees which is over their job creation projections. Mr. Curry who represents Give and Go, added that this action does not modify any agreements or covenants with the company, it is inserting a lease with the new property owner.

IDA Meeting
August 21, 2019

The motion to accept this application and approve the resolution was made by Mr. Grucci and seconded by Mr. Pollakusky. All voted in favor.

AE TOWN HALL SOLAR 2, LLC – RESOLUTION

The cost benefit analysis for this solar project to be located on the roof of Town Hall was included in the meeting packets. A public hearing was held with no comments received.

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

Ms. Eaderesto added that almost a megawatt of power will be generated by these panels and the roof will be redone which AE Town Hall Solar has been contributing funds for. There are potentially five more projects with this company for battery storage for solar energy.

D & F BELLPORT / BELLPORT RESIDENCES, LLC – RESOLUTION

A public hearing was held for this 100% affordable housing project to be constructed in the Economic Opportunity Zone in Bellport. Comment was received from the South Country School District that expressed concern over the potential PILOT. Since this project is 100% affordable housing, a Shelter Rent PILOT may be granted. A Shelter rent PILOT means the project pays 10% of their revenue minus utilities per year for 15 years; annual certification of revenue and utilities for the prior year are required. 10% of this amount will be the PILOT payment. Mr. Weir added that this is what the State has developed for these types of projects and by statute the project can't charge revenue more than 30% of the person's adjusted gross income. Ms. Eaderesto noted there has been a lot of support from the community for this development on property that has been blighted for years and has already spurred economic growth in the area with new businesses opening.

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

**HOLTSVILLE INDUSTRIAL – RESOLUTION TO RE-FINANCE & INCREASE SALES
TAX EXEMPTION**

Holtsville Industrial has requested to re-finance their \$3.185 million mortgage from NEFCU to Bridgehampton National Bank and increase their sales tax exemption from \$500,000 to \$750,000.

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

**DISCOVER LONG ISLAND / IDA / NATIONAL GRID GRANT – RESOLUTION &
MEMORANDUM OF UNDERSTANDING**

This resolution and memorandum of understanding is for the Discover Long Island IDA grant application for National Grid’s matching grant to market doing business in Suffolk and Nassau Counties. National Grid matches 50% of funds up to \$50,000, the local IDAs are all contributing toward this endeavor. The Brookhaven IDA will be contributing \$8,000.

The motion to approve this resolution and authorize Ms. Mulligan to execute the memorandum of understanding was made by Mr. Trotta and seconded by Ms. Scheidt. All voted in favor.

AARCO FIRST ON OLD DOCK – MORTGAGE INCREASE REQUEST

Aarco has requested a mortgage recording tax exemption on their mortgage which is increasing to \$2.5 million from \$2 million. Araco, who has two projects, have not met their job creation numbers and have not responded to requests for information as to why. Ms. Mulligan has discussed Araco’s challenges with the owner and has put him in touch with Rosalie Drago to locate more employees. The Members determined that the re-financing can move forward but a mortgage recording tax exemption will not be granted.

The motion to approve the re-financing but not grant an exemption was made by Mr. Grucci, seconded by Mr. Callahan and unanimously approved.

MEETING MINUTES OF JUNE 19, 2019

IDA Meeting
August 21, 2019

The motion to approve these Minutes as presented was made by Mr. Callahan and seconded by Ms. Scheidt. All voted in favor.

MEETING MINUTES OF JULY 17, 2019

The Minutes of July 17, 2019 were previously sent to the Members for review. The motion to approve these Minutes as presented was made by Mr. Grucci, seconded by Mr. Pollakusky and unanimously approved.

Mr. Grucci and Mr. Curry left the meeting at 1:17 P.M.

CFO'S REPORT

Ms. LaPonte presented the Operating Statement for the period ending July 31, 2019. Two application fees, a termination fee, a subtenant application fee and a document processing fee were deposited. The final PILOT disbursement was sent out in July, all payments have been distributed within the required 30-day deadline. There was a small expense for the Ronkonkoma Hub escrow account. All payroll taxes, retirement and deferred compensation payments have been paid in full.

Ms. LaPonte met with the insurance broker to review policies expiring on August 11th; they have been renewed at a price similar to last year. A cyber policy was added at a cost of \$1,600. To further tighten internal controls, Mr. Callahan has been receiving monthly bank statements and Ms. LaPonte's reconciliations for comparison.

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

Finance Committee Meeting

A Finance Committee meeting will be held at 11:30 A.M. on September 18th, immediately before the regular meeting to discuss next year's budget.

CEO'S REPORT

IDA Meeting
August 21, 2019

New York State Economic Development Council (NYSEDC) Symposium & Training

NYSEDC will be scheduling a symposium and IDA training on November 13th and 14th regarding IDAs at the Melville Marriott. Mr. Braun advised checking with the Authorities Budget Office if this qualifies as director training. The Manufacturer's Symposium is expected to be held on November 13th and the IDA Academy on November 14th.

Long Island Business Development Council (LIBDC) Montauk Conference

This year's LIBDC Montauk Conference will be held September 25th through the 27th. All Members were invited to attend.

Long Island Association (LIA) Fall Luncheon

The LIA Fall Luncheon will be held on October 4th featuring Nikki Haley as the speaker. Seats will be purchased if anyone wishes to attend.

Calabro Airport Special Meeting

A special meeting will be held to discuss the possibility of assuming operations at Calabro Airport. A list of questions is being drafted to pose to the Town.

Ronkonkoma Hub Ribbon Cutting

The Ribbon Cutting for the Ronkonkoma Hub has been scheduled for September 5th at 3 P.M. All Members were invited to attend. A closing on Phase 2 has not occurred yet; it may close by the second quarter of 2020.

Authorities Budget Office Report

The most recent report from the Authorities Budget Office was included in the meeting packets.

Project Signs

Signs that read "Supported by the Brookhaven IDA" have been ordered to place at project sites.

Jury Duty

IDA Meeting
August 21, 2019

A policy is needed to address Jury Duty for employees. The Town's policy will be mirrored which states that the employee will receive their full salary and does not need to use their accrued time. Any payment received for jury service, with the exception of mileage reimbursement, will be turned over to the IDA.

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

PRESENTATION – TODD SHAPIRO ASSOCIATES

Press releases have been drafted but will not be sent out until the projects close. Mr. Callahan suggested utilizing more social media sites to post press releases.

The motion to close the meeting at 1:31 P.M. was made by Mr. Trotta and seconded by Mr. Pollakusky. All voted in favor.

The next IDA meeting is scheduled for Wednesday, September 18, 2019.