

TOWN OF BROOKHAVEN  
INDUSTRIAL DEVELOPMENT AGENCY

MEETING MINUTES

SEPTEMBER 18, 2019

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

EXCUSED MEMBER: Frank C. Trotta

ALSO PRESENT: Lisa M. G. Mulligan, Chief Executive Officer  
Lori LaPonte, Chief Financial Officer  
Annette Eaderesto, Counsel  
William F. Weir, Nixon Peabody, LLP (via phone)  
Howard Gross, Weinberg, Gross & Pergament  
Jocelyn Linse, Executive Assistant  
Terri Alkon, Administrative Assistant  
Alan Wax, Todd Shapiro Associates  
Eric Russo, VanBrunt, Juzwiak & Russo, P.C.  
Peter Curry, Farrell Fritz  
Christine Linsalato, Heatherwood Golf & Villas, LLC

Chairman Braun opened the meeting at 12:05 P.M. on Wednesday, September 18, 2019, in the Media Room on the Second 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 proposed pending or current litigation. The motion was seconded by Mr. Grucci and unanimously approved.

Mr. Pollakusky joined the meeting at 12:08 P.M.

Ms. Scheidt made a motion to exit executive session at 12:41 P.M. The motion was seconded by Mr. Callahan and all voted in favor.

**MEETING MINUTES OF AUGUST 21, 2019**

The Minutes of August 21, 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.

**HEATHERWOOD GOLF & VILLAS, LLC – APPLICATION**

A letter was received from Heatherwood Golf & Villas, LLC. Mr. Curry informed the Members that insurance costs have increased 25% since 2012. Construction and operating costs have also increased by \$8,329,585 since the land was initially rezoned. There has also been a dramatic increase in costs to construct the sewer connection area. Mr. Curry added that tariff issues and appliance costs have also been a hardship. The original PILOT was calculated by the Agency, Heatherwood has requested an amended PILOT. Mr. Curry asked the Board to reconsider this project.

Mr. Russo joined the meeting at 12:46 P.M.

The Members voted as follows on accepting this application:

Ms. Scheidt voted yes.

Mr. Callahan voted yes.

Mr. Pollakusky voted no.

Mr. Grucci voted no.

Mr. Middleton voted yes.

Mr. Braun voted yes.

The motion to accept the application passed.

At 12:48 P.M., Mr. Curry and Ms. Linsalato left the meeting.

**MORATORIUM ON HOUSING PROJECTS**

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Mr. Grucci made a motion to place an immediate moratorium on accepting applications for housing projects until the Uniform Tax Exemption Policy (UTEP) has been amended. The motion was seconded by Mr. Middleton and all voted in favor.

### **WALLACE OAKLAND UNITED CREDIT TRUST – APPLICATION**

Ms. Mulligan presented the application for Wallace Oakland United Credit Trust, which relates to the existing Four Keys project on Zorn Boulevard in Yaphank. This project had relocated out of the Ronkonkoma Hub area. The project owner is United Fence and their subtenant is Master Halco. This application requests permission for Wallace Oakland United Credit Trust to purchase the facility and keep the tenant and subtenant in place. Mr. Russo, who represents Wallace Oakland Trust and the Oakland family, explained that when Four Keys originally applied to the IDA, they were purchasing the property outright and had financing in place with First National Bank of LI. When it was time for the Certificate of Occupancy to be issued there were problems with private covenants and restrictions on the property. First National Bank would not convert the construction mortgage to permanent financing unless the covenants and restrictions were resolved. The Wallace Oakland United Credit Trust has decided to buy the property due to a 1033 exchange for monies that were loaned to Four Keys. The 1033 exchange would need to be completed by the end of this year. The PILOT would be transferred to the Trust and a new mortgage recording tax exemption has been requested.

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

Mr. Russo left the meeting at 12:58 P.M.

### **CFO'S REPORT**

Ms. LaPonte presented the Operating Statement for the period ending August 31, 2019. Revenue included an application fee and a document processing fee.

Mr. Middleton left the meeting at 12:59 P.M.

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The expenses for the month were outlined and insurance premiums were paid for the year. A new cyber policy was purchased. There was no activity in the PILOT account and all payroll taxes, retirement and deferred compensation payments have been paid in full. There was a small expense for the Ronkonkoma Hub escrow account.

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

### **2020 BUDGET**

Ms. LaPonte presented the proposed budget for 2020. The application fees are based on what is expected to close, expenditures were based on prior years and adjusted for inflation. The Finance Committee has recommended adopting this budget.

The motion to accept the proposed budget for 2020 subject to compliance with General Municipal Law requirements was made by Mr. Grucci, seconded by Ms. Scheidt and unanimously approved.

The Public Authorities Reporting Information System (PARIS) budget must be filed by November 1<sup>st</sup>. PARIS requires the budget projected until 2023 with adjustments for inflation included.

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

Ms. LaPonte will be modifying the monthly operating statement; the statement will now focus more on the budget rather than bank balances. Both formats will be used until the end of the year. Bank records will still be given to the Treasurer monthly for review and all internal controls remain in place.

Ms. LaPonte informed the Members that while Empire National Bank kept the Agency's interest rates at the same level when rates dropped last time, the Agency's rates will most likely drop if

interest rates decrease again. Ms. LaPonte would like to start laddering out investments into treasury notes. These investments are still protected by securities or other collateral.

Mr. Braun made a motion to authorize Ms. LaPonte to purchase treasury notes for a period of no more than two years with the approval of Mr. Braun and Mr. Callahan. The motion was seconded by Mr. Grucci and all voted in favor.

### **INSURANCE – RESOLUTION**

Ms. Mulligan explained that there are standard insurance requirements in closing documents and the Risk Manager follows through to make sure these requirements are met. Occasionally these requirements are a hardship for the project. The Risk Manager has stated that in some cases there is little exposure to the Agency if certain requirements are not met. Ms. Mulligan requested the Board grant her authority to waive certain insurance requirements when necessary and only in conjunction with Counsel, the Risk Manager, Chairman and Treasurer.

Ms. Scheidt made a motion to approve granting Ms. Mulligan this authority. The motion was seconded by Mr. Callahan and unanimously approved. Mr. Braun suggested putting a note in the project file if and why an insurance requirement is waived.

### **FEE SCHEDULE – RESOLUTION**

C2 NY Brookhaven, LLC recently assumed the Pennysaver Solar project which only closed a few months ago. The current fee schedule calls for charging a full closing fee; Pennysaver Solar paid a full closing fee of approximately \$37,000. Ms. Eaderesto requested that C2 NY pay \$2,500 since this project is on Town property and a full closing fee had recently been collected.

The Members determined that for sales or transfers of projects on Town property that have already paid a full closing fee that the fee will be \$2,500. The motion to ratify the closing fee amount for C2 NY Brookhaven, LLC and amend the fee schedule was made by Mr. Grucci and seconded by Mr. Callahan. All voted in favor.

### **CEO'S REPORT**

### Pallets-R-Us

Pallets-R-Us is considering solar panels and battery storage at their facility on Woodside Avenue. PSE&G requires that the IDA give authorization as the property owner before they do their analysis. Pallets is also considering re-financing their bonds; they would have to pay 103% of what is outstanding and there is approximately \$6 million left.

Mr. Grucci made a motion to authorize the PSE&G study for Pallets-R-Us at their Woodside location. The motion was seconded by Mr. Callahan and unanimously approved. An application will be required once the study has been completed.

### Nature's Value

Nature's Value, a manufacturer of vitamins, has a facility on Mill Road in Coram. Nature's Value has 300 employees and has asked if the IDA would support a retention project for them. Nature's Value's is having problems with the electrical connection to their building which is old or degraded and is causing brownouts. When they reached out to PSE&G, they were told they were responsible for some of the costs totaling approximately \$200,000; PSE&G later said they may be responsible for more of the work costing another \$200,000 to \$300,000. Nature's Value had two facilities in Bay Shore that they consolidated into their Coram location. They purchased property down the street but plans to develop it were denied by the Town; that property is expected to be purchased for open space.

Nature's Value has stated that they need to renovate a parking lot at a cost of \$300,000 and a roof at a cost of \$250,000. They are discussing installing approximately \$1 million worth of solar panels on the roof once it's been repaired. They plan to add new product lines including single dose pouching for which they have purchased a machine costing \$80,000 that will require 4 new employees, and a liquid fill line involving an already purchased \$100,000 machine requiring 6 new employees. Neither of these machines have been installed yet. In addition, they are in the planning stages for a gummy machine which will cost approximately \$300,000 and add 6 new employees and a softgel machine costing \$400,000 and adding 8 new employees. A generator would need to be purchased for approximately \$500,000 and the production floors

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would need to be upgraded for another \$300,000. The property taxes for their 225,000 square foot building are \$325,000 per year.

Nature's Value has requested a property tax reduction, a sales tax exemption and possibly a mortgage recording tax exemption. This potential retention project would create 24 new jobs, retain 300 employees and create approximately \$4 million in capital investment. They have a facility in North Carolina that they have considered relocating to. It was the consensus of the Board to encourage Nature's Value to submit an application.

#### Frank Lowe

A follow-up letter was received from Frank Lowe regarding a PILOT extension request. An extension was requested in 2017 and the Board offered a 5-year extension with increases of 20% per year; no response was received from the company. There have been issues with a subtenant in the facility, American Regent, formerly known as Luitpold, a former IDA project, who refused to sign the Tenant Agency Compliance Agreement (TACA) but provided insurance and job creation numbers. Frank Lowe informed American Regent that if they continued to refuse to sign the TACA their lease would not be renewed. Frank Lowe has again requested the 5-year extension. Their PILOT ends in 2019/2020 but their bonds are until 2025/2026 so they would pay the full assessed value to the Agency until then. They have 125% of their job creation numbers. They are considering relocating to South Carolina and Mr. Weir added that they would need to pay off their bonds prior to moving.

Mr. Grucci made a motion to approve extending the PILOT for 5 more years with 20% increases. The motion was seconded by Mr. Callahan and unanimously approved.

#### Finance Award

Ms. LaPonte is the recipient of a Long Island Business News Business and Finance Award and will be honored at a ceremony at the Cresthollow Country Club on September 26<sup>th</sup>.

Mr. Callahan made a motion to place a full-page congratulatory journal ad at a cost of \$2,050. The motion was seconded by Ms. Scheidt and all voted in favor.

Legislative Update

The Authorities Budget Office (ABO) now has the power to suspend Board Members and the CEO if annual reports are not submitted. Board meetings and public hearings will also need to be livestreamed as of 2020. Ms. Mulligan has been in discussions with our website manager and the Public Information department to determine what is needed to accomplish this. Public Information has said the IDA cellphone can be utilized and a tripod and wireless microphone will need to be purchased. Website enhancements may be needed to accommodate a large audience of viewers as well as storing these files. VIMEO or a YouTube channel could be used with a link to the website. Mr. Pollakusky advised that the IDA should own the server space.

Ms. Scheidt left the meeting at 2:01 P.M.

Discover Long Island

Work on the Discover Long Island/IDA marketing initiative is moving ahead. The IDAs are being honored collectively on December 3<sup>rd</sup> at the Fox Hollow Country Club

New York State Economic Development Council (NYSEDC)

The IDA Academy will be held on November 14<sup>th</sup> in Melville. This session is expected to qualify as Public Authorities Accountability training. November 13<sup>th</sup> is the 2<sup>nd</sup> Annual Long Island Manufacturers' Symposium.

Job Creation

This matter will be held until next month.

Community Development Corporation (CDC)

The annual Community Development Corporation's gala will be held on December 12<sup>th</sup>. All Members were invited to attend.

**PRESENTATION – TODD SHAPIRO ASSOCIATES**



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A press release was written regarding Ms. LaPonte's award and more press releases are pending approval. Pictures from the Ronkonkoma Hub groundbreaking are on Facebook.

Ms. Mulligan informed the Members that C2 NY Brookhaven, LLC is closing today, and Brooks Partners will be closing on Tuesday.

Mr. Pollakusky made a motion to close the IDA meeting at 2:05 P.M. The motion was seconded by Mr. Callahan and unanimously approved.

*The next IDA meeting is scheduled for Wednesday, October 16, 2019.*