

TOWN OF BROOKHAVEN
INDUSTRIAL DEVELOPMENT AGENCY

MEETING MINUTES

SEPTEMBER 20, 2017

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

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

Chairman Braun opened the meeting at 8:09 A.M. on Wednesday, September 20, 2017 in the Work Session Room on the Third Floor of Brookhaven Town Hall, One Independence Hill, Farmingville, New York. A quorum was present.

MEETING MINUTES OF AUGUST 16, 2017

The Minutes of August 16, 2017 were previously sent to the Members for review. The motion to accept these Minutes as presented was made by Mr. Grucci and seconded by Mr. Middleton. All were in favor.

CFO'S REPORT

Ms. LaPonte presented the Operating Statement for August 31, 2017. Deposits for the month included fees for applications, re-financings and terminations. A check was received from Overbay that was then paid to National Development Council for their PILOT study. All payroll

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taxes, retirement and deferred compensation payments have been paid in full. Two insurance premiums were paid; the cost is slightly less than last year. The investment account at Greco has been closed and all funds are at Empire National Bank.

Ms. Eaderesto joined the meeting at 8:12 A.M.

The PILOT account holds only interest and the initial investment made by the Agency. There are no outstanding PILOT payments for the 2016-2017 year. There was no activity in the Ronkonkoma Hub escrow account. Ms. LaPonte met with our representative at Industrial Coverage Corp. as well as our Risk Manager to review all insurance policies. Ms. LaPonte is exploring converting to QuickBooks on-line.

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

2018 PROPOSED BUDGET

Ms. LaPonte presented the proposed IDA budget for 2018. \$624,000 in revenue is projected; this is based on what has been received in prior years. The advertising line has been increased and salaries were increased for cost of living. Marketing proposal meetings have been scheduled for the end of next week so there will be a better idea of the costs involved with this initiative. The budget was tabled until the October meeting.

WINCORAM – RESOLUTIONS AUTHORIZING SUBTENANTS

It has come to the Agency's attention that Wincoram has two unauthorized subtenants, Sammy Scissors and Kindred Fitness. Tenants were expected at this project but authorization is required beforehand. Mr. Middleton stated the project needs to understand the potential penalties if tenants move in without permission including termination. Mr. Braun suggested sending a letter at the time of closing to remind projects of this requirement. Projects are required to annually certify if there are any tenants on the property, which is how the Agency was alerted to this issue.

The motion to approve the resolution for Sammy Scissors was made by Mr. Middleton and seconded by Ms. Scheidt. The motion passed with Mr. Kelly recusing himself.

The motion to approve the resolution for Kindred Fitness was made by Mr. Middleton and seconded by Mr. Callahan. The motion passed with Mr. Kelly recusing himself.

REGENT TEK – FINAL AUTHORIZING RESOLUTION

The cost benefit analysis for this Adaptive Re-Use project in Shirley was provided to the Members. Regent Tek manufactures lines for roadways. A public hearing was held with no comment received. The 17,500-square foot building they are purchasing had been owned by MS Packaging, another IDA project. Regent Tek is a start-up business that is currently operating on Shelter Island with a large amount of contracts in the works. It was noted that while this is a start-up company, the family also owns a very successful golf manufacturing business.

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

UNIFORM TAX EXEMPTION POLICY (UTEP) – RESOLUTION

An attorney representing the Port Jefferson School District was the only member of the public that attended the public hearing regarding the proposed amendments to the Uniform Tax Exemption Policy (UTEP). Letters were also received from the Long Island Builders Institute (LIBI), Shoreham-Wading River School District and the Port Jefferson School District. The letter from LIBI urged the IDA to adopt the amended policy; the letter from Shoreham-Wading River School District was also supportive. The Port Jefferson School District sent a detailed letter requesting changes including increasing the notification period. Mr. Weir stated that the changes requested would be well beyond the legal requirements the IDA must follow. Mr. Weir suggested adding language to the UTEP such as, “In reviewing applications for financial assistance, the Agency shall take into consideration, review and comply with all requirements and provisions of the IDA Act.” Ms. Mulligan noted that the UTEP was amended in part as a result of comments received from the Port Jefferson School District.

Mr. Kelly disclosed to the Board that he sits on the LIBI Board and Mr. Middleton added that his law firm represents LIBI and he serves as the Village Attorney in Lake Grove. The motion to approve the amended UTEP subject to the addition of Mr. Weir's suggested language was made by Mr. Grucci and seconded by Mr. Kelly. All were in favor.

MEADOWS AT YAPHANK – SALES TAX EXEMPTION

This multi-phase project has requested an additional sales tax exemption for the Reserve at the Boulevard apartments. Additional parking is needed as well as improvements to breezeways. Meadows has requested approximately \$10,000 in additional exemption and estimates needing six months to complete the work.

The motion to approve granting this exemption with a \$10,000 cap was made by Mr. Grucci, seconded by Mr. Callahan and unanimously approved. An administrative fee will be charged.

NAA PROPERTY – APPLICATION

Ms. Mulligan presented the application for NAA Property. The project owner once owned a company that was an IDA project called Hampton Air. NAA is currently renting space in Ronkonkoma. NAA plans to construct an 11,500 square foot building at a cost of approximately \$1.6 million and expect to add three to five additional employees to their current 44 employees. When Hampton Air was an IDA project, they lost their facility in the recession, and was one of the few projects that had benefits recaptured due to an illegal subtenant. The building was sold and the recapture fees were paid promptly. The business has since been rebuilt.

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

INVENERGY / DUKE ENERGY

Duke Energy has approached Invenergy to purchase the still under construction solar project at the former Tallgrass Golf Course in Shoreham once it has been completed and is operational.

The motion to accept this application subject to the receipt of this information and review by Mr. Gross was made by Mr. Grucci and seconded by Ms. Scheidt. All were in favor.

CEO'S REPORT

Marketing Meetings

Ms. Mulligan informed the Board that the Agency has reached out to six companies seeking proposals for the upcoming marketing initiative. Four of these companies are scheduled for presentations on September 28th and 29th.

Amazon

A press conference is scheduled for September 28th at Calabro Airport to announce the Town's response to Amazon's request for proposals for their second headquarters. The request for proposals calls for an initial 500,000 square foot building with room to progress to 8.1 million square feet. Amazon projects hiring 50,000 local employees. Multiple towns and counties are putting together proposals that will be submitted to the State. The IDA engaged a marketing firm to produce a proposal and marketing materials to offer Calabro Airport as a potential location. The cost to prepare this proposal is \$25,200; if the total amount is not spent DCI will issue a credit for another project. Ms. Mulligan noted that she did receive another quote for this proposal; however, it was only for the media relations and not the RFP response and was \$12,000.

Mr. Grucci made a motion to approve up to \$30,000 to DCI to develop a marketing proposal for the Amazon RFP. The motion was seconded by Ms. Scheidt and unanimously approved.

WHTB Glass

When WHTB Glass applied for assistance to move their glass manufacturing company from China to Shirley, they requested a 10-year PILOT. They are now requesting a 15-year PILOT. Mr. Tullo added that this project is moving quickly through the Planning and Building Departments and land clearing and foundation permits are expected within the next 30 days. The capital investment for this project is expected to be approximately \$20 million and 140 new jobs

are anticipated. It was the determination of the Board that any PILOT extension would be entertained after the ten-year PILOT has run its course.

One Corporate Drive, Holtsville

A letter was received from Drew Presberg regarding One Corporate Drive in Holtsville, the former IRS building. This 49,000 square foot office building is currently vacant and the letter requests if the IDA would consider granting benefits as a spec building. Since this is an existing structure, it would fall under the Adaptive Re-Use Policy which calls for a 50% reduction on the current assessment. While other IDAs approve spec buildings, the Brookhaven IDA has not. It was the consensus of the Board to not grant any benefits until a tenant has been identified.

Vistas of Port Jefferson

Ms. Mulligan informed the Board that there have been two changes requested by this senior housing project to be constructed in Port Jefferson Station. The applicant has asked to change the number of affordable units to 36 from 37, and the requested sales tax exemption amount has increased to over \$1.5 million from \$600,000. These changes will require an additional public hearing. The loss of one affordable unit will keep this project over the required percentage of affordable units that the Town requires.

IDA Study

The Town of Babylon and Suffolk County recently had studies done analyzing their IDAs and the impact of their work. Ms. Scheidt put Ms. Mulligan in touch with John Rizzo at Stony Brook University who also serves as Chief Economist at the Long Island Association. The cost to perform this study was quoted at \$40,000. The Board decided to defer this matter until 2018.

Mid-Year Reports

A few projects did not submit their mid-year reports: Framera, ACE Holtsville, ACE Manorville, Invenergy and two tenants at Stafford Associates. Ms. Mulligan inquired if the Board wished to send default letters. Second notices were sent to non-responsive projects as well as multiple e-mails. Mr. Braun recommended sending a third request that states that failure to provide this information will result in further action. Mr. Gross and Mr. Weir will draft a

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letter to attach to our third request. Notices from the attorneys also go to the banks that hold the mortgages.

Dowling College

The Oakdale Campus of Dowling College was sold at auction in August. The Shirley property will be the next to be sold.

October Meeting Date

The October meeting has been moved to October 25th at 12:00 P.M.

Community Development Corporation (CDC) Luncheon

The Community Development Corporation (CDC) has requested that the IDA consider purchasing a sponsorship at their upcoming annual luncheon on October 13th.

Mr. Grucci made a motion to sponsor this luncheon for \$2,000 which includes 4 tickets and placement in a video. The motion was seconded by Mr. Callahan and approved with Ms. Scheidt abstaining as she sits on the CDC Board.

Articles

Numerous articles were included in the meeting packets.

PRESENTATION – ALAN WAX, WAX WORDS, INC.

Mr. Wax reached out to Newsday on the WHTB Glass project. All photos of projects were given to Mr. Tullo; there are a few projects that still need to be photographed. Mr. Braun noted that there have been a lot of articles on the value of property in Brooklyn and Queens and that our advertising should continue there. News Radio 88 was also brought up as an advertising option.

Large Business Outreach

The annual Large Business Outreach breakfast has been scheduled for November 1st at the Courtyard Marriott in Ronkonkoma.

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The motion to close the meeting at 10:02 A.M. was made by Mr. Middleton and seconded by Mr. Kelly. All were in favor.

The next IDA meeting is scheduled for Wednesday, October 25, 2017 at 12:00 P.M.