

TOWN OF BROOKHAVEN
INDUSTRIAL DEVELOPMENT AGENCY

MEETING MINUTES

JULY 11, 2018

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

EXCUSED MEMBER: Felix J. Grucci, Jr.

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, Executive Assistant
Alan Wax, Wax Words, Inc.
Eric Russo, VanBrunt, Juzwiak & Russo, P.C.

Chairman Braun opened the meeting at 12:13 P.M. on Wednesday, July 11, 2018 in the Media Room on the Second Floor of Brookhaven Town Hall, One Independence Hill, Farmingville, New York. A quorum was present.

MINUTES OF MAY 2, 2018

The Minutes of May 2, 2018 were previously sent to the Members for review. The motion to approve these Minutes as presented was made by Mr. Callahan and seconded by Ms. Scheidt. All were in favor.

MINUTES OF JUNE 5, 2018

The Minutes of June 5, 2018 were also previously sent to the Members for review. The motion to approve these Minutes as presented was made by Mr. Kelly, seconded by Ms. Scheidt and unanimously approved.

CFO'S REPORT

Ms. LaPonte presented the Operating Statement for May 31, 2018. Revenue included a closing fee and application fees. The usual expenses were listed.

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

Ms. LaPonte presented the Operating Statement for June 30, 2018. A closing occurred for the BK at Lake Grove project; the regular expenditures were noted. Ms. Mulligan explained that BK at Lake Grove sold controlling interest of their facility to an investor, HSRE. Mr. Weir added that two of the three bonds were paid off for this project, approximately \$10 million in bonds are still outstanding. The PILOT will continue unchanged.

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

For both May and June all payroll taxes, retirement and deferred compensation payments have been paid in full. All PILOTS for the 2017-2018 tax year have been received and disbursed within the required 30-day deadline.

Banking / Collateral / Investment Policy

The New York State Office of the State Comptroller Local Management Guide for Investing in Public Funds was included in the meeting packets for review. Ms. LaPonte explained that this guide reiterates what is allowable as far as investments and how this should be done. The Agency follows this policy and an opinion is also received annually from the external auditors that confirms this.

Our Investment Policy states that all cash and investments must be collateralized over the FDIC amount which is \$250,000 per named account. Anything over that amount is collateralized at 1.05 %. In the past, banks have given a separate security confirmation in the IDA's name with

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M & T Bank. This past May, a large PILOT payment was transferred into the account; Empire Bank requested to use an irrevocable letter of credit issued by the Federal Home Loan Bank of New York as collateral. This is in line with our policy and the New York State Office of the State Comptroller. Ms. LaPonte proposed enhancing our current policy to list all available options for securing collateral. It is the intent to revise the policy within the next two meetings.

Paid Family Leave Insurance

The disability policy for employees started on July 1, 2018. There is the option of adding additional insurance under the Family Medical Leave Act at a cost of \$85 per year. This is not required for government employees and is not offered by the Town. It is mandatory for private sector employees. The Agency opted not to offer this insurance.

VISTAS OF PORT JEFFERSON – RESOLUTION

The cost benefit analysis for this project was included in the meeting packets. A third public hearing was held on July 6, 2018 with no comment received for this 245-unit senior rental housing development. Vistas is to be constructed on Bicycle Path in Port Jefferson Station at a cost of approximately \$74 million. Three public hearings were necessary due to changes made to the configuration of workforce and affordable units and the number of jobs was adjusted.

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

FOUR L / VANTAGE – RESOLUTION

This project is constructing a 38,000 square foot building on 3.3 acres in Holtsville. Four L is constructing the facility; Vantage will be occupying half of the facility. The public hearing for this approximately \$4 million project was held with no comments received. Twenty-one jobs will be created by Vantage and Four L, it is unknown who will be occupying the other half of the building at this time.

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

UNITED RENTALS – RESOLUTION

Ms. Mulligan reminded the Board that the first location proposed for this project fell through, the new location is in East Patchogue. This is an \$8.5 million project that is expected to create 40 jobs. United Rentals will be demolishing the two existing buildings at the site to construct a new eastern transportation hub for construction equipment with a very limited retail portion to rent equipment. A public hearing was held with no comments received.

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

HOLTSVILLE INDUSTRIAL – SUBTENANT APPLICATION & RESOLUTION

Holtsville Industrial is currently retrofitting the former IRS building in Holtsville by adding bays to attract more tenants. Grace Aerospace, the first tenant, is interested in renting 3,000 square feet of the 48,000 square foot building to house their 12 employees. The lease for Grace Aerospace will expire in August of 2022. Insurance and a Tenant Agency Compliance Agreement will be required.

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

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

MAEHR INDUSTRIES – SUBTENANT APPLICATION & RESOLUTION

The owners of Maehr Industries took 1,400 square feet of their 12,000 square foot facility and turned it into a deli a few years ago. The deli has since been sold and renamed MJ's Sawgrass Deli. There is no change in job requirements. Insurance and a Tenant Agency Compliance Agreement will be required.

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

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

MEADOWS AT YAPHANK / AVR / ROSE-BRESLIN – RESOLUTION

Ms. Mulligan detailed this multi-phase project located on William Floyd Parkway near the Long Island Expressway. The project has requested the removal of covenants and restrictions placed on the property when it was set up for a subdivision. The action still needs to go through the Town but requires the Agency's consent to move forward.

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

ZEBRA TECHNOLOGIES – APPLICATION

Zebra Technologies, formerly known as Grumman Data Systems, Symbol Technologies and Motorola, has submitted an application for assistance for renovations of their facility on the Long Island Expressway Service Road in Holtsville. This building was a former IDA project when it was built approximately 30 years ago by Grumman. The building is approximately 300,000 square feet and houses 1,029 employees with an average salary of \$94,000. Zebra has 7,000 employees worldwide at 115 different locations. Zebra plans to perform approximately \$22 million in renovations plus \$26 million in machinery and equipment purchases. Zebra would like to hire 100 more employees over the next five years but has had difficulty attracting new employees since the facility is outdated.

Zebra is not expanding the building or the footprint, they are looking to streamline their operations. They have requested a sales tax exemption and a PILOT Agreement. A fixed PILOT that would protect Zebra from increases and not take any existing revenue from the taxing jurisdictions was discussed. The Members determined that a PILOT Agreement could potentially be offered that freezes the taxes for two years. The PILOT would then increase by

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2% per year for the next eight years. A sales tax exemption may also be offered for the renovations, machinery and equipment. The hiring of 100 additional employees would be required.

The motion to accept the application was made by Mr. Pollakusky and seconded by Ms. Scheidt. All were in favor.

AMNEAL PHARMACEUTICALS – APPLICATION

This project located at the corner of Sills Road and Horseblock Road has well over the promised number of jobs. Amneal recently went public via a merger and would like to convert part of their warehouse space into manufacturing and research and development space. Amneal is seeking to rent 83,000 square feet of the 230,000 square foot Rechler facility on Long Island Avenue to use as warehouse space. A facility that they own in Commack would also be included in this move. Another 50,000 square feet is expected to be rented in the near future once the current tenant leaves. An operation in California is also transferring to Brookhaven bringing 7 new employees. Amneal is requesting a PILOT and sales tax abatement. The lease is for 7.4 years with a total rent of approximately \$4.9 million. Approximately \$1.5 million in renovations will be needed.

Ms. Mulligan inquired how the Board would like to proceed with this application since it is a different type of project. Any benefits would go to Amneal, Rechler has declined to participate in this application. Mr. Weir explained how leases for this type of project could be structured. Rechler would need to provide consent.

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

Discussion followed on how this project would be structured and how fees would be charged.

The motion to amend the fee schedule to include this new clause was made by Mr. Pollakusky and seconded by Mr. Kelly. All were in favor.

TRIPLE FIVE AVIATION INDUSTRIES – APPLICATION

Eric Russo, Counsel for Triple Five was present to represent the applicant. Triple Five is seeking a mortgage recording tax exemption, a sales tax exemption and a PILOT Agreement for the Dowling College site in Shirley. Triple Five is scheduled to close on the property through Bankruptcy Court in August. Triple Five is requesting a public hearing and a tentative approval from the IDA. This is a for-profit entity looking to develop a research / technology / aviation use for the property, similar to Dowling. The current zoning is appropriate.

Twenty to thirty employees are expected. Mr. Weir noted that both Suffolk County IDA and the Brookhaven IDA have bonds outstanding for Dowling.

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

CEO'S REPORT

Prevailing Wage

Ms. Mulligan informed the Board that there have been a few meetings held about the possibility of a requirement that projects going through an IDA must pay prevailing wage. Mr. Weir noted that this not a requirement for state entities such as the Dormitory Authority of the State of New York, Empire State Development or the New York State Energy Research and Development Authority. The IDA has a Prevailing Wage Policy in place for tax exempt bond projects.

Blair / HSM

A letter was sent by Blair / HSM, an aerospace manufacturer located on Horseblock Road in Medford, requesting assistance with \$100,000 in building renovations. They have 45 employees in Medford and an additional 16 in North Carolina. They have space in their North Carolina facility to relocate operations there and were recently purchased by an Italian company. The company would like to remain in Medford and stated that they use a lot of local companies in their supply chain. This is a longstanding company that purchases 80% of its materials; of that

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80%, 50% comes from Long Island. The Board requested more information on this possible retention project.

Long Island Business Development Council (LIBDC) Montauk Conference

The annual Long Island Business Development Council (LIBDC) conference at the Montauk Yacht Club will be held September 26th through September 28th. The Agency has sponsored this conference in the past at a rate of \$5,000.

Mr. Callahan made a motion to sponsor this conference for \$5,000. The motion was seconded by Ms. Scheidt and all voted in favor.

Wincoram – Insurance

Ms. Mulligan informed the Board that there are two subtenants at Wincoram that do not want to carry insurance that names the IDA. Wincoram has said these tenants were unaware of these requirements when they signed the contracts. Mr. Weir detailed the insurance that is required. The Board directed Ms. Mulligan to send a letter to Wincoram with a copy to Gwen O’Shea at the Community Development Corporation stating that this is a requirement that they must comply with or benefits will be revoked.

Quality King

Mr. Weir explained that when the industrial park was built, there was a sewer pumping station at the bottom corner of the lot where Quality King is located that covers the entire park. There was an agreement in 1990 that Suffolk County Sewer District #7 was supposed to take title of this station for \$1 but never did. The County is now saying the agreement has expired and they want to terminate the sewer system. The County has been operating and charging business owners for this service for several years. Attorneys for Quality King are fighting this decision.

Mr. Kelly excused himself from the meeting at 1:48 P.M.

Framerica

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Framerica informed the Agency that they are planning a 1.2 megawatt solar installation on the roof of their facility. They are not seeking benefits, only permission to have the panels installed. Ms. Mulligan has explained to Framerica that if they do not seek benefits through the IDA they will see an increase in their PILOT.

The motion to allow this solar installation was made by Mr. Callahan, seconded by Ms. Scheidt and unanimously approved.

Office of State Comptroller's Annual Report on New York State IDAs

This report was included in the meeting packets for the Member's review.

Website

The new website is close to going live. New bios were requested from the Members.

The motion to close the meeting at 1:56 P.M. was made by Mr. Pollakusky and seconded by Ms. Scheidt. All voted in favor.

The next IDA meeting is scheduled for Wednesday, August 15, 2018 at 7:45 A.M.