

TOWN OF BROOKHAVEN
INDUSTRIAL DEVELOPMENT AGENCY

MEETING MINUTES

OCTOBER 25, 2017

MEMBERS PRESENT: Frederick C. Braun, III
Martin Callahan
Felix J. Grucci, Jr.
Michael Kelly
Scott Middleton

EXCUSED MEMBERS: Gary Pollakusky
Ann-Marie Scheidt

ALSO PRESENT: Lisa M. G. Mulligan, Chief Executive Officer
Lori LaPonte, Chief Financial Officer
James M. Tullo, Deputy Director
Annette Eaderesto, Counsel
William Weir, Nixon Peabody, LLP
Howard Gross, Weinberg, Gross & Pergament (via phone)
Jocelyn Linse, Executive Assistant
Drew Presberg, Law Offices of Andrew Presberg, P.C.
Alan Wax, Wax Words, Inc.
Carl McGowan, Newsday
Victor Ocasio, Newsday

Chairman Braun called the meeting to order at 12:11 P.M. on Wednesday, October 25, 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 SEPTEMBER 20, 2017

The Minutes of September 20, 2017 were previously sent to the Members for review. The motion to approve these Minutes as presented was made by Mr. Grucci and seconded by Mr. Kelly. All were in favor.

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

CFO'S REPORT

IDA Meeting
October 25, 2017

Ms. LaPonte presented the Operating Statement for September 30, 2017. Income from termination fees was recorded; expenses for the month included a partial payment to DCI for the Amazon RFP project. All payroll taxes, retirement and deferred compensation payments have been paid in full. There was no activity in the Ronkonkoma Hub escrow account. Mr. Braun noted that closing fees were received in October for the Ronkonkoma Hub and J-Power projects.

The motion to accept the Operating Statement for September was made by Mr. Grucci, seconded by Mr. Callahan and unanimously approved.

2018 Budget

Ms. LaPonte presented the proposed budget for 2018. Since last month's meeting, the budget is now net positive after reviewing projected revenue. Ms. LaPonte added that this is a very conservative estimate.

Mr. Grucci made a motion to accept the proposed budget for 2018. The motion was seconded by Mr. Kelly and all voted in favor.

VISTAS OF PORT JEFFERSON – RESOLUTION

Ms. Mulligan presented the resolution for this senior housing development to be located on Bicycle Path in Port Jefferson Station. A second public hearing was held due to an increase of sales tax exemption requested. There was no comment received at the first public hearing; the Superintendent from Comsewogue School District attended the second hearing but had no comment. The cost benefit analysis was included in the meeting packets.

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

DUKE ENERGY

IDA Meeting
October 25, 2017

The public hearing for this project was held this morning. Christopher Shishko, the attorney representing the Shoreham-Wading River School District attended; his only comment was that the IDA staff has responded quickly and cooperatively to any information requests he has made. The cost benefit analysis was included in the meeting packets. Invenergy will continue to own the project until construction is complete, at which point Duke Energy will take ownership.

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

WHTB GLASS – RESOLUTION

The public hearing for this project was held this morning with no comment received. WHTB, based in China, plans to construct an approximately 44,000 square foot building in the Shirley Industrial Park at a cost estimated to be between \$18.9 and \$20 million.

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

CEO'S REPORT

Quality King Distributors (QKD)

Mr. Weir advised the Members that Quality King is looking to re-finance their existing mortgage, add a new mortgage and perform a small buildout of their mezzanine space. The current PILOT for QKD expires in 2026; they are requesting that the PILOT be extended until 2030 so that it will end with their financing.

Ms. LaPonte excused herself from the meeting at 12:24 P.M.

The new mortgage is expected to be approximately \$50 million; there is an existing \$35 million mortgage. A mortgage recording tax exemption is being requested on the new money. The buildout of the mezzanine is needed to accommodate the additional 40

IDA Meeting
October 25, 2017

employees of Perfumania whose headquarters is relocating here from Florida after their bankruptcy proceedings.

The motion to accept the letters submitted in lieu of an application and schedule a public hearing was made by Mr. Grucci and seconded by Mr. Kelly. The motion passed with Mr. Braun abstaining.

Frank Lowe Rubber & Gasket

Ms. Mulligan and Mr. Tullo met with Brian Atkins, President of Frank Lowe Rubber & Gasket in Shirley. Frank Lowe is requesting a five-year extension of their PILOT Agreement. Mr. Atkins detailed the factors involved with this request including the increase in the minimum wage and a slow recovery from the recession. The company is considering relocating to South Carolina, where economic development officials have put together an incentive package. There are 70 employees at the facility; 38 are employed by Frank Lowe, the rest are employed by their subtenant, Luitpold.

Recapture clauses in the lease agreement would require the company to commit to staying for the term of the agreement and keep a certain number of employees or the benefits would be recaptured. Mr. Grucci made a motion to extend the PILOT for Frank Lowe for five years with 20% increases every year and require they keep a base of 70 employees in the building. The motion was seconded by Mr. Callahan and unanimously approved.

The meeting was paused at 12:37 P.M., it resumed at 12:45 P.M.

PRESENTATION – DREW PRESBERG

Mr. Presberg represents the potential buyers of One Corporate Drive in Holtsville, the former IRS building. The buyer plans to convert the building from office space to an industrial multi-user building. The Board declined a request for potential benefits on this property as a spec building last month. Mr. Presberg asked that the Board reconsider and suggested that if at least half of the building were not rented out within two years of

IDA Meeting
October 25, 2017

closing the benefits would end. The 50,000 square foot vacant building has been in foreclosure for some time. Mr. Presberg stated that every other IDA on Long Island approves spec projects and all have been quite successful. Mr. Kelly suggested the benefits go into effect when the building is occupied; Mr. Presberg responded that the benefits are needed to develop it.

Construction on the building to convert it to industrial space is expected to be approximately a year. Mr. Grucci voiced some concerns on the merits of granting benefits when the end user has not been identified. Mr. Presberg replied that it is no different than a hotel or housing project.

At 1:00 P.M. Mr. Middleton excused himself from the meeting.

Mr. Weir provided some details on spec projects that other IDAs have approved. All of these projects have Recapture Agreements in place; to date none have required a clawback of benefits.

Ms. Eaderesto and Mr. Presberg left the meeting at 1:03 P.M.

The Members decided to allow the applicant to submit a formal application. If there are no tenants within two years the benefits will end. Ms. Mulligan noted that the Uniform Tax Exemption Policy (UTEP) addresses spec buildings.

Marketing

The Marketing Committee met twice with respondents to our requests for marketing proposals. Much information was received, another meeting will be set in the next couple of weeks.

Stony Brook University Letter

IDA Meeting
October 25, 2017

A letter was received from Stony Brook University inviting the Members to a CEO Dinner and Entrepreneur's Edge event on November 14th at the Wang Center. The IDA was one of the founding sponsors of this program.

American Organic Energy

This project is not closing this year due to delays with LIPA approvals. A public hearing was held this morning with no comment received.

Ronkonkoma Hub

The groundbreaking for this project is scheduled for October 31st from 9:30 A.M. to 1:30 P.M.

Authority Budget Office (ABO) Report

A recent report from the Authority Budget Office (ABO) was included in the meeting packets. The recent audit of two of our terminated projects is included.

Anorad Building

Ms. Mulligan informed the Board that there is a company potentially interested in this vacant 130,000 square foot building in Shirley.

PRESENTATION – ALAN WAX

Long Island Business News ran a story on the NAA (also known as Hampton Air) application and there has been much press on the Amazon RFP that was handled by the Town and DCI. Our Facebook page has been viewed over 900 times. A press release on the Ronkonkoma Hub is waiting for approval. An advertisement was placed in the New York Real Estate Journal to accompany a profile that featured Ms. Mulligan.

CEO Breakfast

The annual CEO Breakfast is scheduled for November 1st at the Courtyard by Marriott in Ronkonkoma. All were invited to attend.

IDA Meeting
October 25, 2017

December Meeting

The December dinner meeting will be held on December 6th at Old Fields Restaurant in Port Jefferson.

The motion to close the meeting at 1:39 P.M. was made by Mr. Grucci and seconded by Mr. Kelly. All were in favor.

The next IDA meeting is scheduled for Wednesday, November 15, 2017.