

TOWN OF BROOKHAVEN
INDUSTRIAL DEVELOPMENT AGENCY

MEETING MINUTES

FEBRUARY 8, 2010

MEMBERS PRESENT: Frederick C. Braun, Chairman
Ann-Marie Scheidt
Peter G. Moloney
Ron LaVita
John Rose
Joseph R. Kessel, Jr.

EXCUSED MEMBER: Vincent R. O’Leary

ALSO PRESENT: Lisa M. Giannusa, CEO
James Ryan, CFO
Annette Eaderesto, IDA Counsel
William Weir, Esq., Nixon Peabody
Howard Gross, Esq., Weinberg, Gross & Pergament LLP
Jim Morgo, Economic Development

INVITED GUESTS: Lee Browning, Sayville Browning Properties
J. Timothy O’Shea, Certilman Balin (Pinnacle)
Viral H. Patel, Manager Pinnacle Hotels, LLC
Advance Pharmaceutical Inc. Representatives:
Tasrin Hossain, President
Liaquat Hossain, Vice President
Vinson J. Friedman, Esq., Berkman, Henoch, et al.

Chairman Braun brought the meeting to order at 11:10 A.M. on Monday, February 8, 2010 at Brookhaven Town Hall, One Independence Hill, Farmingville, NY in the Town Council Work Session Room on the Third Floor. (This was a luncheon meeting.)

It was decided to deviate from the regular Agenda items in order to accommodate our guests who were presenting their project applications for Recovery Zone funds.

SAYVILLE BROWNING ENTERPRISES

Lee Browning was introduced and spoke about his “extended stay” hotel project in Ronkonkoma (Exits 60-61). His existing hotel will re-open on February 16, 2010, now

that all required renovations and upgrades have been completed. The upgraded Sewage Treatment Plant will be able to handle both the Marriott Courtyard and the newly proposed 122-Suite Hilton Homewood Hotel which is directly behind the Courtyard. This new hotel will complete the site. Mr. Browning provided illustrations of the Homewood Suites, along with the Architectural Site Plan. The proposed loan amount would be \$16,458,187.50. After answering questions posed by the IDA members, Mr. Browning was excused.

PINNACLE HOTEL

J. Timothy Shea, representing Viral H. Patel, Manager of Pinnacle, discussed the proposed 7-story, 200-Room Hotel and Convention Center in Yaphank. This project is scheduled to be on the Town Board Agenda tomorrow evening (subsequently tabled). Pinnacle is anticipating site plan approval and other permits. Mr. Shea explained that Natcon Industrial's 30 sub-divisions were initially approved in the late 1980's, and another four were approved in 1996. Only twelve of the 34 were developed because of lack of services in the immediate area, making it clear that this project is strongly needed. Brookhaven National Labs (BNL) has been funded for two expansions on the current site. They claim that the 2,500 visiting scientists per year will grow to 9,000 visitors once the improvements to the Lab are completed. BNL has been looking for a place to hold conventions locally as now they are being held in New York City and Port Jefferson at Danford's Hotel. Keeping conventions in the Yaphank community will help the local economy and provide additional tax revenues. With the new hotel and convention center and the current IDA approved package, economic benefits could be \$16 million over 100 years. It is anticipated that the break-even point would be Year -18. Two hundred construction jobs will be created to complete the project in 18-24 months. Eighty-five permanent jobs will be realized, as well as seasonal and part-time hires – all at the prevailing wage and higher. Pinnacle would act as the economic spur and anchor for the rest of the site and will encourage others to move into this area. Pinnacle is hoping to receive as much of the Recovery Bond funds (estimated to be about \$27.8 million) as possible.

Mr. Shea was thanked for his presentation and excused at 11:25 A.M.

ADVANCE PHARMACEUTICAL, INC.

Mr. Friedman, the attorney for Mr. & Mrs. Hossain, made a presentation on behalf of Advance Pharmaceutical for IDA funding. This is a registered Minority and Woman-owned enterprise; they manufacture over-the-counter drugs and also some private-label medicines. Mr. Friedman started by thanking our IDA CEO, Lisa Giannusa, for helping to move the process along so quickly with their initial meeting last week to appearing here today before the Board. Advance incorporated in 1987 in Ronkonkoma. The site was 7,500 square feet and they had 5 full-time employees; they now have 38,000 square feet and 75 full-time employees, with \$12 million in gross sales. They have been looking for well over a year to relocate to a larger site. The property at 100 Corporate Drive in Holtsville (the old Hermetic Aircraft site, a former IDA project) will suit their needs. When they acquire the new building, they will venture into the prescription drug area. They do business with all 50 states mainly through wholesale distribution. The FDA requires a separate devised area for prescription drugs. Advance projects ten new employees each year over the next three years. Aside from being FDA-approved, they are members of the American Pharmaceutical Association. Mr. Friedman stated that their manufacturing, distribution and clerical employees are all from Suffolk County. They claim that the \$3.15 million purchase price of the building is being taxed at \$7 million and has been a cause for concern. They said the amount of space they will have in Holtsville may be enough for their operation today, but they do plan to expand in the future, depending on the amount of IDA financing they receive.

Mr. Ryan does not know if their property has been over-assessed or not. He will look into the matter and if a grievance is necessary, he will handle the process.

The presentation ended with both Mr. & Mrs. Hossain addressing the Board. They stated that the lack of space in their existing building was preventing them from having more customers and more sales.

At 11:40 A.M., Mr. Friedman and his clients were excused.

Mr. Braun said that Advance Pharmaceuticals may not be eligible for stimulus allocation funds. Mr. Weir said there would be more flexibility with recovery funds as \$3 million in rehabilitation would be necessary for this project. This was discussed at length with Messrs. Weir and Ryan. Mr. Ryan was concerned that if they, in fact, failed to submit a

grievance, they may have lost their right to a reduction. He also thought that the current tax bill would probably stand, but will check for clerical errors.

At 11:45 A.M., the regular Agenda resumed.

MINUTES OF DECEMBER 7, 2009

These Minutes were reviewed and the motion to accept them was made by Mr. LaVita, seconded by Mr. Rose, and unanimously approved.

Ms. Giannusa asked the members to thoroughly review all Minutes for accuracy. These will be posted to our new website. Also, it was mentioned that under the PAAA, drafted Minutes have to be posted to the website two weeks after the meeting, and Executive Session Minutes one week after the meeting.

MINUTES OF JANUARY 11, 2010

These were also reviewed and, after noting a minor correction on Page 2, the motion to accept them was made by Ms. Scheidt, seconded by Mr. Moloney, and unanimously approved.

TREASURER'S & CFO'S REPORTS

In Mr. O'Leary's absence, our CFO, Jim Ryan, presented both reports. Mr. Ryan presented the Operating Statement for December 2009, now amended to show the updated activity in all our accounts. The Operating Statement for January 2010 is an estimation; the final calculations will be reported at the March meeting once all the bank statements have been received.

PILOTS:

Quantronix is still delinquent in paying their current PILOT and second half of 2008-2009 tax lien year. It was said that we may have to sue them and terminate this project. Also, a lien will have to be put upon their property. Mr. Weir added that if the IDA chose not to sue, that each taxing jurisdiction has the right to sue separately. Ms. Eaderesto suggested that we bring in those companies that are in default to question what their issues are, or send default letters telling them the IDA is pursuing all remedies. Mr. Gross, Ms. Eaderesto and Mr. Ryan will handle the Quantronix situation as it is a

contractual breach. They will report back next month. Mr. LaVita suggested that the IDA prepare a strong letter so they know the ramifications of not complying.

Mr. Ryan provided a letter sent by the NYS Department of Taxation and Finance indicating that the Town of Brookhaven IDA owed \$195,396.00 for the “Cost Recovery Tax Assessment on Industrial Development Agencies”. He will be writing back asking for a review as he believes the assessment chargeable to the IDA was not accurately calculated, inasmuch as it was based on an income amount that erroneously included PILOT bills and not for Agency fee income.

The Resolution Authorizing Transfer of Funds from the Bank of America to the Suffolk County National Bank for all IDA Accounts was made by Mr. LaVita, seconded by Mr. Moloney and unanimously approved. Ms. Eaderesto will prepare a formal Resolution.

Regarding the Industrial Access Program, Mr. Parr has sent a check for the current amount and will pay the balance owed by the end of the year.

Mr. Ryan ended his report by saying he will be paying \$600 for the LIBDC Annual Membership Dues, which includes the cost of the dinner this evening.

The motion to accept the CFO’s report was made by Ms. Scheidt, seconded by Mr. Rose, and unanimously accepted.

CEO’S REPORT

Ms. Giannusa discussed the American Recovery & Reinvestment Act (ARRA) and included the Application and Rider in the members’ packets, along with a press release. The Application is the same as the IDA Financial Assistance Application. She explained that ARRA funds would be for community projects and private activity IDA bonds. She reported that she has received three applications to date. Unused funds may be allocated back to the State if not used by December 31, 2010. Governmental bonds must be issued before January 1, 2011. Ms. Giannusa reported that there has been a huge amount of activity and asked for some recommendations for the March meeting. Regarding BNL’s internal projections about visitorship, Ms. Giannusa asked Ms. Scheidt to check for

accuracy. Ms. Giannusa also asked for some recommendations for ARRA funds for the next meeting. Mr. Morgo added that with the cost/benefit analysis, salaries would also be important to consider for these funds. National Grid and LIPA were discussed as possible users of these bonds. Ms. Giannusa reported that instead of the 17 recovery zones designated earlier, the entire Town would be eligible for recovery zone funds.

PAAA Training Program Report

Mr. Braun cited several steps that need to be taken to come into compliance. He was concerned since the Treasurer and CFO probably should not be on the Audit Committee. Mr. Weir said the Finance Committee and Audit Committee needs to be kept separate. The Treasurer can be on the Finance Committee. A Resolution to formalize a Finance Committee needs three Board members and they have to be independent.

**Members for the Finance Committee: Fred Braun
Joseph Kessel
Vincent O’Leary
Peter G. Moloney**

The motion to approve the above members for this committee was made by Mr. LaVita, seconded by Mr. Rose, and unanimously approved. A formal resolution will be prepared by Ms. Eaderesto.

Mission Statement

The Mission Statement is being developed

Self Evaluations

Mr. Braun said that the Board members would have to complete self-assessments regarding performance. There are 25 questions (some on ethics) to be answered fully by the Board members for completion of the Self-Evaluations portion.

By-Laws

Mr. Braun asked that the members review the By-Laws and report back at the next meeting.

Mr. Weir said the PAAA is looking at procedures, more so than substance. It was stated at this time that John Rose still has to be certified through the PAAA.

Greater Brookhaven Chamber of Commerce Grant Request

On April 15th, the Member of the Year Award winner will receive \$1,000 and it was asked of the IDA to consider co-sponsoring the event by giving \$500 toward the award. Ms. Giannusa found that the IDA cannot use public funds for an award, but we can buy an ad in their journal. This would be appropriate as a marketing expense.

Local Development Corporation

Ms. Eaderesto found that the Town's LDC is still in existence and viable. Mr. Weir will examine the Certificate of Incorporation. LDCs have the ability to issue bonds for tax-exempt, non-profit corporations, such as Alternatives for Children. Mr. Weir explained how it was made up (Town of Hempstead) and who it consisted of: the residents of the Town simply adopted a resolution. Mr. Weir added that since there is no money now in our LDC, it would be better to re-start a new one. Otherwise we would have to go to the Legislature and it would take about a year as it's a very cumbersome action.

After Mr. Morgo offered some pertinent information on this issue, Mr. Braun introduced him and gave some details of Mr. Morgo's background and his involvement in Economic Development. Mr. Morgo then explained how he came to work for the Town of Brookhaven. Mr. Morgo was the Chairman of Mark Lesko's Transition Team and he agreed to work for the Town on a part-time basis. He has been here for two weeks and his main focus is on Economic Development and working with the Recovery Zone Bond Program. Ms. Giannusa shared how happy she is to have him with us as he has a wealth of information.

Website Update

Ms. Giannusa reported that the Town took down the IDA links due to an inability to update the information on the site, but they are trying to build a new website for us. If the Town is unable to build the IDA a new site, proposals will be requested, as the site must be operational as soon as possible.

Country View Estates at Ridge

They have not yet sent in their application for this project. It is a 135-unit multi-

housing residential project. These units will be rentals, with the potential to become condos, and is a Workforce Housing project.

OTHER

Governance Committee Meeting to take place on February 25th at 11:30 A.M.

Ms. Scheidt and Messrs. Braun, Kessel and Rose will attend; Mr. LaVita will be unable to make this meeting.

LIA Annual Luncheon on February 26, 2010.

Lenders' Roundtable on March 3, 2010 at 9:00 A.M. Bank representatives will learn what their role is in Recovery Bonds.

NYSEDC's 2010 Annual Meeting at Cooperstown on May 26-28, 2010.

EXECUTIVE SESSION

At 12:45 P.M. the motion was made to go into Executive Session. The purpose was to discuss potential litigation.

At 1:00 P.M., the IDA came out of Executive Session; no action was taken, and the meeting was adjourned.

The next meeting is scheduled for Monday, March 15, 2010.

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