

TOWN OF BROOKHAVEN  
**INDUSTRIAL DEVELOPMENT AGENCY**

MEETING MINUTES

SEPTEMBER 12, 2011

MEMBERS PRESENT: Frederick C. Braun, III, Chairman  
Gasper C. Celauro  
Joseph R. Kessel, Jr.  
Ronald J. LaVita  
John Rose  
Ann-Marie Scheidt

EXCUSED MEMBER: Peter G. Moloney

ALSO PRESENT: Lisa M. G. Mulligan, Chief Executive Officer  
Howard Gross, Weinberg, Gross & Pergament  
Jocelyn Brinka, IDA Assistant

Chairman Braun opened the meeting at 8:04 A.M. on Monday, September 12, 2011, in the Work Session Room on the Third Floor of Brookhaven Town Hall, One Independence Hill, Farmingville, New York.

**MEETING MINUTES OF AUGUST 22, 2011**

The Minutes of August 22, 2011 had previously been sent to the Members for review. The motion to approve these Minutes as presented was made by Ms. Scheidt, seconded by Mr. LaVita and unanimously approved.

**CFO'S REPORT**

Mr. Ryan was unable to attend the meeting due to a conference in Buffalo, NY; Mr. Braun presented the CFO's Report in his absence. Ms. Mulligan informed the members that since the meeting had been moved up a week not all bank statements arrived in time to be included. The Operating Statement will be amended next month. Mr. Braun

informed the Board that he performed some internet research on Suffolk County National Bank (SCNB) and LPL Financial. LPL is a very large organization that performs investment services for banks nationally and worldwide. There does not appear to be any reason for concern regarding LPL. Mr. Braun noted that SCNB has not issued a press release since August 15<sup>th</sup>, they have not yet restated their first quarter earnings and they recently hired a new Trust Officer. TD Bank and Bridgehampton National Bank were discussed as possible options for a new location for IDA funds if it is determined that the IDA funds need to be moved from SCNB. Mr. Braun reiterated that the IDA funds are protected. Ms. Scheidt inquired if the IDA funds are held by LPL. Mr. Braun responded that our investments are actually held by M & T Bank, where we have a custodian account. Ms. Mulligan informed the Board that we are still waiting on a PILOT payment from Drive Train and that she will be contacting the company again.

A motion to accept the CFO's Report was made by Mr. Rose and seconded by Ms. Scheidt. All were in favor.

### **QUALITY KING RESOLUTION**

Ms. Mulligan presented a resolution approving the acquisition, installation and equipping of solar panels for Quality King Distributors. Mr. Braun has had a few conversations with the attorney for Long Island Solar who is performing the installation regarding Quality King's cost benefit analysis/decision for investing \$14.5 to \$16 million to install these panels on their facility. Ms. Mulligan has also spoken with Long Island Solar to explain IDA procedures. The representative from Long Island Solar does not think Quality King will be paying the full amount in the end; with tax credits and incentives it should be much less. The Agency fee of roughly \$80,000 will be based on the full amount, as will the sales tax exemption. According to the IDA application from Quality King, it is projected that the installation of these solar panels will provide 60% of the required power for the plant.

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

### **STAFFORD ASSOCIATES – RESOLUTION**

Mr. Gross explained the details of the Employee Stock Option Plan (ESOP) that Stafford Associates is trying to put in place so that their company will be owned by their employees. Stafford has experienced some difficulties getting this approved with the Small Business Administration (SBA). In order for the current owners, Ken and Dolores Stafford, to transfer their shares of the company to a trust they need the permission of the IDA, Suffolk County National Bank (SCNB) and the SBA. The SBA has refused to grant a waiver approving this request. Stafford's attorneys have developed a new plan where, basically, another company will be formed and the employees from Stafford will be shifted into the new company. Ken and Dolores Stafford will own the new company and this is where they will set-up the ESOP plan. The employees will then be rented back to Stafford. Ultimately, Ken and Dolores Stafford would reacquire 45% of the company at a later date. Once the SBA loan has been satisfied, they will merge the two companies together. All parties, including the new company, will remain responsible to the IDA; however, the ESOP will not sign a guarantee to the IDA, SCNB or the SBA. Mr. Gross recommends that the Board approve this assuming that all paperwork is in order and all are still liable to the IDA (except for the ESOP), pending approval from SCNB and assurance that this doesn't violate the SBA Agreement. Mr. Braun expressed some concerns that if Stafford overpaid the new company, and eventually a lot of the assets of Stafford end up in the new company, would we have their guarantee and environmental indemnification? Mr. Gross assured the Board that the new entity would be held as responsible as Stafford Associates is with respect to their IDA Agreement. Further discussion followed regarding how much time remains on the SBA loan for this project.

A motion to allow the establishment of the new corporation was made by Ms. Scheidt and seconded by Mr. Celauro. All were in favor.

### **Diam-N-Blu**

Ms. Mulligan received a letter from Sovereign Bank regarding two proposed amendments to the bond for Diam-N-Blu / Blue Diamond Sheet Metal. The first is for a change of control; Mr. Lawless is currently one of the personal guarantors and is selling 25% of his ownership in the company to three individuals who currently own 25% each. Mr. Lawless is also requesting the release of his personal guarantee. The second amendment requested is for Sovereign Bank to provide the permanent financing. Sovereign had provided bridge financing but when the company failed to close on their permanent second mortgage loan with the NY Job Development Authority in the sum of \$1.37 million, it became necessary to refinance the bridge loan. Ms. Mulligan has referred this matter to Mr. Weir for his review. Mr. Braun would like a representation or warranty from Mr. Lawless or the group that to the best of their knowledge there are no environmental issues at the project site. Mr. Gross suggested requesting a Phase 1 environmental study since, theoretically, the IDA could be held liable for environmental issues as the owners.

The Board decided that additional information will need to be gathered before a decision can be made.

### **Amneal Pharmaceuticals**

Ms. Mulligan has been in discussions with Amneal Pharmaceuticals about a potential expansion of their facility on the corner of Sills and Horseblock Roads in the former Arrow Electronics site. They are looking to add an extension to their current building as well as construct an additional building that combined would total 316,000 square feet. This will include a mix of office, manufacturing labs and warehouse space. This is an approximately \$32 million dollar construction project with an additional \$15 to \$20 million in equipment costs. Mr. Braun noted that if this project comes to fruition it could potentially create 350 to 400 new jobs. Ms. Scheidt inquired if this means that Amneal

will be leaving their building in the Hauppauge Industrial Park. Ms. Mulligan replied that it does not appear so although headquarters might move to Brookhaven. There is a meeting scheduled for Friday with representatives from Amneal, the IDA, LIPA, Empire State Development Corporation, as well as the Town's Planning Department and Assessor's Office. Amneal is a certified Empire Zone company and accordingly could be in line for significant benefits.

### **Blue Green Fish Farm**

Ms. Mulligan is expecting an application from Blue Green Fish Farm in the near future. Their project has two phases: phase one entails a 400,000 square foot building to grow hydroponic tomatoes involving \$12 million dollars in construction and equipment costs. Phase two is to build five or six 43,000 square foot buildings at a cost of \$4 million per building to grow fish. Mr. LaVita questioned how many employees a business like this has. Ms. Mulligan responded that the company projects 80 employees at the tomato facility and 5 to 6 employees per fish facility.

### **Caithness**

A press release from Caithness was included in the meeting packets about their second successful year of operation in Yaphank. Mr. Braun noted that LIPA will make their decision by early 2012 as to who will be chosen to construct and run an additional power plant(s).

### **Torino Industrial**

Ms. Eaderesto directed Ms. Mulligan to sign documents related to a road widening dedication for Torino Industrial. These documents were held pending Board approval. This involves dedicating a portion of the property to the Town of Brookhaven for road widening purposes. Torino is unable to get their final Certificate of Occupancy until this matter is settled.

A motion to approve this dedication was made by Mr. LaVita, seconded by Mr. Rose, and unanimously approved.

### **IDA Activity Report**

Mr. Braun put together this document for the Town's bond rating review to detail commercial activity for the year. This information is requested twice a year by the Town's Finance Department. Mr. Gross noticed a discrepancy on the entry for Intercounty; the square footage of the expansion was actually 75,000, not 200,000. Also, the second closing for Long Island Precast has already taken place. Mr. Gross provided the members a brief history on Intercounty.

### **Board Assessments**

The Public Authorities Accountability Act requires that board assessments be completed by the members every year. The assessments for 2011 were included in the meeting packets. The results are then merged and sent to the Authority Budget Office.

### **Long Island IDA Coalition (LIIDAC)**

The Long Island IDA Coalition has requested that all IDAs consider an amendment to their Uniform Tax Exemption Policy (UTEP) to provide for special benefits for technology companies. The LIIDAC feels that if all IDAs amended their UTEP it would have a greater regional impact. Different scenarios were discussed about the structure of PILOT Agreements, as well as what other IDAs have offered to clients.

### **New York State Economic Development Council (NYSEDC)**

At a recent NYSEDC meeting in Saratoga, there was a presentation by the Center for Governmental Research about a cost benefit model they developed for IDAs. Ms.

Mulligan and Mr. Ryan participated in a webinar about this topic. Ms. Mulligan explained that this web-based system incorporates the IMPLAN program to provide the data. Like IMPLAN, this system requires a yearly update and is modified for each IDA. In order for the Center for Governmental Research to recoup the \$45,000 they spent developing this system, the cost would be spread out among the IDAs that choose to participate. For example, if thirty IDAs opt-in to this program the cost would be \$1,500 per Agency. If only three IDAs were to participate, the cost would be \$15,000. Mr. LaVita inquired about the IMPLAN system that was purchased to perform this function. Ms. Mulligan explained that IMPLAN has been very difficult to use and requires a similar yearly updating fee as well. The yearly updating fee from the Center for Governmental Research's CBA is estimated to be roughly \$500 to \$1,000 and the number of projects the IDA completes during the year will play a role in determining the amount. The annual administrative fee of \$1,000 that is being charged to newer projects could help offset this cost. Mr. Braun noted that this new model uses IMPLAN data, but in a much more user-friendly manner. Ms. Mulligan will be contacted by the NYSEDC with a more exact cost once it has been determined. She noted that since it is a web-based system, all Board Members would have access to it. Additional features of this system include the potential to import data directly into the State's PARIS system, and, if the IDA application was completed by the applicant online, the data for the cost benefit analysis would be automatically entered. Mr. Kessel inquired if this system can run current scenarios if an applicant fails to achieve the job creation numbers they projected. Ms. Mulligan replied that this is possible; however, we would need to determine what our threshold is.

### **Long Island Association Luncheon**

Joe Torre and Rudy Giuliani are the featured speakers at the LIA Luncheon on October 11, 2011 at the Cresthollow Country Club. The IDA has purchased tables at this luncheon in the past, but has had difficulty in getting seats filled at the last minute. It was decided that if any members wish to attend, individual tickets will be purchased.

### **Change of Meeting Day**

Mr. Celauro has requested that the Board consider changing the day of IDA meetings from Monday to later in the week. After some discussion, it appears Wednesday would work for the majority of participants. This will be revisited at the October meeting when Mr. Moloney will be in attendance. As this meeting is being held off-site and details have already been confirmed, there will be no change in the regular schedule until after October.

The motion to adjourn the meeting at 9:05 A.M. was made by Mr. LaVita and seconded by Mr. Rose. All were in favor.

*The next IDA meeting is scheduled for October 17, 2011 at Woodcrest Estates.*