

**Nassau County Industrial Development IDA (“IDA”)**

**Board Meeting Minutes**

**April 18, 2019**

**6:30 PM**

I. Board Roll Call

John Coumatos	Present
Amy Flores	Present
Christopher Fusco	Present
Richard Kessel	Present
Anthony Simon	Present
Lewis M. Warren	Present
Timothy Williams	Present

Others Present:

Harry Coghlan	Chief Executive Officer / Executive Director
Danielle Oglesby	Chief Operating Officer / Deputy Executive Director
Joseph Foarile	Chief Financial Officer
Colleen Pereira	Administrative Director
Thomas D. Glascock	Agency Counsel
Andrew D. Komaromi, Esq.	Bond/Transactional Counsel

II. Public Comment Period

A. Public Comment

The meeting was called to order, and Chair Kessel opened the meeting to public comment. There being none, the Chair moved to New Business.

III. New Business

A. Preliminary Resolutions.

a. 275 Oak Drive LLC and Nestle Waters North America Inc.

Edward Capata and Stacy Finkelstein, the applicant’s representatives, along with its counsel Daniel P. Deegan, presented the application to the Board.

The applicant and IDA are parties to a certain Payment in Lieu of Taxes Agreement dated December 30, 2008, for its facility located at 275-280 Oak Drive, Syosset, New York, the term of which is due to expire on December 31, 2019.

The applicant is also party to a 15 year lease of the facility property, with an additional 5 year option to extend the lease term. Given the anticipated costs to make improvements and the anticipated increase in real estate taxes, the Applicant needs additional financial assistance, to induce its exercise of the 5 year option. As such, the Applicant seeks to extend the term of the Payment In Lieu of Taxes Agreement for an additional period of 10 years at the same escalation as the existing PILOT, and exemptions from sales and use taxes with respect to certain renovations and installations needed to bring the facility up to the standards of Nestle Waters North America Inc.'s other facilities. Absent financial assistance, the Applicant would consider relocation to a different county.

The Applicant currently employs 116 full-time equivalent ("FTE") employees at the project facility, and would create not less than 5 additional FTE jobs within 1 year and not less than 11 additional FTE jobs within 2 years after the project's completion. Pursuant to its existing job commitment to the IDA, only 101 FTEs is required.

Total project costs are anticipated to be \$1,235,000. No mortgage recording tax exemption is requested; however, the Applicant will be requesting a sales/use tax exemption in the approximate amount of \$53,259, and a 10-year extension on its existing PILOT payment schedule.

Chair Kessel asked if the facility is solely a distribution facility. The Applicant's representatives responded that it is solely used for distribution, that manufacturing is performed by an affiliate located in Framingham, Massachusetts. That said, it was emphasized that the Applicant would commit to an additional 15 FTE job requirement, from its existing 101 FTE jobs to 116 FTE jobs.

Member Warren then confirmed that given the contemplated Resolution is merely for a preliminary approval, the actual financial assistance that might be awarded would be subject to negotiation by IDA staff.

Member Coumatos then inquired about the Applicant's business growth and operations. The Applicant's representative informed that the Applicant is experiencing growth in its operations, which are regulated.

Member Fusco asked about possible construction at the facility, and was told that none is planned.

Member Williams then moved to adopt the preliminary resolution, which was seconded by Member Flores. The preliminary resolution was approved by a vote of 6 ayes and 0 nays, with Member Coumatos abstaining.

B. Other

None.

IV. Old Business

A. Document Processing

a. Piece Management, Inc.

i. Consent & Amendment Resolution

Counsel Matthew Lamstein, presented the application to the Board.

On March 28, 2018, the IDA passed a resolution to provide financial assistance to the acquisition of an interest in an approximately 1.5 acre parcel of land located at 776-790 Summa Avenue, Westbury, Town of North Hempstead, Nassau County, New York (Section: 11; Block: 328; Lots: 141, 150, 151) (the “Land”), (2) the renovation of the existing approximately 41,000 square foot building (the “Building”) on the Land, together with related improvements to the Land, and (3) the acquisition of certain furniture, fixtures, machinery and equipment necessary for the completion thereof. The financial assistance granted was a PILOT award and sales tax and mortgage recording tax exemptions.

Although the applicant closed on the purchase of the Project location on April 30, 2018, to date it has been unable to perform the required renovations as the Town of North Hempstead has still not issued the necessary building permits. The applicant therefore requests that the IDA consent to an amendment of the lease and the other transaction documents, to allow the applicant to complete the acquisition, construction, installation and equipping of the project facility to on or before October 1, 2019. Two previous extensions have been granted, as of August 31, 2018, and as of November 2018.

No additional Financial Assistance is being requested by the applicant with respect to its request and, therefore, no public hearing of the IDA is required pursuant to Section 859-a of the Act

Chair Kessel asked how long the Applicant wish to extend. Transaction Counsel Andrew Komaromi responded that requested extension is to October 1, 2019.

Member Simon then moved to adopt the consent resolution, which was seconded by Member Flores. The preliminary resolution was approved unanimously.

b. CSH Plainview, LLC

Fred Moon, the applicant’s representatives, along with its counsel Daniel P. Deegan, presented the application to the Board.

The contemplated project concerns the purchase and renovation of an existing approximately 150,000 square foot vacant building previously used as a 170-room residence inn hotel, for conversion to and use by the Applicant as an approximately 111-unit senior (62 and over) residential independent living facility.

The Applicant would create no less than 34 FTE jobs within 3 years after the Project's completion (7 management, 3 administrative, 5 supervisory, and 23 laborer). The Project is expected to create approximately 150 renovation phase jobs.

Total project costs would be \$31,962,518. No mortgage recording tax exemption is requested; however, a sales/use tax exemption in the approximately amount of \$564,722.85 is requested, as is a 20-year PILOT payment schedule.

Daniel Deegan stated that the project is intended to provide more reasonable priced option for independent living, but for it to be economically feasible, the real estate taxes must be stabilized, with a phase-in of the incremental value caused by the intended facility renovation.

Member Fusco asked if the Nassau / Suffolk Building Trades Council have been contacted on the project. Daniel Deegan responded that the intended general contractor (W. Howell) has considerable construction experience, and was directed to contact the Nassau / Suffolk Building Trades Council. He further understood that W. Howell had contacted the Trades Council.

Member Simon then stated that better communication needs to happen, and that there is a need to put on record that an applicant will contact the Nassau / Suffolk Building Trades Council.

Chair Kessel asked about the distinction between independent and assisted living, which Daniel Deegan generally explained. Chair Kessel then confirmed that facility would contain both 1 and 2 bed room apartment, and a restaurant facility.

Member Warren then asked why the request is for a 20 year PILOT, and not a 10 year PILOT. Daniel Deegan responded that this was driven by the very high real estate taxes.

Transaction Counsel Andrew Komaromi then explained that the change in use caused a reassessment of the facility. Therefore, the contemplated PILOT would provide a 3 year freeze, and then would increase 2 annually over the balance of the 20 year PILOT period.

Daniel Deegan then added that the primary value of the contemplated PILOT is the predictability / certainty that it would provide. Andrew Komaromi then added that the contemplated PILOT savings over the 20 year PILOT period would only be a small amount.

Member Coumatos then added that the project would not add school children (none during the 20 year PILOT period), but the community would receive the economic benefit of the anticipated project spend.

Chair Kessel stated that a public hearing was conducted to receive comment on the contemplated project, and that he had spoken with Legislator Drucker and Supervisor Saladino. He also left a message with the School District Superintendent and its attorney. The attorney attended the public hearing, and informed Chair Kessel that he had received his message.

Member Williams mentioned the \$429 million economic benefit anticipated to be caused by the project.

Legislator Drucker then spoke, and stated that Plainview has Plainview already has 4 assisted living facilities, and there are additional such facilities in nearby Jericho. As such, he has concerns with the significant amount of senior housing, and that not enough housing is available for younger and mixed age persons. That said, he understood the bottom line is whether the community receives an economic benefit by a contemplated project. If it does, then he will generally be fine with the project.

Member Williams stated that he understood Legislator Drucker's concerns, but at the same time it is important to preserve our senior population and provide them housing options. And as they move to senior housing, this makes housing available for younger persons and families. And it keeps the young families and their older relatives near each other.

Chair Kessel added that he appreciate Legislator Drucker's involvement.

Member Coumatos moved to approve the following Resolutions:

- i. SEQRA Resolution
- ii. PILOT Deviation Resolution
- iii. Approving Resolution

Member Williams seconded the motion. The Resolutions were approved unanimously.

c. Chair Kessel recognized the presence of representatives from Camoin, and its important work providing economic impact analysis services in connection with contemplated projects. Camoin's principal, John Camoin, then spoke, stating that the firm has performed work for the IDA for almost a decade and over approximately 140 projects. And this industrial development agency was one of the first to do a thorough economic analysis of contemplated projects. Mr. Camoin then added that he is happy to share such additional resources as might be helpful, and to visit again to provide a workshop on economic analysis. He expressed his interest in visiting more frequently, and his appreciation for the opportunity to work with the IDA.

Chair Kessel expressed his interest in a future workshop, and Member Warren affirmed that performing an economic analysis of contemplated projects is critical. He mentioned the RFP the IDA had issued within the past year, and how Camoin was selected as the best firm. Member Warren further stated that a calculated economic benefit caused by a contemplated project is key to judging its merit.

d. Tonsa Automotive Inc., on behalf of its affiliated real estate entity, 83 Harbor, LLC

Leon Bobelian and Michael Bobelian, the applicant's principals, along with its counsel William Cornachio, presented the application to the Board.

The contemplated project concerns the purchase and renovation of an existing approximately 5.16 acre 82,037 square foot facility (comprised of 62,414 square feet of warehouse space and 19,623 square feet of office space), for use as a storage, warehouse, and distribution and fulfillment facility, for Applicant's automotive and truck parts business, with ancillary office space.

The applicant would relocate all of its employees from its existing facility, and retain 52 jobs. However, it is considering the sale of its janitorial supply division to a group of employees; if sold, it would retain 48 jobs. The application would also create not less than 2 additional FTE jobs within 1 year, 4 additional FTE jobs within 2 years, and 6 additional FTE jobs within 3 years following completion of the project. The project is not expect to create construction phase jobs.

Total project costs are expected to be \$14,289,550. The applicants requests a mortgage recording tax of approximately \$49,800 (if applicant secures a loan under the SBA 504 program), a sales/use tax exemption of approximately \$125,000 (which is an increase from the previously requested \$101,700, due to higher equipment costs), and a 20-year PILOT payment schedule. And with the grant of a PILOT, the Applicant's existing tax certiorari proceeds will be withdrawn.

Chair Kessel stated that he had spoken with Town of North Hempstead Supervisor Judy Bosworth, Palma Torrisi (the Village Clerk of Port Washington North), and County Legislator Delia DeReggi-Whitton. William Cornachio then stated that he had also spoken with Legislator Whitton.

Member Williams asked if a a new public hearing was required, given the increase in the requested sales tax exemption. Transaction Counsel Andrew Komaromi responded that a new public hearing is not necessary, as the requested sales tax exemption amount was not included in the public notice. The requested change is less than \$100,000, and given the overall size of the project, de minimis.

Member Warren then stated the project will have a significant economic benefit.

Member Simon moved to approve the following Resolutions:

- i. SEQRA Resolution
- ii. PILOT Deviation Resolution
- iii. Approving Resolution

Member Williams seconded the motion. The Resolutions were approved unanimously

- e. Lifetime Chimney Supply LLC

Abraham Finkler, the applicant's representatives, along with its counsel Daniel J. Baker, presented the application to the Board.

The contemplated project concerns the retention of an approximately 2.87 acre parcel, the renovation of an approximately 25,230 square foot facility for continued use as a manufacturing and warehouse facility for the applicant's business of manufacturing, fabrication, design and distribution of chimney lining systems, and the construction of a new approximately 22,000 square foot, 35 foot high ceiling warehouse facility.

The applicant would retain not less than 35 full-time equivalent jobs and create not less than 4 additional FTE jobs within 1 year and another 4 FTE jobs within 2 years following completion of the project. It is estimated that the project will create approximately 10 construction phase jobs.

Total project costs are expected to be \$2,690,000. The applicant requests a mortgage recording tax of approximately \$12,000, a sales/use tax exemption of approximately \$130,000, and a 15-year PILOT payment schedule. The PILOT schedule would provide for a 3 year freeze, with a 2 percent escalation annually thereafter, and a straight-line phase-in in the assessment amount over the term of the PILOT schedule.

Member Fusco asked if there is a general contractor selected for the project. Counsel Daniel Baker responded in the affirmative, stating that the general contractor is contacting the trades.

Chair Kessel stated his appreciation for the meeting which took place at the facility. He further stated that he is very familiar with the building, and can see the significant growth in the company. Chair Kessel then stated that he has communicated with Nassau County Legislator Drucker, Town of Oyster Bay Supervisor Saladino, and has left a message for the Superintendent of the local school district and has spoken with its attorney.

Member Simon moved to approve the following Resolutions:

- i. SEQRA Resolution
- ii. PILOT Deviation Resolution
- iii. Approving Resolution

Member Fusco seconded the motion. The Resolutions were approved unanimously

B. Other Business

a. Minutes

- i. Approval of March 21, 2019 Meeting Minutes

Member Simon moved to approve the March 21, 2019 minutes. Chair Kessel seconded the motion. The motion carried unanimously.

- ii. Approval of April 1, 2019 Meeting Minutes – tabled to the May 16, 2019 meeting, subject to receipt of comments from Member Williams.

b. Other

i. Resolution to appoint a Director of Business Development / Chief Marketing Officer

Member Simon moved to adopt the resolution authorizing appoint Catherin Fee as Director of Business Development / Chief Marketing Officer. Chair Kessel seconded the motion, and the appointment was approved unanimously.

Following the resolution, Chair Kessel stated that several salary adjustments have been made for staff, and that CEO Harry Coghlan would be circulating information about this to the board. In response, Member Flores communicated that it is important for the board to know the responsibilities and compensation amounts of the staff members.

ii. 2019 PGA Championship Resolution

Member Flores moved to adopt the 2019 PGA Championship Resolution. Member Fusco seconded the motion, and the appointment was approved unanimously.

iii. Resolution to Authorize the Procurement of Office Equipment

Member Simon moved to adopt the resolution authorizing the procurement of office equipment. Member Warren seconded the motion, and the appointment was approved unanimously.

iv. Aceto.

Chair Kessel described Aceto's status as an existing client of the IDA, but that it has filed for bankruptcy. Cordial discussions have taken place with representatives of Aceto and the intended purchaser in bankruptcy, and the IDA will take steps to recapture funds. That said, because Aceto is an important employer, the IDA has (as indicated) participated in the bankruptcy proceedings and is communicating with the intended purchaser to help preserve or even enhance operations and jobs.

Counsel Andrew Komaromi then informed that this is a Chapter 11 filing, and that there will be a court ordered sale of assets. The intended purchaser is a private equity firm, and the sale must take place by April 29, 2019. As stated, the IDA intends to pursue a recapture of the financial assistance given.

v. Solar Panel Lease (Steel Equities).

Counsel Andrew Komaromi informed that Steel Equities has submitted a request for the IDA to consent to permit the sublease of a portion of the facility's roof space for the installation of solar panels. He recommended that the matter be handled at the staff level.

IV. Bills and Communications

Chairman Kessel reported that there were no bills or communications to report.

V. Committee Reports

Chairman Kessel reported that there were no committee reports to be given.

VI. Unfinished Business

None.

VII. Treasurer's Report

Joseph Foarile, the IDA's Chief Financial Officer, presented IDA's year to date financial statements to the board.

VIII. Governance Matters

A. Governance Resolution to Amend the Employee Benefits Handbook

Chair Kessel described certain termination payments in the approximate amount of \$350,000 made during January 2018, without board approval. However, no terminations happened at that time. He described the sum as a significant amount of money, and stated that termination payments should only be made when terminations happen. He further stated that it is significant that the prior IDA board did not take action, and that it is important that the IDA be transparent and that it maintain the public trust. The IDA must make certain that a similar action never happens again.

Member Simon moved to adopt the resolution authorizing amendment of the IDA's Employee Benefits Handbook. Member Flores seconded the motion, and the appointment was approved unanimously.

Member Warren recommended that there be an annual discussion of staff matters, and that each staff member acknowledge by written signature his or her receipt of the Employee Benefits Handbook.

Member Flores then made a motion from the floor that the IDA board convene the meeting into executive session pursuant to NY Public Officers Law Article 7, Section 105(f) for the purpose of discussion the medical, financial, credit or employment history of a particular person or corporation, or matters leading to the appointment, employment, promotion, demotion, discipline, suspension, dismissal or removal of a particular person or corporation. Member Simon seconded the motion, and the resolution was approved unanimously.

The Meeting reconvened, following executive session. Chair Kessel then reported that IDA counsel will be working with the IDA's CEO Harry Coghlan to review the termination payments matter.

IX. Adjournment

Chairman Kessel noted that the next IDA meeting is scheduled for May 16, 2019, at 6:30 pm. Chairman Kessel thanked the staff for putting the agenda together.

A motion to adjourn was made by Member Williams, which was seconded by Member Simon. The Resolution was approved unanimously.