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TOWN OF BROOKHAVEN
LOCAL DEVELOPMENT CORPORATION

- - - - -x

BOARD MEETING

- - - - -x

One Independence Hill
Farmingville, New York

September 27, 2022
12:34 p.m.

TRANSCRIPT OF PROCEEDINGS

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A P P E A R A N C E S :

MEMBERS :

FREDERICK C. BRAUN, III
MARTIN G. CALLAHAN
FELIX J. GRUCCI, JR. (VIA ZOOM)
MITCHELL H. PALLY
GARY POLLAKUSKY
FRANK C. TROTTA

ALSO PRESENT :

LISA M.G. MULLIGAN, CHIEF EXECUTIVE OFFICER
LORI J. LaPONTE, CHIEF FINANCIAL OFFICER
JOCELYN LINSE, EXECUTIVE ASSISTANT
TERRI ALKON, ADMINISTRATIVE ASSISTANT
AMY ILLARDO, DIRECTOR OF MARKETING
ANNETTE EADERESTO, ESQ., CORPORATION COUNSEL
WILLIAM F. WEIR, ESQ., NIXON PEABODY
HOWARD R. GROSS, ESQ.,
WEINBERG GROSS & PERGAMENT, LLP

* * *

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MR. BRAUN: It is Tuesday,

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September 27th. It is 12:34. The following

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board members are present: Mr. Callahan,

5

welcome back Mr. Pally, Mr. Pollakusky,

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Mr. Trotta, Mr. Braun. A quorum is present.

7

The minutes of our meeting of

8

August 17th have been sent to everyone.

9

Does the board have a motion?

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MR. POLLAKUSKY: So moved.

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MR. BRAUN: A second?

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MR. TROTTA: Second.

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MR. BRAUN: Questions or corrections?

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(No response.)

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MR. BRAUN: Hearing none, on the vote,

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Mr. Callahan?

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MR. CALLAHAN: Yes.

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MR. BRAUN: Mr. Pally?

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MR. PALLY: I will recuse myself since

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I was not here.

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MR. BRAUN: Thank you.

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Mr. Pollakusky?

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MR. POLLAKUSKY: Yes.

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MR. BRAUN: Mr. Trotta?

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MR. TROTTA: Yes.

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MR. BRAUN: Mr. Braun votes yes. The motion carries.

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Lori, I'll turn it over to you.

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MS. MULLIGAN: I'm actually going to ask if I can take one item out of order.

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MR. BRAUN: Sure.

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MS. MULLIGAN: Just so that Mitch is official, I was thinking we should pass the resolution updating our slate of officers and also the Governance, Audit and Finance committees.

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14

So the only change to the slate of officers --

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MR. GRUCCI: Hello?

I'm sorry, can you guys hear me?

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MR. BRAUN: Thank you.

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MR. GRUCCI: I'm sorry, yeah, you couldn't hear me before. Thank you.

20

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MR. BRAUN: Let the record show that Mr. Grucci has joined the meeting.

22

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MR. POLLAKUSKY: Do we need a motion to --

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MS. MULLIGAN: To add Mitch to the slate of officers, thank you, Gary.

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MR. POLLAKUSKY: I make the motion.

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MR. BRAUN: Is there a second?

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MR. TROTTA: Second.

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MR. BRAUN: Questions?

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(No response.)

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MR. BRAUN: Mitch was with us a number of times, as you probably know, probably last somewhere around 2005, so . . .

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MS. MULLIGAN: Marty made the second?

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MR. CALLAHAN: No.

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MS. MULLIGAN: Frank made the second.

13

Okay, thank you.

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MR. BRAUN: Mr. Callahan?

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MR. CALLAHAN: Yes.

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MR. BRAUN: Mr. Grucci?

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MR. GRUCCI: Yes.

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MR. BRAUN: Mr. Pollakusky?

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MR. POLLAKUSKY: Yes.

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MR. BRAUN: Mr. Trotta?

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MR. TROTTA: Yes.

22

MR. BRAUN: Mr. Braun votes yes.

23

The motion carries.

24

MS. MULLIGAN: Thank you.

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MR. CALLAHAN: Welcome aboard.

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MR. PALLY: Thank you.

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MS. MULLIGAN: We also appoint everyone -- Mitch was just added as a member. We also appoint everybody to our Governance, Audit and Finance committees, so you'll be on all of those committees.

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MR. PALLY: Okay.

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MS. MULLIGAN: Do we have a motion?

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MR. CALLAHAN: So moved.

11

MR. BRAUN: Second?

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MR. POLLAKUSKY: Second.

13

MR. BRAUN: Questions?

14

(No response.)

15

MR. BRAUN: On the vote, Mr. Callahan?

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MR. CALLAHAN: Yes.

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MR. BRAUN: Mr. Grucci?

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MR. GRUCCI: Yes.

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MR. BRAUN: Mr. Pollakusky?

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MR. POLLAKUSKY: Yes.

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MR. BRAUN: Mr. Trotta?

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MR. TROTTA: Yes.

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MR. BRAUN: Mr. Braun votes yes.

24

The motion carries.

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Now to Lori?

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MS. MULLIGAN: Yes, please, thank you.

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Sorry.

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MS. LaPONTE: That's okay.

5

Included in your package is the

6

operating results for LDC year to date through

7

July.

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For the month of July, the only

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activity I want to mention as far as revenue

10

goes is there was some back Mather Hospital

11

fees that we collected for admin fees for the

12

earlier years as was pointed out during our

13

audit.

14

As far as all the other expenditures,

15

we're pretty much on target, although year to

16

date we're at a loss and we did project a

17

loss.

18

Is there any questions on the operating

19

report, July versus actual year to date, the

20

LDC?

21

(No response.)

22

MS. LaPONTE: Okay.

23

The next item I want to mention is

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insurance.

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Our LDC policies expire October 1st, so

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2

we've insured almost the same coverage, less

3

than a three percent increase for our excess

4

D&O including PPLI and also for our regular

5

D&O insurance, so overall insurance costs

6

remain at a minor increase, three percent.

7

Any questions on that?

8

(No response.)

9

MS. LaPONTE: Next item, I want to read

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something to you, just the standard language.

11

All payroll taxes have been paid in

12

accordance with federal and state guidelines.

13

All regulatory reports have been filed on a

14

timely fashion. All state regulatory payments

15

have been made in accordance with state

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guidelines in a timely fashion.

17

Last item I want to mention and we'll

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talk about this -- well, two more items -- is

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the budget.

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We're working on the budget. I've

21

included a rough draft of the budget. It's

22

due the end of October, but in your package I

23

gave a draft of what I foresee the LDC budget

24

is at.

25

We don't have anything in the hopper,

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2

any future projects that we see, not that

3

we're not expecting them, but we haven't

4

budgeted for anything other than our recurring

5

annual fees on the projects we have and a

6

little interest income.

7

One thing I want to add which ties into

8

the budget is we relooked at the shared

9

service agreement between the IDA and the LDC

10

and we looked at the amount of efforts needed

11

and we're looking at possibly -- and I'm

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presenting it now for your consideration and

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we wouldn't this -- this wouldn't take effect

14

until January 1st -- is changing the rates at

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which we allocate costs between IDA and LDC.

16

So, for example, currently in the

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marketing and events, all for except

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Mr. Shapiro's company, we allocate 50/50

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between IDA and LDC. We're looking to change

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that to 25 LDC/75 IDA.

21

Office supplies, we're currently --

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that includes like our WiFi, our rent and

23

other recurring expenditures. We were

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charging 75 to the IDA, 25 to the LDC. We're

25

looking at January 1st to revise that to

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15 percent LDC/85 to IDA.

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And lastly for Todd Shapiro's firm, we're currently allocating 75 to IDA, 25 to LDC. We're looking at changing that 85 percent to IDA and 15 percent to LDC.

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So the budget I presented considers us changing those amounts. It's not significant, but it's enough that it should be noted on the LDC, it will help close the gap and more accurately it was the first time we had a shared service agreement at 1/1/22 and having and seen the level of efforts, we've been able to more align what we feel the percentages should be considered for the next year, so --

MR. BRAUN: As Lori said, the formal budget needs to be adopted. We'll do that at our October meeting.

Based on today's conversation and what's been sent to you, if you have any questions between now and the October meeting, please give Lisa or Lori a call, they can (inaudible) any questions at that time.

I do need a motion to accept her report.

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MR. POLLAKUSKY: So moved.

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MR. BRAUN: Thank you.

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Second?

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MR. CALLAHAN: Second.

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MR. BRAUN: On the vote, Mr. Callahan?

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MR. CALLAHAN: Yes.

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MR. BRAUN: Mr. Grucci?

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MR. GRUCCI: Yes.

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MR. BRAUN: Mr. Pally?

11

MR. PALLY: Yes.

12

MR. BRAUN: Mr. Pollakusky?

13

MR. POLLAKUSKY: Yes.

14

MR. BRAUN: Mr. Trotta?

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MR. TROTTA: Yes.

16

MR. BRAUN: Mr. Braun votes yes.

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The motion carries.

18

MS. MULLIGAN: Okay.

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So the next item on the agenda is a

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resolution for Mather Hospital.

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Bill, do you want to just let the board

22

know about this?

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MR. WEIR: Sure.

24

So in 2012, 2013, the LDC issued bonds

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on behalf of Mather Hospital, asked us to make

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some amendments to the bond documents, some

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covenants. So it has to do with the fact that

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service (inaudible).

5

MR. CALLAHAN: Did they that for the

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merger?

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MR. WEIR: No, it's just allocated.

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(Inaudible comments.)

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MR. BRAUN: Yes, they do and

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(inaudible).

11

Motion, please.

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MR. POLLAKUSKY: So moved.

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MR. BRAUN: Thank you.

14

Second, Frank?

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MR. TROTTA: Yes.

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MR. BRAUN: On the vote, Mr. Trotta?

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MR. TROTTA: Yes.

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MR. BRAUN: Mr. Pollakusky?

19

MR. POLLAKUSKY: Yes.

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MR. BRAUN: Mr. Pally?

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MR. PALLY: Yes.

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MR. BRAUN: Mr. Grucci?

23

(No response.)

24

MR. GRUCCI: Mr. Grucci?

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(No response.)

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MR. BRAUN: Mr. Callahan?

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MR. CALLAHAN: Yes.

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MR. BRAUN: Mr. Braun votes yes.

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The motion carries.

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MR. GRUCCI: Sorry, I was muted.

7

My vote is yes.

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MR. BRAUN: Thank you very much.

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MS. MULLIGAN: Thank you everyone.

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The next -- well, the next item on the agenda we took out of order a little bit just welcoming Mitch to the board, so welcome again.

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MR. PALLY: Thank you.

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MS. MULLIGAN: After that, the last item that's on -- the next item on the agenda is the job creation numbers.

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So to remind everybody, at the end of the year, we send each of our projects a financial -- an annual report that they have to report back all of those (inaudible) and one of the things that they report back to us is their job creation and we had some LDC projects that did not meet their job creation, there was actually two of them and when we

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presented all that to the board a few months ago, you asked Fred and I to follow up with each of the companies and get an explanation and review everything and Fred and I did, we received responses from everyone.

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Their explanations for why they didn't meet the job creation numbers were acceptable and in line and so we're just sort of following up with that and letting you know that we did reach out to everyone and we found everything to be appropriate.

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MR. TROTTA: So is the responses that you received temporarily delaying those numbers from reaching the goals that they need to?

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MS. MULLIGAN: Much of the response that we got was COVID related. Doesn't surprise anyone.

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There was mention -- I don't know in these, in the LDC, if there were supply chain issues, specifically more so in the IDA, but I think that they will reach the job creation numbers. I just think that everybody is feeling the realities of what's going on in

1

2 the world and they were responsive to our
3 request, everything was sent in in a timely
4 fashion and well articulated.

5 MR. PALLY: So when would be the next
6 time (inaudible)?

7 MS. MULLIGAN: So we send the reports
8 to them in December, they're due back to us I
9 think by February, early February.

10 MR. PALLY: So the next one we will get
11 is February '23?

12 MS. MULLIGAN: Yes, but it reflects on
13 this current year.

14 MR. PALLY: Right.

15 MR. BRAUN: Is the PARIS report due
16 March 31st?

17 MS. MULLIGAN: Yes, so we ask for it at
18 that time period so we have time to process
19 everything, clarify everything, get it into
20 PARIS.

21 MR. PALLY: So we'll have a clearer at
22 that point as to what each situation . . .

23 MS. MULLIGAN: Yes. Yes. And the
24 projects have not been chronically problematic
25 at all.

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MR. TROTTA: Yeah. I mean these are trying times related to, you know . . .

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MS. MULLIGAN: So that's an update for everyone on the job creation numbers.

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And the last item on the agenda, although it shows like it's two items, but it's the corrective action plan as a result of the Office of State Comptroller audit.

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Mitch, just to let you know, our LDC was one of the first LDC's to get audited after the State Comptroller's office got the ability to audit LDC's, so lucky for us and out of that audit came three main findings and as a result of those findings, they asked that we put in what's called a CAP, a corrective action plan and basically they just want us to outline what we're doing about the findings.

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So our findings were, just so everybody has it, the first was that they wanted us to develop and adopt a written policy that establishes procedures for approving and monitoring projects, so that's in process, something that we're working on and tweaking.

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It's a little bit awkward because we

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2 don't have a new project coming in. If we had
3 a new project coming in, I'd be able to tweak
4 it in real time, but we're doing it.

5 Obviously it's a procedure, so it will be a
6 work in progress, but we're putting something
7 together to fulfill that requirement or that
8 recommendation.

9 The next one was ensure staff collects
10 all required fees and consider recouping
11 uncollected fees.

12 Well, the board directed us to go back
13 to the one project that there was outstanding
14 fees, we requested the outstanding fees be
15 sent in; they did so in a timely manner. We
16 deposited it and we went through our system to
17 ensure that there's . . .that nothing gets
18 missed. I can't say we (inaudible). Do our
19 best to make sure that nothing gets missed in
20 the future.

21 So that was the second and that's my,
22 you know, basic response on that.

23 And the last one, the last
24 recommendation is to ensure authorizing
25 resolutions include clear and measurable goals

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so that officials can determine whether

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projects are meeting the intended purposes and

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again, this one's a little bit hard.

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They want a time line on when we're

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going to do these. This one we can't do until

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we get another project in, but I explained

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that once we get another project in, we will

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work with counsel to make sure that the

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resolutions and the documents have goals that

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. . . I think clear and measurable was their .

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. . . clear and measurable, that's their

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expression.

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MR. BRAUN: There are some here that

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would argue that what we have done up to this

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point was perfect including counsel, but they

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want more specificity and we did will do that.

18

MR. PALLY: Clear and measurable goals

19

from an LDC's standpoint are not just job

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creation numbers because otherwise we'd be

21

talking about IDA's, not LDC's, so you have to

22

figure out what the goals are going to be in

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the project in a much more subjective nature

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than objective instead of creating X amount of

25

jobs.

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2 MS. MULLIGAN: That's (inaudible).

3 MR. WEIR: One thing we did explain to
4 them was that (inaudible).

5 MR. PALLY: Okay.

6 MR. WEIR: It was . . .

7 MR. PALLY: It's much easier dealing in
8 a new project than it is going back to an old
9 project and saying where were your goals --

10 MR. WEIR: It actually (inaudible).

11 MR. PALLY: Right. Right.

12 (Inaudible comments.)

13 MR. WEIR: They have the obligation of
14 (inaudible).

15 MR. PALLY: Okay.

16 MS. MULLIGAN: So that's our corrective
17 action plan, which will be sent in, I think
18 it's due in two weeks, a week and a half,
19 something like that, it will be in in a timely
20 fashion.

21 MR. BRAUN: I think that's it for
22 Lisa's report.

23 Unless anybody has anything else to
24 discuss in the LDC, I'll entertain a motion to
25 adjourn.

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MR. TROTTA: Motion to adjourn.

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MR. BRAUN: Mr. Trotta.

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MR. CALLAHAN: Marty Callahan.

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MR. BRAUN: On the vote --

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MS. MULLIGAN: Thank you, Frank; thank

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you, Marty.

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MR. BRAUN: On the vote, Mr. Callahan?

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MR. CALLAHAN: Yes.

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MR. BRAUN: Mr. Grucci?

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MR. GRUCCI: Yes.

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MR. BRAUN: Mr. Pally?

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MR. PALLY: Yes.

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MR. BRAUN: Mr. Pollakusky?

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MR. POLLAKUSKY: Yes.

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MR. BRAUN: Mr. Trotta?

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MR. TROTTA: Yes.

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MR. BRAUN: Mr. Braun votes yes.

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We are adjourned, thank you.

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(Time noted: 12:50 p.m.)

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I, JOANN O'LOUGHLIN, a Notary Public
for and within the State of New York, do hereby
certify that the above is a correct transcription
of my stenographic notes.

JOANN O'LOUGHLIN