

**ECONOMIC DEVELOPMENT**  
**HIGHER EDUCATION**  
**and**  
**ENERGY COMMITTEE**  
**of the**  
**SUFFOLK COUNTY LEGISLATURE**  
**Minutes**

A regular meeting of the Economic Development, Higher Education & Energy Committee of the Suffolk County Legislature was held in the Rose Y. Caracappa Legislative Auditorium of the William H. Rogers Legislature Building, Veterans Memorial Highway, Smithtown, New York, on Wednesday, October 8, 2008.

**MEMBERS PRESENT:**

Legislator Wayne Horsley - Chairman  
Legislator Steve Stern - Vice-Chair  
Legislator Lou D'Amaro  
Legislator John Kennedy

**MEMBER NOT PRESENT:**

Legislator Cameron Alden

**ALSO IN ATTENDANCE:**

George Nolan - Counsel to the Legislature  
Joe Schroeder - Budget Review Office  
Joe Muncey - Budget Review Office  
Renee Ortiz - Chief Deputy Clerk of the Legislature  
Ben Zwirn - Deputy County Executive  
Carolyn Fahey - Economic Development  
Charles Stein - Suffolk Community College  
George Gatta - Suffolk Community College  
Debra Alloncius - AME  
Paul Welch - Space Innovators  
All other interested parties

**MINUTES TAKEN BY:**

Donna Catalano - Court Stenographer

(\*THE MEETING WAS CALLED TO ORDER AT 12:20 P.M.\*)

**CHAIRMAN HORSLEY:**

Good afternoon, everybody, and it is afternoon. My apologies for those people that came for the Economic Development hearings today at our tardiness, but, of course, the former committee ran over time. Welcome the Economic Development, Higher Education and Energy Committee. May we please stand for the Pledge of Allegiance.

**SALUTATION**

**CHAIRMAN HORSLEY:**

May we please stand for a moment of silence for all those men and women across the seas who are protecting our freedoms and put their lives in danger every day for us.

**MOMENT OF SILENCE**

Please be seated. Again, good afternoon, everybody. I see, Paul, you're all -- Paul is all ready to go. Are you set to -- there's a little switch there right on top.

**MR. WELCH:**

How's that?

**CHAIRMAN HORSLEY:**

All righty, everybody. I guess we'll move -- I understand that Carolyn that -- did you -- can you -- you wanted to wait for the presentation first, is that --

**MS. FAHEY:**

Can we do one resolution?

**CHAIRMAN HORSLEY:**

Why don't you come up to the microphone. Please, excuse us, Paul, one second, would you? This is Carolyn Fahey of our Economic Development team.

**MS. FAHEY:**

Good afternoon. Mr. Chair, if we could do one resolution out of order. The principals from NBTY are here. They've been here since a little after 11:00 assuming the committee was going to start at 11:30. And I appreciate how the Budget Committee went long. But if we could just take that one out of order, and then I will wait for the rest after Mr. Welch's presentation.

**CHAIRMAN HORSLEY:**

1867. Do we have a motion?

**LEG. STERN:**

To take it out of order?

**CHAIRMAN HORSLEY:**

This is 1867. They want to take the Introductory Resolution out of order because the principals are here.

**LEG. D'AMARO:**

It needs a public hearing.

**CHAIRMAN HORSLEY:**

They can still talk. Okay. Carolyn, do they know that this requires a public hearing?

**MS. FAHEY:**

Yes.

**CHAIRMAN HORSLEY:**

Okay. All righty. May I have a --

**LEG. STERN:**

Sure. I'll make the motion.

**LEG. D'AMARO:**

Second.

**CHAIRMAN HORSLEY:**

Second by -- motion is made by Legislator Stern, seconded by Legislator D'Amaro. It is now -- do you want to take it out of order. Let's -- Carolyn, how do you want to do it? Do you want to call them up?

**MS. FAHEY:**

I will give a brief overview of the project, and then I will call the president and CFO up. And if there's any questions, we can proceed from there.

**LEG. D'AMARO:**

Mr. Chairman, excuse me. I think we need to call the vote on that.

**CHAIRMAN HORSLEY:**

Oh, yes. All those in favor? Opposed? It's now taken out of order. Thank you, Mr. D'Amaro, that's appreciated. Carolyn, please.

**MS. FAHEY:**

**IR 1867, is Adopting Local Law No. --2008, A Local Law amending the Suffolk County Empire Zone Boundaries to include NBTY, Inc. (SCTM No. 0100-126.01-01.00-004.050). (Co. Exec.)**

Nature's Bounty manufacturers, markets and offers for retail nutritional supplements. They produce 22,000 different products including vitamins, minerals, nutritional supplements, food products such as fruits, nuts and confectionary products. They currently have ten locations in Suffolk County occupied a 1,082,000 square feet and employing over 1800 people. They're in front of you today to request regionally significant project designation for their new facility, which is at 5100 New Horizons Boulevard in North Amityville. The new site will allow the company to expand it's manufacturing capabilities to nutritional health bars, which, I think, Legislator Kennedy is enjoying right now.

**CHAIRMAN HORSLEY:**

The pot has been sweetened I see.

**LEG. KENNEDY:**

Good stuff.

**MS. FAHEY:**

The new site in Amityville will add 47,000 square feet to their facility portfolio. As you know, the regionally significant project designation requires a company to comit 50 new jobs, which NBTY has committed to, but they do project 160 new jobs at this -- at this exact facility.

The project investment into the new facility is about five and a half million of which two and a half are for renovation to the facility. The rest are for equipment and repairs. Over 90% NBTY's sales come from outside of New York State, making it a great company to be the home of. Here today, for any specific questions is Harvey Kamil, who is the President and CFO of Nature's Bounty.

**CHAIRMAN HORSLEY:**

Carolyn, can I just ask you a quick question. You mentioned a million, what was that, two hundred thousand square foot?

**MS. FAHEY:**

A million -- well, according to the figures I have, 1,082,000 square feet in Suffolk County alone.

**CHAIRMAN HORSLEY:**

So obviously they have more than one location other than New Horizons.

**MS. FAHEY:**

This is their 11th facility in Suffolk County.

**CHAIRMAN HORSLEY:**

I was going to say, because I know New Horizons very well, and I -- there's no building that size there.

**MS. FAHEY:**

No. They're all over in the Bayport -- and the company -- Mr. Kamil will explain to you, but up in Bohemia-Ronkonkoma area.

**CHAIRMAN HORSLEY:**

And this regional acceptance would be then for all of the individual locations?

**MS. FAHEY:**

No.

**CHAIRMAN HORSLEY:**

It would just be for the New Horizons?

**MS. FAHEY:**

The RFP designation is only for the North Amityville facility.

**CHAIRMAN HORSLEY:**

Okay.

**LEG. KENNEDY:**

Mr. Chair.

**CHAIRMAN HORSLEY:**

Thank you.

**LEG. KENNEDY:**

Mr. Chair.

**CHAIRMAN HORSLEY:**

Yes.

**LEG. KENNEDY:**

Carolyn, you brought many qualified entities to us in the past. You pretty much already could ask the questions that you know I'm going to ask you. Would you like me to pose them to you, shall I pose them to the company?

**MS. FAHEY:**

Well, I'll let Mr. Kamil come up, and we'll both be here, so.

**LEG. KENNEDY:**

Great. Thank you.

**CHAIRMAN HORSLEY:**

Welcome, Mr. Kamil.

**MR. KAMIL:**

Thank you.

**LEG. KENNEDY:**

Hi. How do you do, sir? Thank you. I apologize for the delay. As you witnessed, I guess, we were dealing with a couple of other items. This committee has had the opportunity on several other occasions to go ahead and talk with folks like yourself who are relocating in Suffolk County, expanding, doing different things. And we are always very much in favor of workforces that are giving jobs for Suffolk County in the employment sector. Also, very interested in the construction that goes along with that sometimes as well. So can you tell me a little bit about the building, I guess, that it is that you are either occupying or proposing to construct. I guess that's my first question. What are we looking at?

**MR. KAMIL:**

We're occupying it right now, Legislator Kennedy.

**LEG. KENNEDY:**

So you are in there?

**MR. KAMIL:**

Yes. We are -- now we are -- we are doing construction to get it prepared for a bar facility that you -- it was a former bar facility, but we're upgrading the entire facility right now.

**LEG. KENNEDY:**

Okay. And that construction process has already commenced?

**MR. KAMIL:**

It's in the process, yes, sir.

**LEG. KENNEDY:**

Okay. Do you have any of the actual firms, I guess, selected who are actually going to do the work? Is this a block building, masonry building?

**MR. KAMIL:**

I don't know what construction -- it's regular block or construction. To me, it's like a brick -- I call it a brick building, but I don't know what -- you know, that's the why I would handle it. What we do is we subcontract most of the work. And for the most -- my understanding is that for most part, we're dealing with all local contractors. But NBTY in particular is known because of their -- the amount of facilities we have here.

By the way, of course, we have close to 6 million square feet around the country. But since we do a lot of work here on Long Island, most contractors know us. And we're known as, again, a very -- a good company to work with for all the local people.

**LEG. KENNEDY:**

Okay. We'll I'm very interested, I guess, to know a little bit about who it is that's actually going to be undertaking this project for you. I'm pleased to hear that you're employing local construction folks. I'm hoping that it's something that's open to union or at the very least prevailing wage that

may be employed there.

**MR. KAMIL:**

Absolutely. I can tell you right now that we are -- we don't specify in particular, but it's always -- since we always want the highest quality work, quality is of the utmost importance for all of our facilities. You should know, again, the nutritional supplements, which is what we manufacture, requires certified good manufacturing practices by the FDA. And that's where I'm personally liable on all that stuff.

You could be sure that everything is done of the highest quality. So, of course, union and -- as well as, you know, living wages are paid to all of the outside contractors. But again, we don't handle that type of facility. It's really handled by the subcontractors.

**LEG. KENNEDY:**

Well, what I'm going to ask then and certainly I don't want to hold up the committee, is, Carolyn, maybe you can work with getting me some of who the principals are that are going to be undertaking this work. We have to go to a public hearing and we have some other steps that are going to go forward. So if you could furnish that with me, that would help me with my decisions. Thank you.

**MR. KAMIL:**

Thank you.

**CHAIRMAN HORSLEY:**

Thank you very much. Legislator Kennedy. Legislator Stern.

**LEG. STERN:**

Thank you, Mr. Chairman. Could you briefly describe some of the -- some of the types of jobs you foresee as the company grows and the type of job growth that you'd be looking at? You mentioned earlier, or Carolyn had mentioned a number, what type of positions do you anticipate these being?

**MR. KAMIL:**

These are highly skilled -- as you see, we were -- I don't know if we gave out all the bars. This is -- again, part of our business, of course, is nutritional supplements, which are, again, tablets, two-piece capsules. That's around here, all around Long Island. In that particular plant, we are only making protein bars. So the jobs that would be required is formulators, compounders, even people -- line people. It's a highly technical field. So it's -- you have to educate your people, train your people in terms of how to -- how to develop a bar. These bars you could find in Wal-Mart and all the various, you know, other major retailers. So that, again, it's a full range of manufacturing operations.

**LEG. STERN:**

And you're not just a manufacturer, but you're a retailer as well, correct?

**MR. KAMIL:**

That is correct. But we are -- we are unique in our operations because we are what's called vertically integrated, which is we start from the very beginning; we buy raw materials, we formulate and manufacture those raw materials, and then we actually distribute it.

Now, we'll distribute -- we can distribute to our own stores. Now we have stores here, some in -- a very small amount here on Long Island, but certainly around the country, we have stores in Canada, in the Netherlands, in the United Kingdom, in Ireland. So we'll distribute all our bars to these locations as well as -- that's to our company-owned stores -- as well as --

**LEG. STERN:**

I'm sorry to interrupt, but those are the Vitamin World.

**MR. KAMIL:**

The Vitamin World here -- yeah. Vitamin World would be our stores here in the United States, but we have many other; Holland and Barrett is a name that's well known. It's a household name in the United Kingdom. As well as distributing these bars to all the mass market retailers wherever -- wherever quality products are sold.

**LEG. STERN:**

And you had mentioned your taking raw materials. In today's, you know, current climate, how do you find the cost of raw materials that you need?

**MR. KAMIL:**

As you could see, materials are going up very high. We are living in a very -- well, we all know -- what the situation -- anything that's has to do -- tied with food has gone up. So if you're corn, wheat, soy, you're going to have a problem. Of course, with bars, it's wheat, it's chocolate, it's everything. So, yes, we always have an issue with -- with getting -- you know, again, you want very high quality as well as making the bars.

But what is also important, again, is that quality is of the most important to begin with. I mean, so -- and because we invest so much in equipment, we believe we're a low cost producer. So if, in fact, you can put in equipment that will automate the facility and make people much more productive -- and that's why we can operate here on Long Island, because we invest in equipment and make our people very productive. And, of course, there's no place else in the entire world that's more productive here than our-- our Long Island residents.

**LEG. STERN:**

Thank you.

**CHAIRMAN HORSLEY:**

It's music to my ears. Let me just -- just congratulate you on being a competitor in the global markets and as a manufacturer in Suffolk County. That's just terrific. I've got to applaud you for that, Mr. Kamil.

**MR. KAMIL:**

Well, I thank you very much.

**CHAIRMAN HORSLEY:**

Legislator D'Amaro.

**LEG. D'AMARO:**

Thank you, Mr. Chairman. The Empire Zone is coming to you in the form of, I guess, tax credits; is that correct?

**MR. KAMIL:**

Property taxes, yes.

**LEG. D'AMARO:**

Property tax credits. Can you explain to the committee why you need the tax credits on the Empire Zone designation?

**MR. KAMIL:**

Actually, I met with -- I met with the Town of Babylon to make sure that they were for that, and of course, they were. Again, we're trying to be competitive in the marketplace. We're competing with -- each plant has to stand on its own. So we're competing with bar manufacturers that may have lower cost utilities, lower cost labor. They'll be in lower -- any lower cost areas. So we believe to be competitive we need that tax area.

We could have put the plant in other locations, because we have about 6 million square feet, as I said, around the country. The actual -- an actual building was purchased in Augusta, Georgia, for the -- for the plant. And at the time, I actually met with the Governor of Georgia, who -- he was handing me a check for half a million dollars to put the plant there. We actually gave him back the check. And the reason for that was this plant was available to us. And any time we could stress building here on Long Island, we will do that. We had a feeling that we would be able to, you know, again, manufacture competitively.

**LEG. D'AMARO:**

Now, you're going into New Horizons you had mentioned?

**MR. KAMIL:**

Yes, sir.

**LEG. D'AMARO:**

It's an industrial park, in effect, a series of office buildings; isn't that correct?

**MR. KAMIL:**

I don't know if it's office buildings. It's just a plant. I'm not familiar with that area.

**LEG. D'AMARO:**

It's an industrial park in Babylon. And you have ten other locations here in Suffolk County alone, is that what you had said?

**MR. KAMIL:**

Yes.

**LEG. D'AMARO:**

All right. So but for the Empire Zone, you would choose not to locate the 11th here, is that what you're saying?

**MR. KAMIL:**

That's correct. In fact, it would not make -- we could not build the bars competitively.

**LEG. D'AMARO:**

You know, I have trouble with that, because I don't think the purpose of the Empire Zone is to make you more competitive. I think it's more about creating the jobs and -- you know, when we're using taxpayer money.

**MR. KAMIL:**

I would agree with you. At the same time, when you -- when are putting -- when you place a plant in a facility, what you're doing is you're employing people. And that's why we are employers of 2000 different people. I'm with the company almost 27 years. I would tell you I've met with the various towns; of course, Islip, many towns. I've met with school districts in terms of speaking to them and saying, "Let us put our plants here, give us some inducement, and we could, in effect, guarantee you're going to get it back in space, so to speak. You'll get a tremendous amount of multiplier effects."

**LEG. D'AMARO:**

And let me just, you know, restate that. To some degree, it does involve competitiveness to give you an advantage to locate here, and I understand that. I'm just -- you know, I struggle with this because, you know, we're using taxpayer money here.

**MR. KAMIL:**

I don't look at it that way. I think what you're doing is you're allowing -- the plant that we -- the

building that we actually purchased was bankrupt, and it had fired all its people. And what we were doing is we were going to go back into the plant, rehire the people who loved -- loved the business, because they were trained in making these protein bars.

They were going to be -- they were going to be -- you know, they are -- they are residents of Long Island, they're paying taxes. So, no, I don't look at it that way. And I think that when you -- what you look at is to see of NBTY, what have we done to the community.

**LEG. D'AMARO:**

Right. I agree.

**MR. KAMIL:**

And I would tell you that every town, and certainly Islip, anyone who speaks about the company, we're a company that creates value and creates jobs and are very much pro Long Island. At the same time, we have to be realistic to understand that if Long Island -- you know, as I said, I handed back that half a million dollar to the Governor. They weren't too happy about that. I think this is a very minor -- when you say it's taxpayer money, I think it's helping the taxpayer.

**LEG. D'AMARO:**

And I agree with you. Under the right conditions, that's the whole idea. You know, you spend some taxpayer money, but you get more in return.

Carolyn, can I ask you a question? Thank you very much, by the way, for answering my questions. You know, this is something that comes to mind given, you know, all of -- the crisis that we're hearing about in the news these days and what happened on Wall Street and executive compensation was extremely lucrative while other people were losing their shirts. And I'm just wondering, does the Empire Zone requirements or criteria out any kind of limitations on executive compensation?

**MS. FAHEY:**

I don't believe so.

**LEG. D'AMARO:**

No. Nothing at all?

**MS. FAHEY:**

Not that I know of.

**LEG. D'AMARO:**

So in other words, when you apply, that's not within the realm of the criteria that's considered?

**MS. FAHEY:**

No.

**LEG. D'AMARO:**

What do you think about that?

**MS. FAHEY:**

You know, to go back to Mr. Kamil's point, you're talking about a facility that just laid off a hundred plus employees. In this economy, we're lucky that companies are looking to remain here in Suffolk County. They need to make a business decision in their overall business environment.

And taking into consideration the energy costs, the cost of living, the cost of labor in the pot with their salaries and their compensation and what they pay their employees and the benefits that they give to their employees, they need to make a business decision. We are at such a disadvantage on

the Island with other states, Pennsylvania -- and I'm sure Mr. Kamil will tell you they've looked elsewhere and they've been, you know, asked to look at property and offered things in other states that we can't offer. No. The Empire Zone does not take into consideration the executive salaries, but I think the benefit to the community in the end outweighs it all, the jobs.

**LEG. D'AMARO:**

Well, you know, people on Wall Street were also told the same thing. You know, my point is that --

**MS. FAHEY:**

With all due respect, I think that comparison isn't really -- not apples to apples.

**LEG. D'AMARO:**

Oh, I completely disagree. You know, we're giving taxpayer money here to a company that will probably have a -- will substantially benefit the community -- and I agree with you -- if it works. Okay. If the program works, but if it -- you know, this gentleman -- I'm sorry, I forgot your name. I apologize.

**MR. KAMIL:**

Harvey Kamil.

**LEG. D'AMARO:**

Mr. Kamil, you stated that, you know, it will make us more competitive. So we are using taxpayer resources to make your business more competitive, and I understand that. But, you know, in that mix then is also if there's an inordinate amount of executive compensation, the taxpayers, in effect, would be subsidizing that.

**MR. KAMIL:**

Well, first, let's discuss tax -- we're talking about executive compensation. We're a publically owned company on the New York Stock Exchange. We are -- the compensation is developed by an independent Board of Directors. They're totally independent of the company. And it's an independent compensation committee that uses all sorts of consultants and all sorts of attorneys to make sure that the compensation is in line with the company.

When we talk about executive compensation, the thing that everybody gets concerned about is when a company goes out of business. And the key thing was that when they paid these people \$100 million and they killed the company, that's what you care about. If paying an executive a certain sum of money and having the -- the company prosper is what you're looking for --

**LEG. D'AMARO:**

Yeah. That's what I said. If it works, no one asks any questions, but what's the down side?

**MR. KAMIL:**

That's the key, when it doesn't work. But again, what we're doing here, when I said you're making us competitive, you are, in effect, competing -- not me, but in effect, Babylon is competing with Augusta, Georgia. And what the -- that's what the key is. And if you are looking for -- getting jobs and manufacture -- that's the key to the -- to when I'm -- when we always -- because we're vertically integrated, you want manufacturing jobs here on Long Island. We don't want retailers, we don't want somebody to stand behind a counter. We want people who are technically -- who are learning -- learning a real education of learning how to make something, and therefore, they can compete with the worldwide markets. In any case, when I said competitive, I meant in term of it's making that location competitive with another location, and therefore, we could put the jobs there.

**LEG. D'AMARO:**

Yeah. I don't disagree with any of that. I agree with you about the need and the want and the creation of jobs. And it all sounds great if it all works, but if it doesn't work, if the program is not successful, we've given taxpayer funds into a program that's not successful. And I think it's a

legitimate area of inquiry.

**MR. KAMIL:**

And our shareholders, therefore, would lose literally millions of dollars for the amount that we bought the building and invested in the building.

**LEG. D'AMARO:**

Right. But I don't represent your shareholders, I represent taxpayers.

**MR. KAMIL:**

I understand that. But I'm just saying whatever the taxpayer loses, our shareholders would probably lose ten times as much.

**LEG. D'AMARO:**

Okay. But that doesn't make me feel any better.

**MR. KAMIL:**

Well, just to tell you, you're not the only ones who are losing.

**LEG. D'AMARO:**

That doesn't make me feel any better at all, in fact.

**MR. KAMIL:**

Legislator, I'll tell you what's going to make you -- when you ate that bar and you liked it, that's --

**LEG. D'AMARO:**

You mean this one?

**MR. KAMIL:**

Whatever. We have a whole series of bars. When the consumer takes that bar --

**LEG. D'AMARO:**

It's expired, by the way.

**MR. KAMIL:**

It expired?

**LEG. D'AMARO:**

Yeah. It says best by June 25, '08. But anyway, that's not going to be a factor in how I vote today.

**MR. KAMIL:**

When we -- plus, it's not expired, it's just that --

**LEG. D'AMARO:**

Best by.

**MR. KAMIL:**

When we sell a product and the product is done -- is purchased by the consumer, that's what -- the customer is the boss here. By the way, you should just know that. Again, I want to take up --

**LEG. D'AMARO:**

You know, all of this is the -- is the positive perspective of Empire Zones. And I agree with everything you're saying, and I'm encouraged by the fact that you choose to remain here in Suffolk, especially in Babylon, which is my home town. I appreciate that very much. But, you know, this is really not so much about you as it is about the program itself. You know, this program is consistently giving taxpayer funds through tax credits to businesses. And I don't think that the

criteria in this program asks enough questions before we give these subsidies. That's my point.

Just let me finish. The point is that, you know, when everything is going well, no one will ask any of these questions, everybody is happy, you're going to create your jobs, and I appreciate that. And I do want to you stay in Babylon and in Suffolk County. But when things don't work out, then it comes back to me, you see. Then it's like, well, why were you giving a subsidy to a company where -- where, you know, the top five management individuals were making, you know, 30 times the national -- these are the questions that come back to us. Okay. And that's my point. So I think it's a legitimate question frankly.

**MS. FAHEY:**

Legislator, it goes back to a couple of issues we talked about; that if there are concerns that the committee and the Legislature have in general with the program, you know, that needs to be discussing in State-enabling and State-changing resolutions.

Back to the taxpayer dollars, for every dollar and credit that this company is going to receive, they're going to spend \$14 dollars. The ratio is 14 to one. So for every \$14 they're spending, they're going to get one dollar in tax credit back. I don't know, as a taxpayer, I think that's a good deal.

**LEG. D'AMARO:**

I think so too, but until -- until something goes wrong is all I'm trying to say.

**MS. FAHEY:**

But the credits are not realized unless they produce. You know, we go through this each time. They have to create the jobs in order to get the wage tax credits. They have to make the investment in the building in order to get the investment tax credits. So they're not realizing any benefit until they've already expended that portion of the investment. So it's a return, it's not an upfront. So there's that catchall there with this part of the program that requires that there be some action on the company's part in order to receive that benefit.

**LEG. D'AMARO:**

What's the vacancy rate at New Horizons, do you know?

**MS. FAHEY:**

I couldn't tell you.

**CHAIRMAN HORSLEY:**

It's not many.

**MS. FAHEY:**

I couldn't tell you.

**LEG. D'AMARO:**

All right. Okay. Thanks, Mr. Chairman. Again, not -- you know, I appreciate that you are here, I like your product, I might add, but, you know, it's just -- I really have to believe that as we're moving forward and taking what is dwindling resource, which is a taxpayers ability to pay into every single program at every level of government, we have to ask very specific and more difficult questions to safeguard those dollars. And that's where it's coming from.

**MS. FAHEY:**

And I'm sure we both appreciate that, but, you know, from our perspective, 160 new jobs in North Amityville jobs versus 160 in Pennsylvania --

**LEG. D'AMARO:**

Well, I didn't receive a report from you in advance about executive compensation either. You know,

no one answered my question here today.

**MS. FAHEY:**

I explained to you that I didn't believe it was part of the calculation.

**LEG. D'AMARO:**

Well, I do, though. That was my whole point.

**MS. FAHEY:**

You believe that it should be. Your question to me was is it, and I said I don't believe it is.

**LEG. D'AMARO:**

Well, if I'm going to take my money as a taxpayer and hand it to a company with all the right intentions and all the right motives and doing all this good and things don't go right, then I'm going to have to answer those types of questions. And I think we should be asking them up front. That's my point.

**CHAIRMAN HORSLEY:**

Okay. Thank you very much, Legislator. And certainly, that's why we pay you, Carolyn, the big bucks, to make these decisions for us, to help us.

**MS. FAHEY:**

You do?

**CHAIRMAN HORSLEY:**

-- help us do our due diligence.

**MS. FAHEY:**

Okay. Something I wasn't aware of.

**CHAIRMAN HORSLEY:**

Let me just quickly before I'm going to turn this over to Legislator Kennedy. Just quickly, is this a second corporation within the New Horizons that make protein bars? Are we forming a cluster here? Isn't Sweet Impressions -- Sweet --

**MR. KAMIL:**

It went out of business.

**CHAIRMAN HORSLEY:**

It went out of business.

**MS. FAHEY:**

There you go.

**CHAIRMAN HORSLEY:**

Wow.

**LEG. D'AMARO:**

Was that in an Empire Zone.

**CHAIRMAN HORSLEY:**

This is a good reason.

**MS. FAHEY:**

There you go.

**LEG. D'AMARO:**

Did they have an Empire Zone status?

**CHAIRMAN HORSLEY:**

No. They had an IDA, though, because I helped bring them there.

**LEG. D'AMARO:**

I wonder what their executives were compensated.

**CHAIRMAN HORSLEY:**

Boy, I'm sorry to hear that. I thought we were forming a cluster here. I thought I had good news. Legislator Kennedy.

**LEG. KENNEDY:**

Thank you. Listening to Legislator D'Amaro, he kind of echos some of what I see as almost what's been like a yearlong saga that we've gone through around this committee struggling with a decision-making event that's presented to us, yet, very little of the overarching decision criteria that goes in beforehand. And we've told -- spoken about this, Carolyn, where the State has created the Empire Zones, the State the has established the parameters, the State is charged with doing the initial calculations, and then at some point through what must be a multi-month process, we meet gentlemen like yourself, Mr. Kamil, who are presented to us saying we're here, we're in a community, we're going to do good do, we're doing these things, facilitate these benefits for us.

In addition to the other items that you spoke about. I also know that you will, I believe, get a substantial reduction in your energy consumption cost as a result of this destination, is that correct?

**MR. IMPRESIA:**

Let me introduce myself for point of clarification. My name is Richard Impresia. I'm the Executive Director for Economic Development at Anchin, Block and Anchin, which is an accounting firm in New York. I represent NBTY. More importantly, I served Governor Pataki for five and a half years at Empire State Development Corporation. I was a regional director for the Empire Zones Program. So I'm very familiar with some of the questions that are being asked by this committee, and I think I can clarify a number of points. In answer to your question, Legislator Kennedy, regarding you're asking us to -- can you reframe the question. You're asking us to whether energy -- energy cost reductions.

**LEG. KENNEDY:**

By virtue of the fact that -- right -- NBTY will --

**MR. IMPRESIA:**

No. In fact, in the competitive area, NYSEERDA -- I represent a contract with NYSEERDA, the New York State Energy Research and Development Authority, has a number of programs that are through the State. And it's paid on what's called the systems benefits charge. LIPA does not participate with the systems benefits charge. And therefore, any company on Long Island under the LIPA is ineligible for any of the incentives that NYSEERDA would normally offer to companies anywhere else in the State of New York. So they're quite -- it's quite the contrary.

NBTY, as many manufactures in the County, are under a disadvantage for energy. I also wanted to address, if I may, what the esteemed member D'Amaro has been asking. The Legislature has enacted clean up legislation since 2001. I was still at the Governor's Office at that time. The company has to have -- they are required to hit certain benchmarks on an annual basis, so they'll be summarily decertified by the State. They have to keep this on an annual basis in order to maintain their -- in order to maintain not only their designation as a regionally significant project -- and that's what we're considering today -- but after that, they have to maintain that under what's called a business annual report on an annual basis that they have to file with the State, that they can be decertified any time throughout the ten years of the benefit unless they hit those benchmarks.

And one of those benchmarks is they're limited to \$10,000 in benefits per employee or 10% limitation of their federal basis, which is based upon their investments. So there's a calculation that's used that makes it very draconian and very difficult representing -- I more than 230 clients through the State of New York. And I represent -- our firm represents about 35 regionally significant projects throughout the State. And I am here to tell that you it's not at all an easy program to get designated because the company has to fulfill certain requirements merely for designation. But once that designation is granted, should be it be granted by this committee, they still have to continue to meet other requirements in the program to get certified.

The only application you're dealing with today is something called an "easy five." That's the Empire Zone Five application for designation, which merely gives them the opportunity should they qualify for Empire Zone benefits under what's called an "easy one," which has to be filed after this long difficult process that they have to make sure that they meet the requirements. That easy one certification is rife with additional requirements such as a new business test that the firm has to maintain in order to get benefits.

So the State Legislature -- and I truly appreciate your concerns for taxpayers money, that is why the State has imposed a 20 to 1 cost benefit ratio analysis. And if they don't meet that, the State has put provisions in for a 5 to 1 benefit ratio, which this company exceeds. I want to end with this last comment. I was at a committee meeting yesterday in Albany before Robert (sic) Shimminger, one of the Assembly members and State Senator Winner, and they were talking about the changing economy, they were talking about how this program in the next four months, the State Legislature may be looking to increase benefits in the Empire Zone's Program, because they are so concerned of companies leaving because of the economic development civil war that going on not only between the different counties in the State of New York, but in New Jersey and Ohio.

We represent companies that are fleeing the State of New York to look for (beat brants) or what's called brag in the State of New Jersey, which are other grants that other states are offering. And it's a very serious issue of these regionally significant projects. And what you have here is a company under the best practice ruling, under Empire State Development, this company meets all the criteria as a best practices for fulfilling a model company for regionally significant projects.

I truly appreciate and thank you all for allowing me to make this clarification and giving me this time. And I'll remain for other points of clarification if need be.

**CHAIRMAN HORSLEY:**

Thank you very much. Legislator Gregory, we've got to move this along, so thank you.

**LEG. GREGORY:**

I appreciate the Chair for allowing me to sit in and speak even though I am not member of the committee, and I appreciate the gentleman's comments. Being the Legislator that represents the area that this project is going to be placed in, I think it's an important thing. The Town of Babylon has the highest unemployment rate in the County. It's a little over 6.1%. And it's been that way in parts of my district including this area, one of the hardest hit areas with unemployment. So I think this is a good thing.

We need to be encouraging more businesses to come to the area, to give them them the symptoms that they need so we can provide people with jobs as we go further into -- because we're not at the end of the economic crisis, we're just at the beginning -- but further into this economic crisis. We need to be employing more people and getting them to work. I appreciate my colleagues' concerns about compensation pay, but the program, as I understand, has been corrected, it's not what it once was where the State and the local municipalities would give monies, millions and millions of dollars, and those jobs -- we would never find out if those jobs ever came. A lot of those jobs actually went out of state.

There's been corrections put into the process. There employing, I believe, over 160 employees. This is a good thing not only for Babylon, but for Suffolk County.

**CHAIRMAN HORSLEY:**

Thank you much, Legislator. And just may I add that a lot of those problems that the Empire Zones have witnessed over the last couple of years weren't Long Island's problems. We were generally successful in all of our economic development goals. So that's -- that was that was more Upstate that we saw than it was down here. Legislator D'Amaro, quickly.

**LEG. D'AMARO:**

Quickly. Sir, I'm sorry, I forget your name also.

**MR. IMPRESIA:**

Richard Impresia. Richard Impresia is my name.

**LEG. D'AMARO:**

Thank you. I really appreciate you being here today, because as you can tell, I have lot of questions. I am not opposed to the program, I am not opposed to, of course, economic development in general and bringing businesses in, and as Legislator Gregory talks about, creating important jobs. But while you are here, and I know we are running short on time, but we rarely have someone with your level of expertise here. I wanted to ask you in just the -- in three sentences or less, what's the intent of the Empire Zone? What's the intent of this program? Why did the State say, "We're going to take some boundaries, draw some lines and say within those lines here's what we're going to do for you"? What's the intention? What's the policy goal?

**MR. IMPRESIA:**

Your questions are well founded, and they merely requirement clarification. The intent, originally in the program in 1986, was to model -- was to create jobs and create investment. That was the intent of the program. We're talking about 84 Empire Zones in the State of New York. That's 168 square miles. That is the maximum any Empire Zone can be is two square miles, maximum. Now, that means we're talking 168 square miles of area of the State of New York that companies possibly could qualify for benefits. So it's really not the entire state. Many states have economic development programs where they incentivize the entire state, like Kansas, for example.

**LEG. D'AMARO:**

You know, I need to interrupt you only because we're short on time. And I want to ask you then, within those areas, the intention -- I mean, those areas were designated because they had an economic need, I would assume. Policy decisions were made --

**MR. IMPRESIA:**

Yeah. The two major issues are job creation and investment, and they were based upon census tracked data of high unemployment and poverty.

**LEG. D'AMARO:**

Okay. That's what I wanted to know. Now, what we're asking -- what we're doing here --

**MR. IMPRESIA:**

Not this zone, because there were late waives of designations. And particularly the regionally significant project was completely different. We should focus on the RSP, if I can use the acronym, because the RSP was created because there's a project so significant to the regional economy that it should be looked at for being incentivized. That was the intent of the RSP when introduced in legislation in 2005.

**LEG. D'AMARO:**

All right. And that makes sense, because you may not fall into one criteria, but you certainly fall into another set of criteria, and they both have positive goals. Right.

But my question is then would this application today as with others that have come before us recently, we're amending -- my understanding is we're amending the zone. In other words, we're going really outside the zone --

**MR. IMPRESIA:**

Let me clarify. You're amending the Local Law to include that one parcel, that one footprint --

**LEG. D'AMARO:**

Right.

**MR. IMPRESIA:**

-- as and Empire Zone designation, that's it, which will promptly be lost should NBTY vacate that premises, a new company moving in would be ineligible.

**LEG. D'AMARO:**

So it's not about geographic location.

**MR. IMPRESIA:**

No. It's specific to this company at that specific location.

**LEG. D'AMARO:**

Okay, because -- right. So it's not about you have a zone where lines were drawn and we're just moving the boundary.

**MR. IMPRESIA:**

Correct. I'll give you an example of how even more draconian it could be. Should NBTY do a terrific job at this location and want to expand even further and possibly build another building 40 feet to the side, they would have to again come before this committee under a new -- under a new RSP, because remember, as I stated, that -- you're giving this designation to a particular parcel on a particular company.

**LEG. D'AMARO:**

Right. Okay. Got that. One more question. One more question.

**MR. IMPRESIA:**

I get very passionate about this.

**LEG. D'AMARO:**

I'm really glad you're here. One more very quick question. So if we're looking at the criteria that you referenced and it's very difficult to meet that criteria, and if you do, you should be getting these incentives, because we get the trade off, we, meaning the taxpayers, get a trade off by job creation and helping our local economy.

**MR. IMPRESIA:**

Should they qualify. Should they qualify.

**LEG. D'AMARO:**

Right. Do you -- how can I put this? I brought up, for example, executive compensation before, things like that. Do you think in your expert opinion that the criteria could -- should be more inclusive when you're talking taxpayer funded?

**MR. IMPRESIA:**

Executive compensation, although it may be a real issue, it's irrelevant to what the Empire Zone's intent was and it's irrelevant to what the program requires. In fact, the program recognizes that it's

not government that creates job, it's not government that creates wealth, and it's not government that builds communities. It's companies like NBTY that will do that.

Ironically, under the provisions, under the wage tax credit, which is one of the credits under the Empire Zone Program should they qualify, the executive members are disqualified; they cannot be counted as employees and they cannot be benefitted under the wage tax credit as an employee of the company. So they are segregated out of the program, any executives of the company.

**LEG. D'AMARO:**

Well, that seems to indicate it is relevant.

**MR. IMPRESIA:**

And it's sort of considered in the original legislation.

**LEG. D'AMARO:**

I would beg to differ that it's irrelevant when you're talking about taxpayer resources.

**MR. IMPRESIA:**

Right. When you tie it to economic development activity.

**LEG. D'AMARO:**

And so that ties into my last question, is why do you we here in [sufficient|Suffolk] County -- if this is a State Program with, you know, guidelines that have been amended over time to make the program tighter, why did the legislation provide for approval here at this local level?

**MR. IMPRESIA:**

Well, they didn't necessarily provide here. They provided -- as I stated, they provided that -- that projects could be so regionally significant to impact the region that it was left up to the locals, and they had to go through a local development plan that was significantly created by the economic development community to target what they wanted to envision for the growth of their community. And then the State left it up to committees like this and the state -- and the County Legislatures, and in some areas, even the City Council, like the City of New York, because they wanted to give the locals the ability under the strict guidelines of economic to look at this particular project and just ask yourself whether the impact, the economic development impact is great to the County in the way it -- and it goes under best practices. It's called -- it's the net wealth that they'll create, because they're going to go generate jobs. And most of their projects are sold out of the municipal area. So they're importing net new dollars into the area. So it well fulfills all the criteria of the regionally significant project. And that's why the State sort of leaves it up to the locals for this decision.

**LEG. D'AMARO:**

Okay. I really appreciate your time.

**CHAIRMAN HORSLEY:**

Maybe what we should do is at some point, Mr. D'Amaro, we should have a class or a go-through to -- you know, how the regional Empire Zone works and that particulars. And I'd love to have you here.

**MR. IMPRESIA:**

It's so true. And I appreciate how difficult it is for each and every one of you, because even though I am speaking about this, the program constantly changes, it's a moving target. And there will be more changes with the new budget. There will be additional changes as we move forward with the program. Thank you.

**CHAIRMAN HORSLEY:**

Thank you very much. We do appreciate your input. Okay. I will make a motion to approve IR --

subject to a public hearing, which will, I guess -- is scheduled for the next Tuesday.

**MR. NOLAN:**

Right.

**CHAIRMAN HORSLEY:**

I'll make a motion to -- go ahead.

**LEG. STERN:**

You made the motion, I'll second.

**CHAIRMAN HORSLEY:**

To table for a public hearing. All those in favor? Opposed? So moved. **TABLED (VOTE: 4-0-0-1 - Not Present; Legis. Alden).**

All righty. Paul, my apologies. And you've been very patient. Members of the Committee, I'd like to introduce Mr. Paul Welch, who is President and CEO of Space Innovators. Paul has a background in an amazing number of corporations that he has run. He has worked for the Brookhaven Labs, he's worked for numerous corporation that -- over the years.

But what has interested me and why Paul is here today is that he has put together -- built a house in the Hamptons concerning -- that Space Innovators has put together that is fossil fuel-free and has enabled to if -- I believe it's 99.2 rating on the Energy Rating System, ERS, Score, which is an amazing accomplishment. In other words, we don't need oil, we don't need gas. And he approached me and started talking about how the middle class of Suffolk County should be brought into this type of technology. Right now, they can't afford it. They can't afford the solar panels, they can't form -- they can't afford geothermal.

So Paul is here today to give us a talk, a run through, on how he feels Suffolk County, the middle class of Suffolk County, can buy into technology that will change the world and -- over our concerns about global warming. Paul Welch.

**MR. WELCH:**

Thank you for the kind words, Legislator Horsley. And I thank you also for inviting us here, Greg {Muller}, my colleague and myself. We are here -- I was listening to the prior discussion. What we are going to present does not have to deal with increasing costs in terms of raw materials. Part of the subject matter we're here for is a thing called renewable energy. And actually, renewable energy in simplistic terms addresses the fact that nature gives us energy that we can use and nature doesn't charge us anything for that energy.

For many years, for the major course of history of humans, we always had to figure out a way to get lighting inside the places we lived and worked, how we obtained the heat that was needed to survive in cold environments somewhat like this, and how we got the hot water for bathing and whatever. Anyway, also in contrast to what typically happens, we have a program that if the Suffolk County Legislature works with us, we can make a reduction up to at least 50%, we can reduce the electric bills and the cost of heating and the cost of air cooling and the cost of hot water.

It's a very ambitious program. But I have to tell you, going back to something that Wayne addressed a short while ago, I was fortunate enough to live through a challenge that was placed upon the American public, John F. Kennedy. He had a vision, and the vision was that we were going to be the first nation on the planet to get people on the moon. Well, it was an amazing vision because it managed to create hundreds and hundreds of thousands of job. And in Suffolk County where I lived at that time, it created tens of thousands of jobs.

I'm convinced that we have an opportunity here to create tens of thousands of jobs in Suffolk County at a time when everybody is talking about leaving this place. And by the way, I also live in

Santa Barbara, California, I don't have to deal with the cold winters there, whatever. But I came back here because I was -- I group in Suffolk County. And I have to tell you, I'm very fond of this place. I am fond because I saw this Legislator -- Legislative group vote in a no-smoking ban when nobody else in the country did it.

I was involved with working with John Klein as an outside independent businessman to get the Farmland Preservation Program under way, which has benefitted all the members of Suffolk County residents, whatever. But I see a major opportunity here for us to repeat the same sort of thing that was created with the lunar race. So I'd like to run through these slides, and hopefully, if nobody passes out here from lack of food or if I don't bore them with my monotone, hopefully there will be plenty of questions. So here we go.

What is the challenge? As the words say, we want to reduce the recurring cost of each resident and business owner has to spend for electricity, heating and hot water.

**CHAIRMAN HORSLEY:**

Paul, one second. The students in the back are from Suffolk Community, I understand. Would you like to move up front so you can see this? Our future, Paul.

**MR. WELCH:**

That's one of the reasons why we did what we did to build this home. And we've had a lot of young people in, and every we get young people in, we try to convert them to either engineering -- some sort of engineering or physics program, because that's what we need to get this going. And the trickle down affect is there's going to be many of thousands of job for contractors, for all sorts of specialty trades. So I am delighted to hear.

By the way -- Skip, I hope you don't mind me saying this -- Skip Heaney is here. Skip was probably the first public official to come through this home. And Channel 12 News was there, they spent about six hours. The home was eventually viewed on Channel 12 News as one of the great homes of Long Island. But back to that, let's continue, please.

So as I was saying, an element of the program is to reduce the recurring cost of each resident and business owner has to spend for electricity, heating and hot water. I'd like to look around for a moment, I'm going to ask a quick question. Is there anybody in this room who doesn't want to reduce their electric bill, their heating bill, their air conditioning bill and their hot water bill by at least 50%? Is there anybody in here that doesn't? Thank you.

Why does this challenge need to be solved now? As energy costs continue to rise, a larger percentage of available incomes will have to be spent for energy. This trend of increasing energy costs for energy fueled by fossil fuels -- fossil fuels, of course, is oil, coal, natural gas, etcetera -- will continue into the future. Right now, a large number of residents and small businesses find it difficult to pay their energy bills.

I haven't done a statistical survey on this, but you gentlemen up in the front of the room are much closer to your constituents than I am. Has -- what's the feedback that you get?

**CHAIRMAN HORSLEY:**

Dire. It's dire out there. Go ahead, please.

**MR. WELCH:**

Thank you. As the energy bills increase and the effective buying power of incomes remain the same or are reduced or are eliminated, such as loss of jobs, there are many possible negative effects that will occur. Why does this challenge need to be solved now? Possible here -- a number of possible -- and I would modify possible to mean probable negative affects -- we're going to have an increasing loss of homes and businesses. People who loose home and business will most likely leave the County, thereby reducing County and Town Government revenues.

Our recently graduated college and high school young will not be able to afford to live here. The number of poor residents who need public assistance will increase, and I would like to say increase dramatically. Our struggling middle class will become frustrated and leave. The elderly, including all those retired folks, will be forced to leave. Why does this challenge need to be solved now? So more probable negative effects.

A small segment of the population, the wealthy and very wealthy, will have to assume much larger property taxes in order to support the current governmental level of funding and size of bureaucracies or the size of the current staffing and level of funding will have to be reduced. More probable negative effects; disruptions. Our society and government cannot exist in ways that we have become accustomed when electricity, heating and hot water and cooling are not always readily available.

Some ways that would limit our access to fossil fuels included natural calamities along with geopolitical events. Both natural calamities and geopolitical events tend to limit refining capabilities and distribution of supplies. When the supply of fossil fuels are diminished or interrupted, it often means higher prices. Let me say just say something further here. I often feel that some of things that we take for granted now, if they are pulled away, would bring us back to the days of the caveman. Almost everybody in this room, including me, have taken the steady access to electricity for granted in our life times. Most everybody in this room have had the blessing to have heat when it's very cold outside wherever they live and work. And, of course, taking hot showers is something most of us take for granted.

I have to tell you and by the way, I have always lived my life as an optimist and as a problem solver. I have to tell, being a senior citizen looking back at my life, that we cannot take -- and there is large number of reasons that we're going into now -- we cannot take all those forms of energy being sourced by fossil fuel means for granted any longer. It is going to get worse if we continue to depend upon fossil fuels?

What is the program for? This program is for existing homes, multi-family residences, affordable new housing structures in Suffolk County which house small business and new construction that has a measured HERS rating of at least 90 and conform to LEED certification. Just a little side note here. The Town of Southampton -- the Township of Southampton, in July of this year, voted in a Local Law 45. I thought that was rather visionary, and I like to think part of what was demonstrated in the Township of Southampton, which was the reason why I did this in Southampton, was to spur and encourage stricter codes on the books to make sure that we had dramatically improved our energy conservation measures and our renewable energy means.

Well, all the special interest groups managed to beat up and harass and threaten the various Town Board members, from the way I viewed it from the outside looking in. And their good intentions that were voted in on July of 2008 have been watered so significantly. And the big losers here are going to be the residents of the Township of Southampton.  
The solution.

**LEG. STERN:**

Before you go on, when you are talking about LEED certification, is there a particular standard or level of LEED certification that they have to qualify for?

**MR. WELCH:**

As you know, there is basic LEED certification. There's then you go to silver, then you go to gold, then you go platinum. By the way, to generate renewable energy and to incorporate energy conservation measures and techniques in existing structures does not even get involved with LEEDs. The LEEDs only addresses what we would recommend be done in conjunction with creating a HERS, Home Energy Rating Scale, score of 90 or above. We really feel that they need to be done together, because the HERS rating has a closer relationship to renewable energy sources than LEED

certification.

LEED certification primarily -- for a good part of the program deals with recycling materials using virgin materials, which may or may not decrease your energy consumption. We're here to try to get a program in effect for the hundreds of thousands of Suffolk County residences and the many tens of thousands of small businesses in Suffolk County so that they can reduce their energy bills by at least 50%. And in order to do that, you really need to do combination of two elements. You have to embark on an energy conservation program in each of those home and structures, and at the same time, you have to be -- you have to create the ability to generate energy right on site.

A few things of interest, by the way, and most people don't know this, so I'll toss it out, about 60% of what everybody in this County pays -- if they have LIPA pays for a watt, they never see. Sixty percent of the energy goes up in form of heat and smoke up the stacks. You pay for that 60%, but you never get a chance to use it. About another three to 4% of every watt you also never get to use, though you do pay for it, because that's in the form of transmission line losses and related delivery infrastructure expenses.

So basically, you're paying for about two-thirds of every watt that you never get a chance to use. Now, conversely or in contrast, what renewable energy means, you're actually generating your own energy right on site. You don't have those transmission line losses, you don't have any losses in the form of heat. So it is -- it's an extremely efficient way to generate electricity, heating, cooling, hot water right on site rather than having to move it miles and tens of miles and raising a great deal of energy to get it to the point of use. It just makes much, much more sense to rate something where you can use it.

Okay. The solution is to offer a County-wide program whose goal is to reduce the annual energy costs for all participants by more than 50%. And by the way, I just make a note here, the annual energy costs are defined as the dollar amount currently being spent for electricity, heating, hot water and cooling. The solution; energy conservation and renewable energy. The solution requires two approaches used together to reduce energy bills and fossil fuel dependents.

Renewable energy, generate new reusable energy for electricity, heating, cooling and hot water from the free -- and I want to emphasize free -- natural energy provided by the sun and the earth every day; that is a solar photovoltaic, solar thermal and geothermal systems. And by the way, if you're going to do this, yes, you can use one technology or you can use two or you can use three. If you really want to get to that 50% reduction and beyond, you have to use in most cases, all three of these technologies.

And by the way, there are other -- there are numerous other means of renewable energy. We picked these three to present here because they're the most ideally suited for use on Long Island, particularly in Suffolk County. Energy conservation; at the same time we do renewable energy, one must incorporate energy conservation means, and that means reduce the amount of on-site energy used for electricity, heating, cooling and hot water. That is upgrading installation, windows and doors, install high-efficiency lighting and appliances.

And by the way, it's too bad Legislator D'Amaro isn't here, because -- oh, you moved. I want to applaud the Town of Babylon for the Community Benefit Assessment Program. I was delighted to learn about it. And actually, I learned about it by presenting to the Babylon Rotary Club where I also was invited to speak, not once, but twice, which shows that people like me or engineers or scientists need to get out of our shells occasionally. And we thank you for this opportunity.

But anyway, the Town of Babylon program, as you are well aware, Legislator D'Amaro, addresses the energy conservation issues, and more particularly, the things that could be done without an extensive amount of renovation. And so that's a good move. But we need to enhance and grow that idea along with starting and growing a renewable energy approach as well. The need -- they like hand and glove, they work together. What is the solution? More of this.

If we can work with the people of Suffolk County, we have a program -- I won't go into the mechanics of the nut and the bolt -- the nuts and the bolts on how this could work cause that's shouldn't be done at a public session -- we're confident we can have a program underway that will guarantee no upfront cost to any homeowner or businessowner who participates in this program. Different costs are necessary in order to achieve energy savings and renewable energy have been hurdles preventing the desired results.

The nice is once you have the design and the equipment in place to get this energy, you don't pay for it anymore. And the other good thing is you are not subject to any increases in energy costs; no increases in electricity, no increases in heating, no increases in cooling, no increases in the cost of what you need to create hot water. But what the problem has been, and this is a way of overcoming that problem and solving it is a method to provide the upfront cost to get this technology in.

The County, the way the program would work, would provide for energy saving improvements and renewable energy power generation up to \$50,000 per structure, and the owners would pay for the improvements through a monthly benefit assessment fee, which means that the County would get all of their money back. It's a takeoff on the Town of Babylon program. It's just enhanced and grown because in order to do renewal energy plus energy conservation for existing homes, you really to at least get to the \$50,000 point.

By the way the gentleman who came before us who mentioned that NYSERDA had a wonderful program in place, which is not available to LIPA customers, for reducing the cost of energy, that was an interesting comment. Our feeling is that in addition to what we're proposing here, if people wanted to spend up to 100,000 or more for renewable energy means and energy conservation improvements, if the NYSERDA program was available in here LIPA country, they could easily, the homeowner or businessowner, the could easily get a loan for that additional sum of money from almost any lending agency, even today, even in today's market. I still don't understand why NYSERDA's program is not available here in LIPA country. That's something that I would like someone in the Legislature group to look into, please.

What does this mean? The program means that the current monthly energy costs are reduced and then become fixed at this reduced cost for the homeowners and business owners. The program will be structured similar to the Town of Babylon Long Island Green Homes Program. A 3% fee, which by the way, is the same fee that the Town of Babylon charges, will cover administrative costs of the program. The money provided by the County to the owners in the form of a benefit assessment will be funded by tax-free bonds.

By the way, tax-free bonds.

**CHAIRMAN HORSLEY:**

Let's get to the meat of it, the tax-free bonds.

**MR. WELCH:**

You may or may not be aware of it, but there's a huge amount of private money out there sitting the sideline right now. One of the things about renewable energy features is that they do not depreciate like most other things you buy like a car, like doing a kitchen or whatever. As a matter of fact, in one of the appraiser's guidelines, they said that you actually appreciate the value of your home or business by a fact of 20 on energy cost savings, you save. Now, let me give you an example. In a very large home like the renewable energy home out in Eastport, if we built that home with -- to the lowest standards, meaning New York State Building Code Standards, if we had built it that way and the amenities we currently have in there and we had no renewal energy and we used all fossil fuel means for heating, cooling, electricity and hot water, we can spend up to \$20,000 more a year than what we currently spent last year, which was a total of \$1156.

And by the way, Wayne, just as a -- just a little adjustment to what you said before, when we finish

Phase II, we'll be totally self-sufficient. But knowing we will be totally self-sufficient, we will actually be generating so much extra power, electricity, heating when we finish Phase II that we'll actually be selling to our neighbors and offering it to them at less than half of whatever LIPA's charging at that point in time.

**CHAIRMAN HORSLEY:**

Which is illegal, but that's great.

**MR. WELCH:**

That's right. Well, actually I tell you, I live in Santa Barbara and I know Oprah Winfrey there, and I think I could work it out with getting here there to do a special at that time. And I'm hoping to be sued. The point is we've been misled. By the way, the oil industry uses the same lobbying group that the tobacco industry has used for many years. Okay. So the point I'm trying to make is there is a ton of money out there available for buying tax-free bond that are based on the use of renewable energy.

**CHAIRMAN HORSLEY:**

Paul, I have a quick question here from Legislator D'Amaro.

**LEG. D'AMARO:**

Yes. Thank you. The program that we're talking about here is you would look to the County to fund the upfront cost of making a residence -- you know, implement the new technology to get off the fossil fuels and all of that the, correct, generally speaking?

**MR. WELCH:**

Yes.

**LEG. D'AMARO:**

So here's my question. The technology that you would want to put into these homes that are most cost effective and available, is it -- is it available at that level? Is it -- in other words, in my mind, to make this affordable, you have to have a demand so that you can the manufacturing of the technology to put into the homes. It's kind of like the cart before the horse thing. So how do you -- you know, my point is that you would be paying exorbitant amounts to get the technology into these homes because it's not produced on a mass scale.

So how do you convince manufacturers that there's a demand out there for the technology?

**MR. WELCH:**

Excellent question. We address that a little bit further on. And it is an excellent question.

**LEG. D'AMARO:**

I bring it up because I'm working with Congressman Israel actually on something very similar for our school districts, where schools having flat roofs are conducive to solar panels and what have you. And, you know, you want to bring those jobs into New York and produce them here, but then the industry says, well, how do I know there's a real demand for it. You know, so it seems to me that there's some upfront kind of study or surveys and number crunching that needs to be done to really get there to start the -- to prime the pump, if you will, for the supply and demand and to bring the cost down.

**MR. WELCH:**

Excellent point.

**LEG. D'AMARO:**

Yeah.

**MR. WELCH:**

And we're going to touch on that in a few slides from here. If you could hold off, I'd -- do you want me to address it right now? Okay. What if I sell my home or business? The payment responsibility would be transferred to the new owner. The new owner would also benefit by receiving the cost savings associated with the installed systems and energy conservation improvements. The previous owner -- the previous owner has no liability once the structure is sold. The renewable energy and energy conservation improvements will increase the value of each structure, thereby improving on the marketability for future sale. And by the way, this touches on that increased appraised value that comes with doing what we're talking about here.

Each system and equipment, each renewable energy system must be sized to get as close to net zero energy usage as the structure and site conditions allow. A firm with properly trained engineering or applied physics consultants shall perform all evaluations and calculations prior to developing the design and construction documents.

And let me just elaborate just really briefly on that. Back in the Jimmy Carter days when people were standing on long lines for gasoline and whatever, Grumman actually came up with some equipment to reduce energy cost, renewable energy equipment. And there was a whole bunch of contractors out there who jumped into this. The big problem that happened then and to some extent could continue if not done properly is that in order to design the most cost effective systems that require the least amount of ongoing maintenance that has the longest lifetime -- and by the way, we're talking about lifetimes of system that generally range from 25 to 30 to 40 to 50 years. You need to design it properly before you ever hire a contractor or a contracting installer to do it.

So there needs to be -- there needs to be a gate keeper of gate keepers, if you will, who have the knowledge and the education to review the design documents before any equipment is purchased and before anybody installs it. And that's what that slide is all about.

**CHAIRMAN HORSLEY:**

Paul, can I interrupt just one second? I hate to push you along, but we've got a -- it's kind of like the rotary where the people come in and they've got to leave for lunch. I've got another backed up committee, and I just wanted to make sure that -- get to the nuts and bolts of this.

**MR. WELCH:**

Okay. Let me then just answer Legislator D'Amaro's question, because this is crucial. And by the way, we do have a CD we can leave here for those of you who want to burn copies of the CD and hear the full version of this program. Like I said before, the mechanics, the nuts and bolts is going to require a lot more time to explain. So I don't even want to address that. We could set that up separately.

But anyway, back to the question about purchasing power, and that's what talking about here. We propose that you could purchase renewable energy and energy conservation equipment directly from manufacturers in bulk quantities to reduce system cost. And we believe that by purchasing in the scale of millions of dollars a year, you can cut the cost of some of these equipment costs in half. This would give the County large-scale buying power.

Perhaps this could be -- and again, we're not experts on the mechanics of the -- of the law on the County level, so we're for this idea. Perhaps this could be set up similar to GSA contracts. Then we propose that anyone may purchase this reduced cost equipment as long as it is installed in Suffolk County. Prior to purchasing, the system must be reviewed and approved by a clarified renewable energy engineering and design organization.

Now, I have to tell you, the building departments are not qualified to do this. And we're prepared to train a whole bunch of engineers and physics-type of people to get that skill level up right within Suffolk County. Owners are encouraged to obtain quotes from at least three different installing contractors based on the approved design and engineering documents in order to ensure competitive pricing.

I have ten more slides here that get into the program. As everybody knows, everything was pushed back here. Could you perhaps, Wayne, have copies of these CDs burned if you have for those who are interested.

**CHAIRMAN HORSLEY:**

Dan says yes.

**MR. WELCH:**

Okay. I'd like to thank everybody for your attention and hopefully, interest level. I know that if we all work worked together in a bipartisan way, we could create tens of thousands of new jobs here in the next two to three years in Suffolk County, high-paying jobs, jobs at any skill level. And we can all, as a County, reduce our bills, our energy bills, by 50% and not be subject to increasing energy costs. I think -- I think we've got a slam dunk here, a grand slam homer. And I think we really need to get it done. Thank you.

**CHAIRMAN HORSLEY:**

Thank you very much, Paul. I do appreciate this. And I know that, as Legislator D'Amaro just mentioned, that Legislator -- that Congressman Israel is talking your language. I mean, this is exact same stuff that he is talking about not only in schools, but on a whole host of things. So there's a lot of people out there that probably -- because you're out in Eastport in Suffolk County that want to do this and want to move forward with making this affordable.

**MR. WELCH:**

Well, could I just make one comment and an invitation? And thank you for that. I stopped giving tours of the renewable energy home. And by the way, whatever we did there can be scaled down to smaller-sized homes. That home was designed for every wasteful American, meaning all of those who are very wealthy and the celebrities. And I did that out in the Township in Southampton as a challenge to them, because spending a couple of percent more on their construction costs is nothing for them to get them to start popularizing this so that it could become more affordable for the struggling middle class and the poor. And that really was our mission.

So with that being said, if you'd like to organize a busload or two busloads or a caravan on some day here in the near future so we could show you what we're talking about so you could feel it, touch it, see it, I'd be delighted to entertain whomever wants to learn more about this.

**CHAIRMAN HORSLEY:**

Sounds good.

**MR. WELCH:**

So, please, Wayne, if you or Brendan want to organize that, just let me know and give me some dates and time ranges, and I'd be happy to do that. Hopefully, it's not in the deep winter, because I want to get -- I want to get to some place warm for part of the winter this winter.

**CHAIRMAN HORSLEY:**

Paul, it sounds like a great idea. I do appreciate that. It's an offer I think we will try to put together for you and for us so that we can become a team on this issue that we're all so concerned about. So, you know, we're in this with you, so we appreciate the fact you are here today and instructing us. And maybe you will move us -- help us move to the next level. And certainly I know that Congressman Israel -- we'll let him see the tape as we did, the CD, and we'll see if we can grow this movement here in Suffolk County.

**MR. WELCH:**

Thank you.

**CHAIRMAN HORSLEY:**

Thank you very much. All right. Mr. Kennedy still around? Oh, there he is. Let's move to the agenda, I want to get this done as quickly as possible.

**1770, Reappoint member to the Suffolk County Community College Board of Trustees (Frank Trotta). (Browning)** Do I have a motion?

**LEG. D'AMARO:**

Motion to table, Mr. Chairman.

**CHAIRMAN HORSLEY:**

Motion to table, I'll second the motion. All those in favor? Opposed?

**LEG. KENNEDY:**

Mr. Chair, just a quick question on this.

**CHAIRMAN HORSLEY:**

Yeah, please. I was waiting for it.

**LEG. KENNEDY:**

We were going to invite Mr. Trotta in to speak. Was that able to happen?

**CHAIRMAN HORSLEY:**

I got a message from him last -- last time I heard was that he is going away for a week, and I don't know -- I think that week must have passed by now. But that's the last I heard from him. I know that there has been other Legislators who have put names in for that position as well. I guess, they're being screened. I guess that's -- he will be here during the General Meeting. He's currently away.

**LEG. KENNEDY:**

Oh, I see. Okay. So then we will have an opportunity to go ahead and talk to him at that time, I guess, about some of our questions.

**CHAIRMAN HORSLEY:**

Right.

**LEG. KENNEDY:**

Okay. Great. Thank you, Mr. Chair. Then I'll support the tabling.

**CHAIRMAN HORSLEY:**

All right. So there's a motion on the floor to table. All in favor? Opposed? So moved. It's been **TABLED (VOTE: 4-0-0-1 Not present: Legis. Alden)**

**1851, Authorizing an energy audit of the William H. Rogers Legislature building. (Pres. Off.)**

I'll make a motion to approve, seconded by Legislator D'Amaro. All those in favor? Opposed? So moved. **APPROVED (VOTE: 4-0-0-1 Not present: Legis. Alden)**

**1863, Allocating and appropriating (Phase VIII) in connection with the Downtown Revitalization Program (CP 6412). (Co. Exec. Levy).**

**LEG. D'AMARO:**

Motion.

**CHAIRMAN HORSLEY:**

Motion to approve by Legislator D'Amaro, I'll second the motion. All in favor? Opposed? So moved. It has been **APPROVED (VOTE: 4-0-0-1 Not present: Legis. Alden)**

**1864, Allocating and appropriating funds in connection with Downtown Beautification and Renewal (CP 6418). (Co. Exec. Levy).**

**May I have a motion?** Motion to approve by Legislator Stern, second by Legislator D'Amaro. All in favor? Opposed? So moved. **APPROVED (VOTE: 4-0-0-1 Not present: Legis. Alden)**

**1866, Adopting Local Law No. -2008, A Local Law to establish uniform procedures for issuance of film permits. (Co. Exec. Levy)**

**LEG. D'AMARO:**

Motion to table.

**CHAIRMAN HORSLEY:**

That's right. Apparently it needs a public hearing. There's a motion made by Legislator D'Amaro, seconded by Legislator Stern. All in favor to table for a public hearing? All those Opposed? So moved. **TABLED for a PUBLIC HEARING (VOTE: 4-0-0-1 Not present: Legis. Alden).**

I think that's it, right? Okay. Motion to adjourn.

**LEG. D'AMARO:**

Motion.

**CHAIRMAN HORSLEY:**

Seconded by Legislator Kennedy. All in favor? Opposed? So moved.

**(\*THE MEETING WAS ADJOURNED AT 1:42 P.M.\*)**

**{ } DENOTES BEING SPELLED PHONETICALLY**