

ECONOMIC DEVELOPMENT, HIGHER ENERGY AND EDUCATION COMMITTEE
OF THE
SUFFOLK COUNTY LEGISLATURE

Minutes

A regular meeting of the Economic Development, Higher Energy and Education Committee of the Suffolk County Legislature was held in the Rose Y. Caracappa Legislative Auditorium of the William H. Rogers Legislature Building, 725 Veterans Memorial Highway, Smithtown, New York on Wednesday, March 17, 2010 at 2:00 p.m.

MEMBERS PRESENT:

Legislator Wayne Horsley, Chairman
Legislator Steven Stern, Vice Chairman
Legislator Tom Cilmi
Legislator Ricardo Montano
Legislator Lynne Nowick

ALSO IN ATTENDANCE:

George Nolan, Counsel to the Legislature
Renee Ortiz, Chief Deputy Clerk, Suffolk County Legislature
Yves Michel, Commissioner of Economic Development
Bryan Galgano, Aide to Legislator Horsley
Jack Caffey, Aide to Presiding Officer Lindsay
Bob Martinez, Aide to Legislator Montano
Greg Moran, Aide to Legislator Nowick
Joe Muncey, Budget Review Office
Michelle Isabelle Stark, Economic Development/WFH
Ben Zwirn, County Executive's Office
Steve Tricarico, Intergovernmental Relations
Moke McGowan, Long Island Convention and Visitors Bureau
Kevin Moran, Long Island Convention and Visitors Bureau
Mike Johnston, Long Island Convention and Visitors Bureau
Pat Snyder, East End Arts Council
John Coraor, Suffolk County Cultural Affairs Citizens Advisory Board
Lynda Moran, Islip Arts Council Cultural Affairs Advisory Board
Bruce Ferguson, Suffolk County IDA
Ron Beattie, Vanderbilt Museum Board
Maria Loreta Celitan, CAB Member
Ronan Mulvey, CAB
Joanna Ferraro-Levy, CAB Member
Radu Oancea, Amneal Pharmaceuticals, Director
Raj Sutaria, Amneal Pharmaceuticals, VP Operations
Sal Cucinella, Sharp Concepts
Emma Lee, A & Z Pharmaceuticals
Other Interested Parties

Minutes Taken By:

Lucia Braaten, Court Stenographer

Minutes Transcribed By:

Kim Castiglione, Legislative Secretary

(THE MEETING WAS CALLED TO ORDER AT 2:40 P.M.)

CHAIRMAN HORSLEY:

All right. Welcome to the Economic Development, Higher Education and Energy Committee. Do we have all our members? My apologies for the extended meeting prior to. It's all the Chairperson's fault. May we please stand for the Pledge of Allegiance?

Salutation

May we please stand for a moment of silence for all those men and women who protect our freedoms both here and abroad.

Moment of Silence

All right. We're going to move right into the public portion. Initially I imagine we would have quite a crowd in that the President and CEO of LIPA was to be here today, but of course because of the storm we well understand why the -- he was unable to make it today. We want to let you know that we will be rescheduling -- rescheduling Mr. Law probably for the next meeting if that's possible, but we will let everyone know when that is rescheduled.

All right. We have several cards here and I'd like to start with Mr. McGowan. Moke?

MR. MCGOWAN:

Good afternoon. I'm Moke McGowan, President of the Long Island Convention and Visitors Bureau and I am here today in opposition of I.R. 1190. I am joining obviously with my Board of Directors who last night voted overwhelmingly in opposition to this legislation by a vote of 19 to 3. I'd like to put this legislation in brief context because it was apparently precipitated because of a marketing grant program expansion that would have provided significant funding to the Montauk Chamber of Commerce and other East End entities.

This program was rejected by our Board of Directors not once, but twice. The grant program itself was set up by the LICVB five years ago as part of the Suffolk Speciality Tourism Marketing Fund. It was originally developed as a modest program that would provide limited assistance to a number of existing and proactive tourism promotion organizations, mostly on the East End of the Island. Its objectives were to focus on increasing overnight visitation, encourage cooperative partnerships and leverage limited financial resources. Mr. Schneiderman sought to greatly expand this program so as to provide significantly more funds to the previously mentioned entities, but unfortunately it would have come at the expense of the existing Consumer Advertising Budget Program earmarked for advertising Suffolk County as a whole as a tourism destination.

After lengthy discussions, the Board rejected the concept for a number of sound reasons, and it did so twice during two separate meetings. In fact, Mr. Schneiderman was invited to present his plan and proposal to our board during the second meeting. Following his presentation and again after considerable discussions, the Board voted to reject the proposal. Mr. Schneiderman has characterized the need for this legislation by stating that members of the Board, of our Board, from Nassau County decided the outcome of his plan. In an E-mail to his constituents, Mr. Schneiderman stated the meeting was loaded up with representatives from Nassau County. So, basically, Nassau County decided how money that could only be spent and used to promote Suffolk County.

If I may, I'd like to set the record straight. The first meeting was held on January 13th, and of the 25 members in attendance, 14 were from Suffolk County; 11 from Nassau. The vote on Mr. Schneiderman's proposal was 9 in favor of it; 12 opposed; and 4 abstained. Of the 12 opposing, six were from Nassau County and six were from Suffolk. The second meeting was held on January 28th and it was a special meeting called to reconsider Mr. Schneiderman's proposal. It was at this meeting that he was invited to attend. And as I said, the Board again rejected his proposal, but this

time on a vote of 18 to 3 with 2 abstentions. Of the 18 members of our Board voting against Mr. Schneiderman's proposal -- well, I'm sorry. Of the 18 -- thirteen were from Suffolk County. At its regularly scheduled meeting last night again our Board voted 19 to 3 to oppose this legislation. And as I've said before, as a whole -- to the Legislature as a whole two weeks ago, our Board has responsibly demonstrated its ability and desire to look after the collective interest of the tourism industry as a whole regardless of County interests.

In considering this legislation I would ask you to ask yourselves, is this legislation necessary? Is it warranted and is there a sound reason for considering it, and I do submit there is not. Thank you for your time and I'd be more than happy to answer any questions you might have.

CHAIRMAN HORSLEY:

Mokey, welcome of course, and you're always so eloquent on your positions. Let me just ask you quickly, I've gotten -- I've received so many different numbers on the makeup of your Board from I think it was 18, 13, more people from Nassau than Suffolk, and then I heard just the reverse, you just gave me two new numbers. What's your Board look like? Can I have that broken out?

MR. McGOWAN:

First off, our board is 37 members currently. We have one vacancy. Of the 37 members, the actual break out is 17 members from Suffolk County, 9 members from Nassau County, and then we have 11 members whose interest represent or are not tied to either County. That is their business or their responsibilities span County lines. For instance, we have a member, the Director of New York State Parks. His address is in Suffolk County, but obviously his interests span the Island as a whole. That's the Director of the State Parks region, Mr. Chip Gorman. We have the President of the Long Island Farm Bureau. We have the President of the Long Island Hotel and Lodging Association. So we have basically, if you will, you could call them ad hoc or rather at large positions, but we look upon them as representative of the collective interest as a whole.

CHAIRMAN HORSLEY:

Fair enough. Even if there was any sort of break out, it appears that even if the majority went to Suffolk, we would still have a majority of Suffolk -- Suffolk interests.

MR. McGOWAN:

If we looked at solely where they are headquartered or what their --

CHAIRMAN HORSLEY:

Chip is in North Babylon, so I know who Chip is.

MR. McGOWAN:

Exactly. But if we looked at solely what their business address was then you would have about 65% Suffolk and 35% Nassau.

CHAIRMAN HORSLEY:

Okay. That's very interesting. Are there any further questions?

P.O. LINDSAY:

Yeah. I do.

CHAIRMAN HORSLEY:

Sure, Mr. Lindsay.

P.O. LINDSAY:

Mokey, I -- we're all -- both of us are very familiar with Legislator Schneiderman and his complaints with the -- with your agency. And I was really -- I know that you had a great deal to do with fashioning this agreement that was rejected, and I was hoping it would be passed just to have the

issue go away. But the genesis of the issue is that the East End tourist attractions or tourist region isn't getting their fair share of dollars out of your agency. Do you want to comment on that?

MR. McGOWAN:

The -- I think the belief is that when they look at the dollars that are used to promote Suffolk County, that their desire is to have a representative, a proportionate amount of those dollars, either turned over to the East End tourism entities to promote themselves independent of the rest of Suffolk County, or as they choose to promote themselves. That would be the first, I think, thought process. The actual programs that we employ on an annual basis for Suffolk County overwhelmingly, overwhelmingly promotes our East End attractions, North and South Fork, from the vineyards to the fishing to the beaches of Suffolk County. It is the iconic imagery that we use in our advertising. So I think that the ultimate question is one of control as opposed to value of the promotion that they are receiving.

P.O. LINDSAY:

The program that was voted on I guess twice and was rejected was a matching grant program? Is that correct?

MR. McGOWAN:

That is correct. This was a small program that we developed about five years ago to provide limited resources to entities that already had a proactive marketing program plan in place. The Hamptons Visitors Council, the Montauk Chamber of Commerce, North Fork Promotion Council, the Wine Council, etcetera. At the time we set aside a dollar amount of the Suffolk speciality dollars, and that dollar amount was only about \$30,000. It had grown two years ago to \$50,000, and then last year the East End Tourism Alliance came together and requested significant funding to help launch their website, so we agreed to do that. We also agreed to do that because we realized that with increased funding coming to the Bureau it was the right thing to do.

That said, the proposal that Mr. Schneiderman and I worked on would have expanded that \$100,000 program to \$200,000. The only way to fund that additional \$100,000 was to take money away from the existing consumer advertising budget, which we know to be effective, and we have been able to demonstrate and identify the direct return on the investments of our consumer advertising. That was one of the elements that the Board was negative towards, that we would be taking -- the only place to take money from was an existing effective program.

The second thing that the Board objected to was the potential, very strong potential, that in doing something along these lines would open the Bureau up to -- itself up to trying to fund well beyond the East End to other communities that might develop or have a program to promote tourism, and that that would have a major impact on our ability to carry out our mission.

P.O. LINDSAY:

But the program was a matching grant program. I assume any local organization, whether it be a chamber of commerce or regional -- or a town or community promotion agency could apply for that -- those monies, no?

MR. McGOWAN:

Well, it wasn't really set up to be a competitive grant program, but yes, you're right.

P.O. LINDSAY:

Okay. And the break out of dollars between Nassau and Suffolk in terms of input, how much does Nassau put into the program?

MR. McGOWAN:

We looked on a projected basis, income basis, we were looking at Suffolk County as generating about \$1.6 million for this current year and Nassau County generating about seven hundred, just a little less than \$700,000. It would have meant, and it does mean because it's in our program and

our budget, that the difference should be about \$935,000, of which \$771,000 was earmarked for direct programs.

P.O. LINDSAY:

That's it.

CHAIRMAN HORSLEY:

Okay. Are there any further questions? All right. Thank you very much, Moke.

MR. McGOWAN:

Thank you all.

CHAIRMAN HORSLEY:

We appreciate your comments. Mr. Kevin Moran, LICVB.

MR. MORAN:

Good afternoon. My name is Kevin Moran. I'm the General Manager of the Courtyard by Marriott, Long Island MacArthur Airport located in Ronkonkoma. I'm also Vice Chairman of the LICVB. I'm here today to voice my opposition to I.R. 1190. This legislation would violate a Board member's duty of loyalty and duty of care. My fellow Board members from Nassau County have an obligation to make sure that all of the funds of the LICVB are properly spent. This legislation would prevent them from voting on the surplus Suffolk County funds dedicated to a Suffolk Speciality Tourism Marketing Program and exercising their oversight responsibilities.

Two years ago the Board was asked to authorize the use of \$200,000 from the Bureau's cash reserves to increase Suffolk County's consumer advertising in order to meet the LICVB's contractual obligations to the County. This expenditure was in addition to that which had been planned and budgeted in the approved annual marketing plan. Following discussions regarding the Bureau's financial posture and the need to spend these funds appropriately, the Board as a whole, consisting of both Nassau and Suffolk County members, voted unanimously to authorize this expenditure.

On numerous occasions the Board has demonstrated its ability and desire to look after the collective interests of the tourism industry as a whole, regardless of their County interests. With this in mind and for all the previously mentioned objections, as a member of the Board of Directors of the LICVB, I oppose the passage of this legislation. Thank you.

CHAIRMAN HORSLEY:

Thank you very much, Mr. Moran. Are there any questions of Mr. Moran? Mr. Pat Snyder. Ms. Pat Snyder. Patricia Snyder.

MS. SNYDER:

Either way, that's fine.

CHAIRMAN HORSLEY:

Okay.

MS. SNYDER:

Hi. I'm Pat Snyder, Executive Director of the East End Arts Council and I'm here to support the resolution 1267 for support of Winterfest. It's been my pleasure for the last three years working with the Long Island Wine Council and the Long Island Convention and Visitors Bureau to produce the Winterfest, which is a cultural tourism initiative primarily on the East End of Long Island.

Three years ago, based on the President of the Wine Council, said before the Winterfest began you could go out on any weekend day, look at the parking lot and a total cumulative cars would be about 50 for that day during this period of time. Now, with the Winterfest, we're getting at least 500 cars. So we've certainly addressed the issue of the economy in the slow part of the year that really initiated this whole project. We have hired 250 musicians over the period of time. There are 150

businesses that have partnered to provide promotional activities on the North Fork, and so we're very pleased with the success of the program and we encourage you to support that. Thank you.

P.O. LINDSAY:

This year's Winterfest is over now?

MS. SNYDER:

We have one more weekend. It's a six weekend program, and over six weekends there's about 73 jazz concerts in the vineyard tasting rooms.

P.O. LINDSAY:

This weekend is the last weekend?

MS. SNYDER:

Yeah, you'll have to get there this weekend.

P.O. LINDSAY:

Okay. Thank you.

CHAIRMAN HORSLEY:

Are there any further questions? All right, Ms. Snyder, thank you very much. Mr. Mike Johnston.

MR. JOHNSTON:

Good afternoon, Ladies and Gentlemen. I appreciate the people that have the green on. Thank you. I'm going to -- oh, you're having cupcakes?

P.O. LINDSAY:

No, I got a pretzel.

MR. JOHNSTON:

Pretzel. Okay. I just want to see what you're having. Salads over there, pretzels here. Okay. We're in good shape.

P.O. LINDSAY:

Forgive us. It's been a long day. We haven't had really a chance to break for lunch. We went from one committee to another. So forgive us if we are chewing while you are talking. We're listening, though.

MR. JOHNSTON:

I will forgive you, not that I have any power to forgive you, but I will forgive you anyhow. Thank you. My name is Mike Johnston and I am the Principal of the Light Hospitality and Lodging Management Company. I also Chair the Board of Directors for the LICVB, and am past president of the Long Island Hotel Association. I am here today to voice my opposition to I.R. 1190.

It is important to note that the Board seats, as Moke had said, are filled on the basis of what individuals bring to the table by way of their knowledge, experience and expertise in the tourism industry; not on a contingency basis. Board seats do not belong to the companies represented, but to the individual. That's why our Board consists of a number of individuals whose tourism and business related interests also cross County lines. Currently, we have representation from the Long Island Hotel and Lodging Association, New York State Parks, Empire State Department, a lodging industry consultancy, the Long Island Farm Bureau, and the New York Islanders, to name a few.

There have been numerous times in the course of the last six years whereby Board members from both Counties have been asked to vote on issues affecting one or both Counties, and we have done so responsibly and in line with our duty of loyalty and duty of care.

With this in mind, and for all previously mentioned objections, as a member of the Board of Directors and Chair, I oppose the passage of this legislation. I am also -- my businesses are located in Suffolk County and I did vote against the resolution yesterday in the meeting. Thank you very much.

CHAIRMAN HORSLEY:

Okay. Steve, you want to take it?

LEG. STERN:

Yes. Thank you Mr. Chairman. Thank you for being here. Maybe you could, since you brought it up, the vote, you know, without getting too deeply into it, but maybe you could just give us, you know, kind of an overview and the thought process as to why.

MR. JOHNSTON:

Well, the reason why is that I think that as members of the Board our responsibility is to look at things as a region, not sectors or subregions of the Convention and Visitors Bureau. Our job is to market and bring business into the Island. I think if you start doing that, you can start asking -- a lot of towns can be asking for monies. Would you wind up almost united we stand, divided we fall. You'd have maybe Patchogue asking for monies or saying that we want something individually. Western Suffolk could do the same thing. And also, we'd probably have to change our constitution and bylaws of the Long Island Convention and Visitors Bureau to adjust if that legislation passed.

LEG. STERN:

Thank you.

MR. JOHNSTON:

Okay.

CHAIRMAN HORSLEY:

All right. Thank you very much, Mr. Johnston.

MR. JOHNSTON:

You're welcome.

CHAIRMAN HORSLEY:

We're debating back here as well. Mr. John Coraor.

MR. CORAOR:

Good afternoon, Chairman Horsley, members of the committee and guests. My name is John Coraor, and I'm speaking to you today as Chairman of the Suffolk County Cultural Affairs Citizens Advisory Board. This is the advisory board that is appointed by the Legislature to advise you on matters of cultural activity within the County. And before I get on to speaking about the matter I'm here before you today on, I want to introduce the other advisory board members who are with me today. And if they'll stand as I introduce them. Maria Loreta Celitan; Margarita -- I'm sorry, Maria is from Smithtown; Margarita Espada from Central Islip; Joanna Ferraro-Levy from Westhampton; Linda Moran from East Islip; Ronan Mulvey from Centereach; and you've already met Pat Snyder from Riverhead.

In order to keep your meeting as brief as possible, I'll be speaking on their behalf and they won't be speaking individually on the matter I'm talking to you today about, and that is to convey to you the results of the advisory board's review of, objective review, of competitive grant applications for cultural affairs, and specifically cultural tourism grants, and convey to you our recommendations as a result of that review process.

You have before you I.R. 1266, which contains the results of that review process and the recommendations made by the entire CAB for your action, and we would like to encourage your

support of allocations as we've recommended for \$236,660 worth of expenditures allocated for that purpose.

I will just make a brief note that we will be back to you later, because I understand to be laid on the table next week is a resolution, Introductory Resolution, which will allocate -- recommend allocations for the Regrant Program. This is the smaller grants under \$5,000 in amount to typically smaller cultural organizations. So this isn't the entire package, but it is our major cultural tourism grants.

I'd also like to take this opportunity to second the remarks that Pat Snyder made urging your support of I.R. 1267 in support of the Long Island Winterfest Jazz on the Vine Program. This is an exemplary cultural tourism program that the County has supported for a number of years and we recommend your support of this again this year.

I'd be happy to answer any questions that you might have. That's all I have to say.

CHAIRMAN HORSLEY:

Legislator Cilmi.

LEGISLATOR CILMI:

Good afternoon. Can you tell us why, and this may be a question for us and not for you, I'm not sure. But can you tell us why the money in 1267, why that project or program is not included in 1266?

MR. CORAOR:

My understanding was the County Executive had requested that those monies come from the General Fund monies that are allocated to cultural affairs. The 1266 program is cultural tourism funds out of the Hotel/Motel Tax. It's a different account. What you'll be seeing coming forward to you in a resolution that I understand is to be laid on the table next week is additional monies from the General Fund, that same pool that the County Executive requested funding from -- for the Long Island Winterfest from.

LEGISLATOR CILMI:

Before we get to that, would you regard the program described in 1267 as worthy of the merits of 1266?

MR. CORAOR:

It would be presumptuous of me to, as an individual standing before you, to speak for 11 members on a Citizens Advisory Board who's collective recommendations are coming forward to you in 1266. I think we all feel it's a worthy program. It was not submitted for competitive grant review as I think you're aware. There's been quite a bit of monies that were not submitted for competitive grant review by the CAB.

LEGISLATOR CILMI:

What dollar amount are we talking about for this next round of money for the smaller organizations?

MR. CORAOR:

The regrant funding is going to be in excess of \$100,000.

LEGISLATOR CILMI:

And that will be coming to us when?

MR. CORAOR:

I was told it's going to be laid on the table next week.

LEGISLATOR CILMI:

And that's also coming from the Hotel/Motel Tax revenue?

MR. CORAOR:

No, those are from General Fund monies.

LEGISLATOR CILMI:

You said that. I'm sorry. Okay. Thanks very much.

LEG. MONTANO:

I have a question.

CHAIRMAN HORSLEY:

Legislator Montano.

LEG. MONTANO:

Good afternoon. I just wanted to pick up on what you said and then ask you to repeat it. You said that -- what I heard was, I don't know, I want to make sure that's what you said, is that some of these grants were not subjected to a competitive review?

MR. CORAOR:

Everything you have before you in resolution --

LEG. MONTANO:

In 1266.

MR. CORAOR:

In Resolution 1266, was submitted for an objective competitive review by the Cultural Affairs Advisory Board. 1267 was a grant that the County Executive had earmarked in much the same way that other funds for cultural affairs grants have been directed to specific organizations, I think more typically by the Legislature. This one was from the County Executive.

LEG. MONTANO:

I'm sorry. I'm going to have to come up to speed. You said 1267?

MR. CORAOR:

1267 is the funding specifically for Long Island Winterfest Jazz on the Vine.

LEG. MONTANO:

And that came strictly from the County Executive, that's what you're saying? And there was no review process?

MS. FAHEY:

Good afternoon. Jazz on the Vine is taken out of the General Fund money only because the other grants had used up the funding that was available in Hotel/Motel Tax. All of the grants in front of you were reviewed by the Citizens Arts Advisory Board and are recommended to you for funding. Jazz on the Vine came out of the General Fund only because there was "X" amount of grants to be awarded.

LEG. MONTANO:

When you say it came out of the General Fund, was it appropriated in the Omnibus? What fund did it come out of?

MS. FAHEY:

The Economic Development Department 6410 4770 has traditionally had --

LEG. MONTANO:

So it's a discretionary fund?

MS. FAHEY:

It's the general operating money.

LEG. MONTANO:

So it's not earmarked for anything in the budget. It's just put in there as a separate fund which is discretionary for the County Executive. Is that what you're saying?

MS. FAHEY:

No. It's a line of funding that has been in our budget for 15 years, 20 years, that allowed the Arts Advisory Board to award grants in addition to the Hotel/Motel Tax money.

LEG. MONTANO:

Oh, so it's specifically set aside for the Board to allocate money?

MS. FAHEY:

To recommend grants to this Legislature and to the County Executive.

LEG. MONTANO:

And they recommended that funding for this program.

MS. FAHEY:

For the Jazz on the Vine, correct.

LEG. MONTANO:

Okay. How much money is in that fund? Do you want to jump in, BRO?

MR. MUNCEY:

I'd have to actually take a look at that to come up with a number.

LEG. MONTANO:

Excuse me?

MR. MUNCEY:

I'd have to take a look.

LEG. MONTANO:

All right. So when we get to the bill then we can continue the discussion. Would that be okay?

MS. FAHEY:

Sure.

LEG. MONTANO:

Thank you, Mr. Chair. We appreciate that.

CHAIRMAN HORSLEY:

Are there any further questions? Mr. Coraor, thank you very much for bringing down the Advisory Board today. And to all of you, it's a pleasure to see you and thank you for your service.

MR. CORAOR:

Thank you.

CHAIRMAN HORSLEY:

All right. Bruce Ferguson from the IDA.

MR. FERGUSON:

Good afternoon. Do I have to press the button?

CHAIRMAN HORSLEY:

Yes, you do. You have to hold it.

MR. FERGUSON:

I have to hold it. I can't walk and chew gum at the same time.

CHAIRMAN HORSLEY:

Bruce Ferguson from the IDA.

MR. FERGUSON:

I got the green light. I'm the Executive Director with the Suffolk County Industrial Development Agency, and with me today is Jim Morgo, Chairman of the Suffolk County IDA and Yves Michel, Commissioner of Economic Development and also a board member of the Suffolk County IDA. I wanted to talk about two resolutions you have before you today. One is I.R. 1284 and the other is I.R. 1294. And I'd like to -- my papers, my everything and my finger. Okay. I'd like to take it out of order. I'd like to talk about 1294, if I may. That has to do with tax exempt bond financing for not-for-profits. Federal IRS code provides for the availability of tax exempt bond financing for not-for-profit --

LEG. MONTANO:

You've got to keep your finger on the button, please, so we can hear you.

MR. FERGUSON:

We got it now? IRS code provides for the availability of tax exempt bond financing for not-for-profits. In 1986, New York State Industrial Development Agencies were authorized to issue tax exempt bonds for not-for-profit organizations. This authorization has had periodic sunsets, but over the years it has been renewed 15 times. The most recent sunset was January 31st, 2008, but to date the State Legislature has failed to renew this authorization. New York State is the only state that has voluntarily given up this federal tax exempt financing tool that benefits not-for-profits.

Since the law originally -- since the original inception of the law, the Suffolk County IDA has issued tax exempt bonds worth over \$750 million for over 70 projects. The first project was for a new carriage museum at the Museums at Stony Brook, and others have included tax exempt bond issues for Huntington, Southampton and Eastern Long Island Hospitals, Mattituck, Laurel, Hampton Bays, Floyd Memorial, Cold Spring Harbor, South Country and Westhampton Libraries, Jefferson Ferry and Peconic Landing Life Care Facilities, and ten tax exempt pooled bond issues worth over 98 million for the Alliance of Long Island Agencies, which is a consortium of not-for-profit organizations that provide services for the developmentally disabled.

The Suffolk County IDA acts as a financing conduit to which a bank or some other financial institution makes the loan to the not-for-profit in the form of purchasing the tax exempt bond. The financial institution making the loan, buying the bond, makes the credit decision in regards to the viability of the project. The IDA has no money of its own to lend, and these bonds are referred to as special obligation bonds with no guarantees or recourse to the IDA, Suffolk County and/or the State of New York.

These bonds are known as private activity industrial revenue bonds because it is the revenue from the projects that is pledged to pay off the debt. The interest income earned by the financial institution that purchases a tax exempt bond is partially or wholly exempt from Federal and State income taxes. Therefore, the interest rate on these bonds is generally below conventional rates. Currently, the prime rate is 3.25%, and these tax exempt bonds are generally at or below the prime rate and typically they have longer terms than conventional loans. Therefore, for many of these not-for-profits this provides significant savings and for some, such as hospitals and organizations that provide services for the developmentally disabled, they receive Federal and State

reimbursement and this reduces their overhead costs and, therefore, reduces the costs of these programs to taxpayers. I'm going to have to use two hands.

Currently, the Suffolk County IDA has had inquiries from a number of not-for-profits in regard to possible projects. Some of these include Peconic Landing in Greenport, the Parrish Art Museum in Southampton, the Children's Museum of the East End in Bridgehampton, the Commack Volunteer Ambulance Core, Huntington Hospital, John Jermaine Memorial Library in Sag Harbor, San Simeon by the Sound in Southold, and the Long Island Alliance of Agencies.

It has now been over two years since the January, 2008, sunset and in light of this failure of the State Legislature to act, the Board of the Suffolk County IDA adopted a resolution back in October or November requesting the creation of a not-for-profit local development corporation to be known as the Suffolk County Economic Development Corporation. This LDC will have the power to issue tax exempt bond financing for not-for-profit projects, and would have the same Board of Directors as the IDA and would be staffed by the current IDA staff.

Many IDA's and municipalities all across the State are also creating new or reactivating existing LDC's in order to serve the not-for-profit community. Among those are Erie County, Tompkins County, Herkimer County, Albany, New York City, and most recently, the Town of Hempstead has reactivated its LDC to issue a \$50 million tax exempt bond for a new construction at Malloy College, and a \$37.5 million tax exempt bond for new construction at Adelphi.

In the information I think that was handed out to you, I think the Commack Ambulance Corp is requesting support for this. The Alliance of Long Island Agencies is requesting support for this and ACLD has requested support for this. That's I.R. 1294. I'll take questions, if you have any.

CHAIRMAN HORSLEY:

Yeah, let me just -- because this is a -- to introduce this to you, that's the reason why we asked Bruce to pass this out to the members of this committee prior to the meeting, because it is a difficult topic to understand if you haven't had a history, and it is steeped in history, where it comes easy to Bruce.

But let me ask a few specific questions, Bruce, that might clarify some of the questions that may come up about the creation of an LDC. The only reason why -- just nod your head if you'd like. The only reason why the LDC is needed is because the State abrogated their responsibility to -- excuse me, you guys. Okay. Abrogated their responsibility because they did not pass the civic facilities bond capability, which we have had in this County for many, many, many years. Is that true?

MR. FERGUSON:

That's correct.

CHAIRMAN HORSLEY:

Okay. So this is a way, because the State Legislature seems to be acting in a non-economic development way, or irresponsible might be another way to put it, and certain -- by not allowing the State to have these bonds as tool in an economic development, developers quiver, that we are going to this local development corporation that can issue these bonds.

MR. FERGUSON:

That's correct.

CHAIRMAN HORSLEY:

Okay. You have had in the past, and you've already mentioned this, a number of not-for-profits in that -- that's what this is basically for, for not-for-profits, they have come to you and said, "Can you float civic facilities bonds?", which you have not been able to do, and this is your way of saying let's be able to float these bonds. Could you tell me some of the ones that have come to you in the last year, two years, talking about these facilities bonds?

MR. FERGUSON:

Well, I mean, the reason and the rationale for the LDC is because of the disfunction in Albany. I mean, this is over two years and clearly it's putting all of our not-for-profits at a disadvantage. The Long Island Alliance of Agencies, they have 10, 15, 20 million dollars worth of projects pending. They've done ten bond issues with us in the past. They would normally be doing one or two bond issues per year, so they're constantly looking and beseeching us to try to do something. They've been very active in Albany trying to lobby, trying to get this to move, but to no avail. The Peconic Landing, the life care community out in Southold, was a project that was originally done through the IDA and they're looking to expand their nursing home capacity and their health capacity, and they're looking to do approximately a \$26 million tax exempt bond. So they, too, have been beseeching us.

So it's been going on for quite a while, and that's essentially why the Board of Directors of the IDA said, you know, this is enough. We have to take some action; we have to try to create this LDC.

CHAIRMAN HORSLEY:

And this is at the behest of the IDA Board and no other member of the administration or the like. This is something that the IDA feels they need in their quiver.

MR. FERGUSON:

It was a resolution passed in October 22nd last year.

CHAIRMAN HORSLEY:

And the reasons for this is not connected to any County projects, would that be an accurate statement?

MR. FERGUSON:

No, it's not.

CHAIRMAN HORSLEY:

This is for the general not-for-profit world that exists in Suffolk County that we want to promote and have them grow in a responsible manner.

MR. FERGUSON:

It's motherhood and apple pie, Wayne.

CHAIRMAN HORSLEY:

That's what I'm looking for. Okay. Yes, after Mr. Stern is done.

LEG. MONTANO:

Okay.

LEG. STERN:

So we are responding essentially here to the failure on the part of the State, and this is something that we need to do. My question for you is if this is approved, if we choose to go forward, and then at some point New York State does decide to take up this issue once again and to reconstitute efforts that had been there in the past, what, if anything, happens to this LDC? Do we continue on and operate on our own? What would the impact be if any of the State reengaging in this?

MR. FERGUSON:

Well, if the State enables IDA's to function again in terms of providing bonds, taxes and bonds for not-for-profits, then this LDC would kind of be put on a shelf and if and when there was ever a need to do this again, it could be reactivated.

CHAIRMAN HORSLEY:

All right. Thank you very much. Legislator Montano.

LEG. MONTANO:

How are you? I don't want to question motherhood and apple pie, but it seems to me that the members of the corporation that's proposed are all the members of the IDA Board; is that correct?

MR. FERGUSON:

That's correct. We have an Industrial Development Agency in place with board members in existence, so this would be a mirror image of the IDA. This is what -- just for your information, this is what all those other areas that are creating LDC's, that essentially is what they're doing so that they don't have to reinvent the wheel. They can hit the ground running.

LEG. MONTANO:

I understand that. Let me get to the point. The concern that I have in looking at the incorporation papers quickly is that in the IDA, my understanding is that appointments come up periodically. They have term appointments. So it's quite conceivable that the members of the IDA that are there now will in the future not be the same members. But once you -- you want to answer me before the question? Because I see you --

MR. FERGUSON:

IDA members are appointed by and serve at the pleasure of the Legislature. They have no terms.

MR. NOLAN:

That's right, they serve at the pleasure.

LEG. MONTANO:

Okay, they serve at the pleasure of. Now, same principle, though. If this board is incorporated, they do not serve, or do they serve, at our pleasure? Or is there a way -- because once you're an incorporator, is there a provision in the incorporation or in the bylaws that would allow the Legislature to change the members of this board if, in fact, they're acting parallel to the IDA Board?

MR. FERGUSON:

I'm assuming that there is.

MR. MONTANO:

Excuse me?

MR. FERGUSON:

I'm assuming that there is. I'm not the attorney that drafted it, but I'm assuming there's a provision like that.

LEG. MONTANO:

Well, maybe I'll ask Counsel, because I looked at it quickly. George, is there a provision in the articles as you're aware of or in the -- and from what I understand, I don't even think we have proposed bylaws yet, right?

MR. FERGUSON:

Excuse me?

LEG. MONTANO:

Do we have proposed bylaws that we're going to look at with respect to the incorporation?

MR. FERGUSON:

There were proposed bylaws which were supposed to be attached to the resolution.

LEG. MONTANO:

Okay. Let me see if they are attached.

MR. FERGUSON:

I have them if you need extra copies.

LEG. MONTANO:

Well, the question I have is -- are you the counsel for the?

MR. FERGUSON:

No, I'm the Executive Director.

LEG. MONTANO:

Okay. So the question I have for you is do those proposed bylaws have a provision that if the IDA members change then the directors correspondingly will change?

MR. BROWN:

The bylaws were -- we didn't draft the bylaws. The bylaws were drafted by, I believe, counsel for the IDA.

LEG. MONTANO:

All right. I don't care who drafted them. I'm just trying to get an answer to the question.

MR. BROWN:

But the answer to your question, Section 2 of Article 3 of the bylaws states that the Board of Directors shall be elected by the member, and the member is the County of Suffolk, acting through the Legislature or the Executive, that each director shall serve as a director and continue to hold office until his or her successor is appointed and has been elected and qualified.

LEG. MONTANO:

So if we change the membership, the way I would interpret that is if we change the membership of the IDA members, then that correspondingly would change the membership of the board of this local development corporation. Is that accurate?

MR. BROWN:

No. I would think that -- I would think that even if the IDA members were changed that this board would still remain intact because it says the director -- because the directors are appointed by the member and the directors serve until a successor is appointed. So if you did --

LEG. MONTANO:

So how do you -- it seems to me that -- just explain the process so that I understand how a member is removed or how a member is replaced, because once the Board of Directors -- once the incorporation is through, these people stay as directors until they expire. Am I correct on that?

MR. BROWN:

If the IDA members had changed, it would not necessarily mean that the directors of this organization would change. So since the IDA members serve at your pleasure it would at least require, I think, a separate act to also change the director for the board.

CHAIRMAN HORSLEY:

May I jump in at this point?

MR. BROWN:

Sure.

CHAIRMAN HORSLEY:

This is -- I'm familiar with this because I once ran an LDC over in Babylon, and that was what happened, is you have a corresponding piece of bill along with it. When you replace the IDA they become -- they have a thing saying would you be -- if this person would be appointed to the LDC to replace this person. It goes -- there's like accompanying --

LEG. MONTANO:

Right. Well, that's the question. But the answer that I got was in the negative, that it didn't necessarily mean that. What I'm looking for is an affirmative statement that if the IDA membership changes and this agency acts as a corresponding body, then the membership of the directors would correspondingly change to reflect the membership of the IDA.

MR. BROWN:

Provided that you provided for that, yes.

LEG. MONTANO:

Provided for that in the articles of incorporation or by resolution?

MR. BROWN:

By resolution.

MR. FERGUSON:

Can I just?

LEG. MONTANO:

Sure, this is a free for all. Go ahead.

MR. FERGUSON:

For example, if you are removing IDA board member A by resolution, you would remove IDA board member A from the IDA and the LDC, and you replace him with B to the IDA and to the LDC.

LEG. MONTANO:

That's what I'm trying to get at. This is incorporated in the proposal. What you just said, that's incorporated in the proposal?

MR. FERGUSON:

I believe what he's indicating is that appointments and removal will be through the Legislature, and just a question of just you do it all in one resolution, or do you do it in two different resolutions.

LEG. MONTANO:

Right, I understand that. That's what you're saying. Am I hearing that Dennis? Because I believe or I think is not what I'm asking. I want an affirmative statement that this is or is not the case.

MR. BROWN:

Well, as I said before, the Board of Directors are appointed by the member. The membership of the LDC, the Board of Directors membership, will not change unless there's also a corresponding act of the Legislature. So, for example, if a member of the IDA Board were to change, the LDC board member would not change unless there was at least an accompanying resolution, whether it's the same resolution or a separate resolution, also removing that member and appointing the new member.

LEG. MONTANO:

Okay. Thank you very much. Thank you, sir.

CHAIRMAN HORSLEY:

Okay. Are there any further questions of Mr. Ferguson? Just quickly, on the recovery bonds, this is -- that's 1284, that is administrative task?

MR. FERGUSON:

Yes, it is.

CHAIRMAN HORSLEY:

That is something that has been set up by the Federal Government I believe?

MR. FERGUSON:

This is a Federal program creating something called recovery zone bonds, and in order to begin the process of utilizing them you need to declare the municipality, and in this case the County, as a recovery zone. Then you'll also need to -- because in New York State municipalities are not allowed to make loans or give gifts to businesses, you need to designate the IDA as the issuer of these bonds.

CHAIRMAN HORSLEY:

Okay. Did everyone understand that? Everyone good?

MR. FERGUSON:

Thank you.

CHAIRMAN HORSLEY:

Okay. Thank you, Mr. Ferguson. All right. We will now proceed with the agenda.

Tabled Prime

1147, Dedicating the revenue generated by the County's lease with Eastern Long Island Solar Project. (Romaine)

P.O. LINDSAY:

Table.

CHAIRMAN HORSLEY:

There's a motion to table. Do I have a second on the motion? Legislator Stern seconds the motion to table. All those in favor? Opposed? Abstentions? So moved.

LEGISLATOR CILMI:

Abstain.

CHAIRMAN HORSLEY:

Mr. Cilmi abstains. ***(Vote: 5-0-1-0 Abstention: Legislator Cilmi)***

1159, Appointing William C. Goggins to the Suffolk County Community College Board of Trustees. (Romaine)

LEGISLATOR CILMI:

Motion.

CHAIRMAN HORSLEY:

Motion to approve?

LEGISLATOR CILMI:

Approve.

P.O. LINDSAY:

Motion to table.

CHAIRMAN HORSLEY:

And I have a motion to table.

LEG. MONTANO:

Second on the motion to table.

CHAIRMAN HORSLEY:

I have a second on the motion to table. Do I have a second on the motion to approve? Failing to have a second on the motion to approve, we have a motion to table on the floor with -- duly noted. And let's see, all those in favor for tabling 1159? Opposed? So moved. It has been tabled.

LEGISLATOR CILMI:

Please list me as opposed.

CHAIRMAN HORSLEY:

Mr. Cilmi is opposed. *(Vote: 5-1-0-0 Opposed: Legislator Cilmi).*

LEG. MONTANO:

Could I ask to take a resolution out of order?

CHAIRMAN HORSLEY:

You may.

LEG. MONTANO:

I'd like to take resolution 1279 out of order. We have Ms. Irizarry present, and I would like to see if we can --

P.O. LINDSAY:

I'll second the motion.

LEG. MONTANO:

Thank you very much.

CHAIRMAN HORSLEY:

I have a motion and second to take 1279 out of order. All those in favor? Opposed? So moved. It has been -- it has been taken out of order.

1279, Appointing Dafny J. Irizarry to the Suffolk County Community College Board of Trustees. (Lindsay).

And may I ask Dafny Irizarry to please come forward. Why don't you have a --

LEG. MONTANO:

Seat.

CHAIRMAN HORSLEY:

Seat. And good luck with the microphones. We didn't realize we had to give a primer when Bruce came up. Just kidding, Bruce. All right. Hi, it's good seeing you again.

MS. IRIZARRY:

Same here.

CHAIRMAN HORSLEY:

Would you like to just tell the committee a little bit about yourself and why you would be interested and why you would be qualified to take a position on the Suffolk Community College Board?

MS. IRIZARRY:

Sure. Can you hear me?

P.O. LINDSAY:

Yup.

MS. IRIZARRY:

Yes. My name is Dafny Irizarry. I am an educator. I've been teaching in the Central Islip School District for the last 16 years. I teach fifth and sixth graders ESL, English as a second language. In addition, I am the founder and current President of the Long Island Latino Teachers Association, better known as LILTA. And as an educator and community leader I work closely with a number of groups and educational institutions, especially families, to educate families on the importance of higher education, having their children graduate from high school and pursue a higher education.

I also work with school districts in developing educational initiatives to increase the graduation rates. An example of that is something we're having this Friday at the Grant Campus, a women's conference called Women Leaders Paving Path for Young Women, where we will have about 300 girls from different districts in Long Island and about 60 leaders, women leaders, across Long Island speaking to the girls about the importance of higher education. So I work with K through 12 and higher ed.

CHAIRMAN HORSLEY:

Thank you very much, and very impressive. Are there any questions? Okay. Presiding Officer Lindsay.

P.O. LINDSAY:

Dafny, I just want to thank you for volunteering and coming forward to give of your time to serve on this very, very important board to us. Our community college is -- I think it is the largest community college in the State; am I right?

MS. IRIZARRY:

That's correct.

P.O. LINDSAY:

So, you know, it's -- they fulfill a tremendous role of not only academic training, but career training as well. So your experience is greatly needed and I thank you for coming forward.

MS. IRIZARRY:

Thank you. It will be my pleasure.

CHAIRMAN HORSLEY:

Would anyone else have any questions? Legislator Montano.

LEG. MONTANO:

Not so much a question, but I just want to put on the record I know the work that Ms. Irizarry has done in the community. I think she'll be an excellent addition to the Board of Trustees, and I think that she brings a professionalism and the needed commitment and the needed diversity to the Board of Trustees where we have so many of the kids from my district that are attending Suffolk Community College. And, you know, I would be very pleased to, when there's a motion, to either cosponsor the resolution or second that motion or even make the motion.

CHAIRMAN HORSLEY:

Make the motion, Legislator.

LEG. MONTANO:

I will make a motion to approve and I'd ask to be listed as a cosponsor.

LEGISLATOR CILMI:

I'll second it, Wayne.

CHAIRMAN HORSLEY:

Second by Legislator Cilmi. All those in favor? Opposed? So moved. Congratulations and welcome aboard. **(Vote: 6-0-0-0)**.

LEG. MONTANO:

Congratulations.

MS. IRIZARRY:

Thank you. Thank you very much.

CHAIRMAN HORSLEY:

Okay. **1170, Adopting Local Law No. -2010, A Local Law amending the Suffolk County Empire Zone Boundaries to include Amneal Pharmaceuticals of New York, LLC., (SCTM Nos. 0800-182.00-01.00-027.014 and 0800-182.00-01.00-027.006). (Co. Exec.)**. I'll make a motion to approve. Is there -- is Carolyn -- do I have a second on the motion? Then we'll have Carolyn come up.

LEG. NOWICK:

Second.

CHAIRMAN HORSLEY:

Second by Legislator Nowick. Carolyn, would you like to come up and say a few words about this issue?

MS. FAHEY:

Good afternoon. I.R. 1170 amends the Empire Zone boundaries to include Amneal Pharmaceuticals of New York. Amneal is a generic, over the counter pharmaceutical manufacturer located at 75 and 85 Adams Avenue in Hauppauge, as well as on County Road 101 in Yaphank. The RSP application in front of you is to designate the facilities at 75 and 85 Adams Avenue. The renovations will serve as an administrative headquarters which is currently in Fairfield, New Jersey, and a high volume tablet dosage form pharmaceutical manufacturing facility, producing over 20 major products totaling 44 billion tablets annually. The project includes 100 new jobs within the next five years, including 40 administrative and corporate positions being relocated from New Jersey.

I have company principals here today if you have specific questions for the company.

CHAIRMAN HORSLEY:

You would have questions of the principals? Let me just say, Carolyn, before we invite the gentlemen -- the person up, I don't know who the principal is, I jumped to an assumption there. That we have 100 new jobs coming to Suffolk County, congratulations. And you know what I've got to tell you is what is most admirable about this is the fact that they are manufacturing jobs involved here and that is a wonderful thing for Long Island. Gentlemen, would you please state your name and then maybe tell us a little bit about the company and then I have questions from Legislator Stern.

MR. SUTARIA:

Hi. My name is Raj Sutaria. I'm Vice President of Operations at Amneal Pharmaceuticals. A little brief history of Amneal Pharmaceuticals. Amneal Pharmaceuticals was founded in 2002 in New Jersey. It is a growing pharmaceutical company through acquisition as well as through the filing of zone products with U.S. FDA. As such, Amneal has desired to come to Long Island based upon an opportunity and based upon the this program, we really feel that Long Island is -- could be a solid

home for us. We have currently -- total Amneal employees in the U.S. is over 700 employees. In Long Island we currently have -- we started with two employees in 2002 and in Long Island through the acquisition we now have over 500, I believe.

MR. OANCEA:

Five forty-nine.

MR. SUTARIA:

Five forty-nine in New York and it's continuing to grow. We have two major manufacturing facilities in Long Island and we hope to, again, make New York and Long Island our headquarters for all the U.S. We are a top ten U.S. generic pharmaceutical company, with our hopes in the next five years to be a top five generic company.

With that said, we have, again, two facilities, the Hauppauge facility, which we are applying for the RSP, which we believe will keep us competitive in this very, very tough generic world that we're living. I'm sure that we're all seeing that, and we really feel that we have a lot to offer to the County as well as to the State of New York.

CHAIRMAN HORSLEY:

That's great. Thank you very much. Legislator Stern.

MR. STERN:

Yeah, thank you, Mr. Chairman. Can you tell us a little bit about the ownership of time company, who is the owner, how many shareholders are there. What is the makeup of the ownership?

MR. SUTARIA:

Makeup is it's a privately held company with basically three parties involved. The majority ownership is a gentleman out of California. He's a silent partner. He owns about 70% of the company on paper. The other two gentlemen are the co-founders or the founders of the company Amneal, Chintu Patel and Chirag Patel, both brothers. Chintu Patel founded the company in 2002 in New Jersey with him and one other person and since then has built the company and has grown the company as I mentioned.

LEG. STERN:

Do they -- where do they currently reside?

MR. SUTARIA:

They currently reside in New Jersey.

CHAIRMAN HORSLEY:

Got the word, Jersey guys. I'm not sure what that means, but sooner or later you guys are going to say you're Long Island guys, and that's what we want to hear. Are there any further questions? Are we good? Carolyn, anything you'd like to add?

MS. FAHEY:

No.

CHAIRMAN HORSLEY:

Very good. One-hundred new jobs, that sounds good to me. I'll make the motion to approve 1170.

LEG. STERN:

Second.

LEGISLATOR CILMI:

Second.

CHAIRMAN HORSLEY:

Seconded by Legislator Cilmi. All those in favor? Opposed? So moved. **(Vote: 6-0-0-0)**.

Congratulations and we'll be moving on now to the big Legislature comes next Tuesday.

MR. SUTARIA:

Thank you very much.

MS. FAHEY:

The full Legislature.

CHAIRMAN HORSLEY:

The full, there you go. ***1171, Adopting Local Law No. -2010, A Local Law amending the Suffolk County Empire Zone Boundaries to include A & Z Pharmaceuticals Inc. (SCTM No. 0100-068.00-01.00-011.001). (Co. Exec.)***

MS. FAHEY:

Do you want a motion first for discussion or?

CHAIRMAN HORSLEY:

Sure, we could do that.

MS. FAHEY:

I'm just used to the procedure.

CHAIRMAN HORSLEY:

I'll make a motion to approve. Seconded by Legislator Nowick. All those in favor? Opposed? Oh, I'm sorry. I got ahead of myself.

MS. FAHEY:

Sorry.

CHAIRMAN HORSLEY:

You get me so confused, Carolyn. Please, feel free.

MS. FAHEY:

A & Z Pharmaceutical has manufactured over the counter pharmaceuticals since 1985. In July of 2006, they purchased an 85,000 square foot building in Deer Park that was to act as a warehouse for both finished goods and raw materials. Due to the expansion of their markets, the Deer Park facility is going to be converted into a full state of the art manufacturing facility and corporate headquarters, increasing employment by over 50.

Again, we're amending the Empire Zone boundaries to include them as a manufacturing RSP, and just as with the company prior, manufacturing RSP's are required to create 50 or more manufacturing jobs within three years.

With me today is Emma Lee, the owner, one of the owners of A & Z, and her consultant, Sal Cucinella from Sharp Concepts if there's any company specific questions.

CHAIRMAN HORSLEY:

Yes. Could you please bring them up? Okay. It's Ms. Lee and I'm sorry?

MR. CUCINELLA:

Sal Cucinella.

CHAIRMAN HORSLEY:

We are -- both myself and Legislator Stern are saying they're going to be in Deer Park, that's

Babylon, that's good. Why don't you tell us a little bit about the company and about yourselves and where we're going.

MS. LEE:

Okay. My husband and I, Brian Lee and Emma Lee, we started this business back to '95 and usually we sell most of the product to China to support this company, and then later on then we are able to give up some kind of sells in U.S. markets. So back to 2006 we purchased a building in Deer Park. We want to -- I mean, modify the building into use to run the business in a way so we can sell the product in the United States. And because the economy has become literally soft down in order to -- I mean, we don't have enough funding to decorate the building into the pharmaceutical need. So we use that building as a warehouse as now, then later on my accountant and my consultant, Sal, introduced this program to us believing that this program would support us in a better way that we can -- we are able to create the additional kind of -- I mean, sorry, additional -- I mean -- sorry.

CHAIRMAN HORSLEY:

Don't worry about it. I have trouble myself, so.

MS. LEE:

Okay. We are able to create additional jobs because right now we have some -- I mean, I would not say some -- we definitely have a certain kind of sells to get us up to -- I mean, some kind of company they want to give us the certain kind of business in the condition of we have a better -- I mean, location to run the business. So that's about it.

CHAIRMAN HORSLEY:

How much monies to renovate the buildings? I believe you're doing, is renovating the building. How much money are you putting into this project?

MS. LEE:

We purchased the building in the -- I mean, five million kind of -- 5.2 million of the price. Then we are -- because in order to make the whole building as functionable in a pharmaceutical way, we need additional at least another 5 million. So we -- I mean, our budget is in the 9.6 million in total.

CHAIRMAN HORSLEY:

I was going to say it sounds like 10 million.

MS. LEE:

Yes.

CHAIRMAN HORSLEY:

Okay. And the FDA has to come in and approve it and stuff like that?

MS. LEE:

Yes.

CHAIRMAN HORSLEY:

That's what the additional costs are for.

MS. LEE:

We have to get the FDA, we have to do the validation into -- I mean, that's the additional cost, to validate the whole building into the FDA requirement.

CHAIRMAN HORSLEY:

Okay. Legislator Stern.

LEG. STERN:

You heard the drill before. Can you talk a little bit about the ownership of the company, who are the

owners, shareholders, etcetera.

MS. LEE:

The -- my husband own 50%, I own 50%, so we are partners in this whole company.

CHAIRMAN HORSLEY:

One five and one five?

MR. CUCINELLA:

Fifty and fifty.

MS. LEE:

Fifty and fifty.

LEG. STERN:

Okay.

P.O. LINDSAY:

That's it.

CHAIRMAN HORSLEY:

I think it's answered.

LEG. STERN:

I don't know all the details, but I'll ask the question open endedly. Does that, if you know, certify you as a woman's owned company? Can that certify you as a woman's owned company?

MR. CUCINELLA:

No, we need more than 50% for that, so we're not certified as a woman owned.

MS. FAHEY:

One more percent.

CHAIRMAN HORSLEY:

Yeah, it needs 51.

MS. LEE:

As a matter of fact, back two years ago the people suggest that we should -- I should consider minority owned, but after I read those criteria they don't consider that the -- I fit into the minority own situation, so that's why we never apply.

CHAIRMAN HORSLEY:

So you do fit in as a woman.

MR. CUCINELLA:

Yes, yes.

CHAIRMAN HORSLEY:

Okay. I'm playing. Legislator Cilmi.

LEGISLATOR CILMI:

Thank you very much. Just the money that you're planning on spending, is it all building related or is it some equipment?

MR. CUCINELLA:

We're going to actually -- the 9.6 million, some of that goes towards the building, but we need to staff -- we need to actually buy all the pharmaceutical equipment. We're buying because it's an empty shell right now. We need blenders, we need tablet presses, we need packaging lines, we need everything. We need computers for the building.

LEGISLATOR CILMI:

Right. Any idea what the breakdown is, building versus equipment?

MR. CUCINELLA:

The equipment is the -- the building renovation is about the five -- I have it. Thank you.

MS. FAHEY:

You're welcome.

MR. CUCINELLA:

We have about 5 million in building renovation and the furniture and fixtures comes out to about 600,000, and the production machinery is another four million.

LEGISLATOR CILMI:

Okay. Of the four million, of the four million dollars of production machinery, any of that come from Long Island, by any chance?

MS. LEE:

Yes. I would say quite a lot of the machinery we purchase is in Long Island area. Not all. We purchase all nationwide, but basically we purchase from Chicago, from Long Island, from California as well.

LEGISLATOR CILMI:

So in addition to the jobs that you're creating in the building that you're expanding, which will generate additional tax revenue, some of the economic benefit of you expanding is also going to companies on Long Island. I think that's terrific. Thank you.

MR. CUCINELLA:

Correct. Thank you. We're also, just to make it clear, we're going to shift 18 jobs from the Hauppauge facility to the new corporate center which are management jobs and we're going to replace those also with manufacturing jobs because -- I know it's not shown here, but we're at capacity in Hauppauge, so we need to do Deer Park, but at the same time we're going to put more manufacturing capacity into Hauppauge and hire more people there. I know it doesn't get captured here because it's not for the RSP, but it's also more jobs.

LEGISLATOR CILMI:

It's great to see companies growing even with all the challenges that we face here on Long Island, so congratulations.

MR. CUCINELLA:

Thank you.

CHAIRMAN HORSLEY:

Yes, Legislator Nowick.

LEG. NOWICK:

I'm not sure if I know the answer to this. If you're replacing the Hauppauge jobs, do you necessarily replace those jobs with people from Suffolk County?

MR. CUCINELLA:

The majority of our workforce is from Suffolk County. We haven't replaced them yet, so I mean we take ads out local, we work with the Workforce Investment Board, the local WIB in Suffolk County,

to post the jobs. What we're going to do is we're going to shift 18 people, which is really our front office, our management office, over to the new building. Then we're going to bring in more manufacturing equipment so that we can do more manufacturing at Hauppauge. At that time, you know, which is probably about six months from now I would say, we'll then take ads and, you know, but most of our employees come from the surrounding area. I can't answer for certain, you know, whether they'll come from Nassau or Suffolk.

LEG. NOWICK:

Okay. So you don't know if they're from Nassau or Suffolk or from wherever.

MR. CUCINELLA:

No, I just know most of the employees we have currently are from Suffolk, but I don't know where they new ones will --

MS. LEE:

I would say more than 80% or 90% of the people, the workers, come from Suffolk.

LEGISLATOR CILMI:

Through the Chair I would suggest -- I'm sorry. I would suggest that you get in touch with our Department of Labor who is -- does a terrific job at resourcing companies like yours with labor from Suffolk County.

MS. FAHEY:

Actually, Sal referenced WIB, which is the Suffolk County Department of Labor. That is the program that he's working with.

MR. CUCINELLA:

Yes. We work with Peter Simeone over there, because we had done a -- a while back we had done a grant through the Department of Labor to train the workforce. Part of that -- we've posted jobs with them and we, you know, they screen applicants for us, so it works very well.

CHAIRMAN HORSLEY:

Okay. Thank you. Legislator Stern.

LEG. STERN:

Thank you. Where is the location in Deer Park?

MR. CUCINELLA:

It's on Industry Court right behind Tanger.

CHAIRMAN HORSLEY:

So that would be West Industry Court.

MS. FAHEY:

North Industry Court.

CHAIRMAN HORSLEY:

North.

MS. LEE:

North.

MR. CUCINELLA:

We're right in the bend.

CHAIRMAN HORSLEY:

I got it. Is there a little train behind there?

MS. LEE:

Yes.

CHAIRMAN HORSLEY:

I got it. I know the building. Okay. Are there any further questions? We certainly wish you the best of luck in your endeavor. It sounds -- by the way, have you talked to Mr. Ferguson in the back about the equipment? Is it something the IDA can do?

MS. LEE:

As a matter of fact we do deal with the IDA.

MR. CUCINELLA:

Actually, we dealt with Bob Strickoff for the IDA.

CHAIRMAN HORSLEY:

Oh, no problem. Good move.

MS. LEE:

After we buy that building that he -- he waived the -- I mean, he gave us a tax -- I mean a --

CHAIRMAN HORSLEY:

Straight lease.

MS. LEE:

Yes.

CHAIRMAN HORSLEY:

I got it. Nice going good for you. Sounds like you're good business people. Okay. Are there any further questions?

LEG. STERN:

Motion -- do we have a motion to approve already?

MR. NOLAN:

Carolyn made us do it.

CHAIRMAN HORSLEY:

That's right, that's true. Okay. All those in favor? Opposed? So moved. It's been approved.

(Vote: 6-0-0-0)

MR. CUCINELLA:

Thank you very much.

CHAIRMAN HORSLEY:

1190, Adopting Local Law No. -2010, A Local Law to strengthen tourism promotion in Suffolk County, (Schneiderman)

P.O. LINDSAY:

I'm going to make a motion to table that to give the sponsor a chance to answer the many questions.

LEG. NOWICK:

Second.

CHAIRMAN HORSLEY:

I think that's a reasonable motion. And second by Legislator Nowick. Are there any further

motions? Okay. That being the case, we will -- we have a motion to table. All those in favor?
Opposed? So moved.
(Vote: 6-0-0-0).

Introductory Resolutions

1266, Authorizing cultural tourism funding for 2010. (Co. Exec.)

LEG. STERN:

Motion to approve.

CHAIRMAN HORSLEY:

Motion to approve by Legislator Stern. Do I have a second on the motion?

LEG. NOWICK:

Second.

CHAIRMAN HORSLEY:

Second by Legislator Nowick. All those in favor?

LEG. MONTANO:

Wait. Quick question. Carolyn, how are you?

CHAIRMAN HORSLEY:

I tried.

MS. FAHEY:

We're on 1266?

CHAIRMAN HORSLEY:

1266.

MS. FAHEY:

Thank you.

LEG. MONTANO:

I just wanted to just get a very quick background. We don't want to delay this. The only agency that I'm fully familiar with that's new, I think, is the Teatro Experimental Yerbabruja. Just tell me how this was -- who's on the CBA? Is that the --

P.O. LINDSAY:

That's the folks sitting back there.

LEG. MONTANO:

I came in at the tail end and I had gotten pulled out. How many members -- you know, I don't want to go name by name. How many members do you have?

MS. FAHEY:

Right now there are ten members on the board.

LEG. MONTANO:

Are there going to be some new members named or is that the full complement of the board.

MS. FAHEY:

The complement can go up to 15 right now as a maximum.

SPEAKER FROM AUDIENCE:

These are Legislative an appointments.

LEG. MONTANO:

Right. So there are five vacancies, is that what I understand?

MS. FAHEY:

Correct.

LEG. MONTANO:

Okay. All right. Thank you.

CHAIRMAN HORSLEY:

We have a motion to approve and seconded. All those in favor? Opposed? So moved. **(Vote: 6-0-0-0).**

1267, Authorizing funding for the 2010 Long Island Winterfest Jazz on the Vine Program. (Co. Exec.). I'll make a motion to approve. Is there a second on the motion?

P.O. LINDSAY:

I'll second it.

CHAIRMAN HORSLEY:

Legislator Lindsay seconds the motion. Any discussion?

LEG. CILMI:

Yes, on the motion.

CHAIRMAN HORSLEY:

On the motion, Legislator Cilmi.

LEGISLATOR CILMI:

I guess for Carolyn. Can you speak to the issue of the size of that fund that this money comes out of in the General Fund?

MS. FAHEY:

Sure. Economic Development, ECD 6410 4770 had about I think, you can correct me, Joe, if I'm wrong, \$201,400 in its adopted budget. Out of that, as Mr. Coraor mentioned before, you're going to see a resolution coming before you for the Regrant Program of about \$110,000, I think it's 109,000 and change, that's going to be laid on the table at your next Legislative meeting. Also out of that 201,000, and I need to clarify here, before I said that the Citizens Arts Advisory Board had made the recommendation for the Jazz on the Vine. They support the department's recommendation for Jazz on the Vine because of its cultural tourism importance. The department recommended it, the advisory board supports that recommendation, but they did not review the application and vote on it.

Out of that, the 30,000 is going to Jazz on the Vine, which is in its third year. It has brought a renewed sense of economic impact to the East End through the tourism component of the vineyards. Pat Snyder from the East End Arts Council spoke before about the impact it's had and the number of events that it's had in the tourism -- that its generated. It's the department's recommendation that 30,000 from that fund go to the Long Island Wine Council to continue that program.

LEG. CILMI:

Can you speak to why it wasn't addressed in resolution 1266?

MS. FAHEY:

It really is just two pots of money. Resolution 1266 is the Hotel/Motel Tax. There was whatever that total is there, I would have to pull that out. That's all that was in there for this board to make recommendations on, so they use that full amount. Then they had -- then the department has the ability to take the money out of the General Fund and come to you and recommend programs. That's what the Jazz on the Vine is.

LEG. CILMI:

Okay. Thank you.

CHAIRMAN HORSLEY:

Are there any further questions on this?

LEG. MONTANO:

Yeah. I just wanted to follow-up quickly and won't delay this.

CHAIRMAN HORSLEY:

Yes. Legislator Montano.

LEG. MONTANO:

So you had 201,000 appropriated in that line item, we're expending 30,000. Is this the first expenditure from the line item?

MS. FAHEY:

Yes.

LEG. MONTANO:

All right. And then you spoke of 109,000 that's coming out on resolution. Do you know who that's going to address?

MS. FAHEY:

It's going to -- there's -- the Cultural Arts Advisory Board in reaction to a Legislative resolution a few years back -- a few years back the Legislature determined that we couldn't contract for anything less than \$5,000 from a department perspective. That's why you have your CSI's, that's for the smaller grants. But there are a lot of arts organizations that got caught up in that net that used to be funded through the Arts Advisory Board. What they decided to do is replicate a program that the State has, it's called a Regrant Program, and they look at their various arts councils throughout the County and they look to them to administer the smaller awards and grants to the smaller groups so that they're not left out. So what you're going to see is a resolution that refunds how many groups? Okay, 44 different smaller cultural arts groups are going to be funded through five arts councils throughout the County.

LEG. MONTANO:

Okay. And that money, all of that money is initiated through the department, it comes from the Executive Branch or from your department to the CA -- the Cultural Arts Council, is that what you call it? Is that the process?

MS. FAHEY:

There's an application process that these smaller groups go through.

LEG. MONTANO:

Through your agency.

MS. FAHEY:

Through our agency and then it goes to the Citizens Arts Advisory Board for their review and recommendation.

LEG. MONTANO:

Okay. And the last question, the balance, so if we're talking 30,000 plus 109, that's 139 out of the 201,400 that was initially appropriated. Do you have any idea what's going to happen with the difference, the balance of that money?

MS. FAHEY:

Right now, no. That money has been used to cover the department's budget reduction plan that the County Executive put into place.

LEG. MONTANO:

That's what I was going to ask you. Okay.

MS. FAHEY:

Our budget is very tight. We only have one or two areas where we have that amount of money, and that's where we used for our budget reduction plan.

LEG. MONTANO:

All right. So at this point the balance of that really hasn't been allocated and you don't really know where it stands.

MS. FAHEY:

Correct.

LEG. MONTANO:

Got you. Thank you.

CHAIRMAN HORSLEY:

Thank you very much Legislator Montano. Are there any further questions? Okay. We have a motion to approve that's already on the floor. All those in favor? Opposed? So moved. **(Vote: 6-0-0-0)**

All right. We've already done 1279. ***1284, Designating the County of Suffolk a recovery zone pursuant to the American Recovery and Reinvestment Act of 2009 and designating the Suffolk County Industrial Development Agency as the issuer of Recovery Zone Facility Bonds. (Co. Exec.)***

This is -- this is one of the subjects we referred to with Mr. Ferguson, and as a ministerial duty to designate the Recovery Reinvestment Act for all of Suffolk County. I'll make a motion to approve. Do I have a second on the motion?

LEG. NOWICK:

Second.

CHAIRMAN HORSLEY:

Second by Legislator Nowick. Any questions? All those in favor? Opposed? So moved. **(Vote: 6-0-0-0)**

1286, Authorizing an amendment to the lease agreement with Rechler at Gabreski LLC, for use of property at Francis S. Gabreski Airport. (Co. Exec.)

I'll make a motion to approve. Is there a second on the motion?

LEG. STERN:

Second.

CHAIRMAN HORSLEY:

Second by Legislator Stern. Are there any questions? Sure.

LEG. MONTANO:

Just quickly. What's the amendment, Counsel?

CHAIRMAN HORSLEY:

Sure. Would the County Attorney's Office, maybe you want to?

MS. FAHEY:

No, I could do it real quick. The lease that the Legislature approved last spring obligated both Rechler and the County to come up with, you know, certain aspects of the plan that needed to be incorporated. It's site plan, survey, title work and remediation plan for part of the property. So what you have in front of you is all of those other documents.

LEG. MONTANO:

Right, we had discussed that. Okay. That was it. Thank you.

CHAIRMAN HORSLEY:

Legislator Cilmi.

LEGISLATOR CILMI:

Just refresh my memory, wasn't there an issue with giving the County Executive some latitude as far as what sorts of amendments are done with this lease agreement by way of this resolution?

MR NOLAN:

I think it was probably the third Resolved Clause. I don't remember who might have raised that issue, but it states that the County Executive is authorized to execute future amendments to the lease in accordance with such terms and conditions negotiated by the County Attorney's Office and Rechler necessary to facilitate the development and use of the property other than material terms relating to rent or other payments payable to the County or termination of the agreement. I believe some Legislator, maybe it was Legislator Montano, may have thought that was too broad and gave the County Executive too much authority.

LEG. MONTANO:

I thought that was a different resolution unless this one went to Public Hearing.

MS. FAHEY:

No, it's the same resolution. It's a clause that's in all of our --

LEG. MONTANO:

Is this the one that was recommitted?

MS. FAHEY:

Yes.

LEG. MONTANO:

Okay. That's why it rang a bell. I got you.

MS. FAHEY:

Yes. This is a clause that's in all of our aviation leases because, you know, there's so many minor little things that need to be amended and changed and it being a 40 year old, you know, old Air Force base, you never know what you're going to find. So there are things that need to be negotiated. They're not major, you know, major as Counsel had said other than material items.

LEG. MONTANO:

Is this the one, just to refresh my recollection, is this the one that came in on a C of N?

MS. FAHEY:

Yes, it did.

LEG. MONTANO:

At the last meeting. Okay. All right.

MS. FAHEY:

That's the one.

CHAIRMAN HORSLEY:

And we all went what? What? We're still wondering.

LEG. MONTANO:

We're still wondering, but it's 4:05 so we're not going to wonder too long, right?

CHAIRMAN HORSLEY:

Yep, I'm with you. Okay? All right. We have a motion to approve, is that correct, and seconded. Does anyone else have anything else on this? All those in favor? Opposed? So moved. **(Vote: 6-0-0-0).**

P.O. LINDSAY:

Just keep going.

CHAIRMAN HORSLEY:

1294, Authorizing the County Legislature of Suffolk County, New York to form a local development corporation to promote and conduct economic development activities in Suffolk County, New York. (Co. Exec.). I'll make a motion to approve. Again, this is the legislation that Mr. Ferguson spoke of.

LEG. STERN:

Second.

CHAIRMAN HORSLEY:

Second by Legislator Stern. Are there any conversations on this? Anyone have any questions? That not being the case, all --

LEG. STERN:

Just very briefly, very briefly.

CHAIRMAN HORSLEY:

Okay.

LEG. STERN:

And, you know, it goes to something that Legislator Cilmi said a moment ago when we were talking about businesses that even in the face of tremendous challenge it's great to see some good things happening in our area, and this is a way to facilitate that, important not-for-profit organizations that do great work for all of Suffolk County and many organizations that are iconic, that are really quite representative of what we're all about here and want to continue to do good things and want to continue to grow. This is a great way to help them do just that.

CHAIRMAN HORSLEY:

Well put. Okay. Are we all set? All those in favor? Opposed? So moved. It's been approved. **(Vote: 6-0-0-0).**

Okay. I think that concludes it. We're adjourned.

(THE MEETING WAS ADJOURNED AT 4:07 P.M.)