

**ECONOMIC DEVELOPMENT & ENERGY COMMITTEE**

**OF THE**

**SUFFOLK COUNTY LEGISLATURE**

**MINUTES**

A meeting of the Economic Development & Energy 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, May 30, at 2:00 P.M.

**MEMBERS PRESENT:**

Legislator Wayne R. Horsley, Chairman  
Legislator Steven H. Stern, Vice Chair  
Legislator Thomas Cilmi  
Legislator DuWayne Gregory  
Legislator Lynne C. Nowick

**ALSO IN ATTENDANCE:**

George Nolan, Counsel to the Legislature  
Sarah Simpson, Assistant Counsel to the Legislature  
Renee Ortiz, Chief Deputy Clerk  
Joe Muncey, Budget Review Office  
Carolyn Fahey, Economic Development  
Chris DeLuca, Aide to Legislator Cilmi  
Paul Perillie, Aide to Legislator Gregory  
William D. Wexler, Attorney  
Bruce Ferguson, Suffolk County IDA  
Moke McGowan, President, Long Island Convention and Visitors Bureau  
All Other Interested Parties

**MINUTES TAKEN BY:**

Diana Flesher, Court Stenographer

**MINUTES TRANSCRIBED BY:**

Kim Castiglione, Legislative Secretary

***(THE MEETING WAS CALLED TO ORDER AT 2:03 P.M.)***

**D.P.O. HORSLEY:**

Welcome everybody, and welcome to the Economic Development and Energy Committee of Wednesday, May 30. May we all please stand for the Pledge of Allegiance.

***Salutation***

May we all stand for a moment of silence, in particular as the week that we celebrate Memorial Day and we think of those men and women who gave their lives for our freedoms. And may we stand for a moment of silence.

***Moment of Silence***

Alrighty. Okay. We're going to -- first we're going to invite -- we have the President of the Long Island Convention and Visitors Bureau, but I understand that Carolyn Fahey would like to say a few words of introduction concerning Moke's presentation, which we all look forward to. Carolyn, why don't you give us an introduction.

**MS. FAHEY:**

Very quickly, Mr. Chair. Resolution 1238-04 requires that the department bring the LICVB in to give the full Legislature an overview of the effectiveness of the tourism marketing campaign that we're undergoing. As you might know, we have tried numerous times in front of the full Legislature, but with the situation and the budget last year, we didn't get in in December. And then Mr. McGowan was scheduled, I believe, a month ago out in Riverhead to give a presentation and there was a lot of other activity going on so we postponed it to today. So what you have today is really December's presentation. Moke has adjusted it to bring in the spring season, so twice a year we will be here and Moke's on.

**D.P.O. HORSLEY:**

Thank you very much. We appreciate following the letter of the law. And, Moke, let me just first apologize for putting you off last time. On a positive note, though, I was very glad to see you in the Town of Babylon the other night. Always good to see you on the Western End.

**MR. McGOWAN:**

I do make it around the Island.

**D.P.O. HORSLEY:**

I know you do, and there you were.

**MR. McGOWAN:**

The engines on that B25 as it did that flyby at Republic Airport, I mean, that instills such an incredible sense of pride and what have you. So I was delighted to be there.

**LEG. CILMI:**

So, Mr. Chairman, if I may interrupt. Are we going to hear this presentation twice then?

**MR. McGOWAN:**

No.

**LEG. CILMI:**

Okay. This is it then.

**MR. McGOWAN:**

This is it.

**LEG. CILMI:**

Okay.

**D.P.O. HORSLEY:**

Not that you were going to balk at hearing it twice of course.

**LEG. CILMI:**

No, no. Carolyn said that we had a law that said she has to make a presentation to the entire Legislature, so.

**MS. FAHEY:**

This is it.

**LEG. CILMI:**

That's fine.

**MR. McGOWAN:**

I am delighted to be here today and have this opportunity. You know, I think before I start I really do want to advise you that, you know, we at the Bureau are eminently aware of the difficult fiscal situation that the County faces, but I also believe that we, as well as the County's tourism industry, will continue to be a major contributor to the overall and future fiscal health of the County.

Now, this is a presentation, if you will, with regards to looking back to 2011, but it's going to encompass a number of years, because there's certain things in context, and I promise to not go over about ten minutes at the most on this.

**D.P.O. HORSLEY:**

That would be great. Thank you.

**MR. McGOWAN:**

In 2010 Suffolk County's share of Long Island's 4.6 billion dollars tourism industry was just over \$2.4 billion in visitor expenditures. Separate from this was the tourism generated labor income, which including direct, indirect and induced labor income, was almost 1.3 billion dollars. Suffolk County's tourism industry directly or indirectly employes over 36,000 County residents. And finally, the tourism economy in 2010 generated almost 152 million dollars in local taxes. And, of course, that includes sale taxes, lodging and property taxes here in the County.

Now, these figures did represent only slight improvements over 2009, which, as you all know, is the bottom of the abyss of the global economy and certainly our tourism economy here on Long Island. As of 2011, Tourism Economics, which is the research firm contracted by I Love New York to conduct economic impact studies, reported that tourism spending for the New York -- State of New York as a whole expanded 8.1%. We've not as yet received a county by county breakdown of this data on tourism spending for 2011, but we do believe it will be very reflective of the stronger improvements seen by the State as a whole and should reach closer to our pre-recession levels of tourism spending.

As many of you know, actually as all of you know, we monitor the performance activity of our lodging community on a monthly basis to ascertain the health of our tourism industry. What we saw throughout 2011 was a healthy growth in occupancy rates, combined with a commensurate growth in room rates and an overall growth in demand. Occupancies in Suffolk County averaged an increase of 4.2% over 2010, room rates averaged a 2.8% increase over the previous year and

overall we saw demand increase over 6%. This was further reflected in the collection of lodging taxes which increased 4% over the previous year.

We believe a number of circumstance combined to help spur this growth and activity. Certainly we saw an improvement in the national economy, albeit somewhat slowly. We saw consumers acting on {inaudible} demand and traveled more. Weather, both good and bad, helped, and certainly there was a bit of luck involved. We'd also add that aggressive marketing and sales activities on our part helped to stimulate all of those.

Before I begin reviewing our 2011 marketing and sales initiatives I'd like to first go back to 2007, because in that year the Bureau contracted with an independent research firm out of Southern California called Campbell Rinker and Associates, to conduct an advertising conversion analysis of our advertising expenditures during that year. Now, based on the level of consumer advertising undertaken by the Bureau that year and the responses to the survey questions conducted by the research firm, it was determined that for every dollar we spent on consumer advertising, and only consumer advertising, \$39 was realized in consumer expenditures during the travel. In other words, the \$530,000 we spent in 2007 on consumer advertising yielded a return of 20.6 million dollars in consumer spending.

This past year, in 2011 the Bureau spent \$723,700 on consumer advertising, and if we use the same formula that was utilized in 2007, we can estimate that the Bureau's consumer advertising alone for 2011 generated over 30.6 million dollars in direct tourism expenditures. This would also equate to an increase in our return on investment of approximately \$42 to one. And as an organization the Bureau does not nor has it ever tried to take full credit for the health of the whole of our tourism industry, but we are the only organization whose sole focus is to generate direct revenue for the County as a whole through destination marketing and sales, and we are the only organization that works to influence consumers to choose Long Island as their leisure travel destination and ultimately to spend their discretionary travel dollars.

Well, 2011 saw significant increases in consumer responsiveness to our marketing efforts. If you will, driving traffic to our website is one of the key major strategies in influencing travel decisions to choose Long Island as a leisure travel get away. The Bureau's integrated marketing strategy is to drive visitors to our website in 2011 resulted in an overall increase of 44% of visitor sessions to the site and a 13% increase in page views.

That year we expanded our on-line interactive efforts to include the United Kingdom, Germany and German speaking countries. Our international pay-per-click marketing in the UK and Europe generated a 76% increase in UK visitors to our website and a 54% increase in German and German speaking visitors to the site.

Our advertising strategies generated over 58,000 requests for the Long Island Travel Guide. That's a 43% increase over 2010, and resulted in a conservative estimate, as I said earlier, of over 30 million dollars in direct visitor expenditures. But it should also be noted that our on-line requests increased some 35%.

And finally, in 2011 we assisted some 62 travel journalists that resulted in 46 feature stories focused on Suffolk County's tourism assets and experiences alone, and reached some 21.8 million print readers. That figure does not include on-line pick up and an incalculable number of on-line impressions.

Our direction sale efforts resulted in the generation of some 220 business leads representing some 62,300 room nights and approximately 26.6 million dollars in visitor expenditures.

Our outreach cooperative marketing initiatives also included a continuation of our Tourism Marketing Matching Grants Program in 2011. And during the year the Bureau disbursed over \$160,000 in reimbursements through this matching grants funds to East End and North Shore destination marketing organizations. That represented 10% of the funds the Bureau received from Suffolk County during the previous year.

Supporting all of these initiatives is our successful use of social media to engage current and past visitors and generate awareness and dialogue about Long Island and Suffolk County's assets and experiences. We closed out 2011 with over 220,000 fans of our Facebook page. I would like to also, this is off-script here, note that the average Facebook user has 130 fans of their own. Using that times the 220,000 fans we have a total reach of a little over 28 million potential customers.

Let me close by saying we are extremely encouraged by the healthy level of activity in the lodging sector in just the first quarter of this year. Through the first three months alone we have seen a 15.5% increase in lodging tax collections over the same timeframe of the previous year. It's no coincidence that during the same timeframe we've seen a doubling of traffic to our website. In fact, visitation to our site has increased 106% over the first quarter of 2011. Now, no doubt much of this was due to the exceptional weather we enjoyed during our non-winter winter this past year, but we also believe that our aggressive marketing has created that top of mind awareness among travel consumers that Long Island and Suffolk County offer exceptional value and opportunities for that short, nearby getaway vacation. And it's with this in mind that we believe 2012 will be a year of continued recovery to our pre-recession levels of business. And with that, I would be more than happy to answer any questions that you may have.

**D.P.O. HORSLEY:**

Thank you very much, Mr. McGowan. As always you did it within ten minutes and there was a lot of material there and we appreciate it. Will we have follow-up documents with this? We do have that, right?

**MR. McGOWAN:**

Yes, you do.

**CHAIRMAN HORSLEY:**

Good. Okay. I just have a quick question and then I'm going to turn it over to my colleagues. One is that I have heard recently that New York is, New York City has become the number one destination city in the world tourist-wise, and it seems to me that we've got to, and I know that you are already on this, that we have got to see if we can peel off some of those visitors to New York City for a nice weekend out on the East End or whatever. How is that promotion working, the linking New York City to -- how does it work linking New York City to Long Island and trying to get those visitors that visit New York City and then may be able to come out to Long Island for a period of that vacation.

**MR. McGOWAN:**

You know, in terms of domestic visitors we really -- there's not a whole lot that we can do to peel that off, because they are going to be there for a very finite period of time, three to four days is the average vacation time that domestic visitors take. In terms of the international visitor who comes over ten days to two weeks, it's working exceptionally well, and that is one of the reasons why we decided to do the paper-click in Europe and in the UK.

We started this project back in 2007/2008 and our first step was to develop a partnership with New York City and Company, the primary promotional agency for New York, Manhattan and the boroughs. We are on their website as -- under an area called beyond New York City. In other words, they know that their visitors are going to come for three or four days and then look to explore beyond, and for the period of about 2008 to 2010 we were the only partners beyond New

York City listed on that website. We partner with them at such things as major international trade shows within their booths, and likewise interact and engage with their salespeople talking to their clients and customers and using ourselves as the extension. When I first made the presentation to our Board of Directors back in 2007/2008, my first comment was we will never be a primary destination internationally by ourselves. We will, however, be the greatest crumb snatchers you ever saw, and to that end, we are doing very well.

**D.P.O. HORSLEY:**

That's great news. So the idea is not to necessarily peel them off from New York City, but to get them interested in Long Island as part of the their stay while they are in Germany or where else, so come visit Alec Baldwin on the East End, something like that.

**MR. McGOWAN:**

Absolutely. I mean, you know, New York City has so much to offer and you're going to enjoy it all, but you need to get away. I mean, we know you're going to look to -- well, international visitors come for a variety of reasons, but to New York City the same reason that domestic visitors do. That said though, it's expensive, and we know that the average stay is only going to be about four nights, but they're going to be in the U.S. for seven -- between seven and 14 days, so we want to make sure that we are part of that itinerary.

**CHAIRMAN HORSLEY:**

That's great news. And, by the way, just as a thought, one of the -- Legislator Schneiderman is saying that he has never seen Montauk so busy as the last couple of months at this point in time during the year, so.

**MR. McGOWAN:**

You know, we know it's very weather related, but we're delighted because quite honestly, you know, there has been some struggles on the west side, the West End of Suffolk County as far as our lodging community, simply because there is so much dependence, or has been so much dependence, on business travel and business transient, and that's been slow to recover.

**D.P.O. HORSLEY:**

Thank you very much. Legislator Stern.

**LEG. STERN:**

Speaking of activity on the West End, and we've had this conversation here in this committee in years past, that with a changing shift not just in economy but in our technology and because the West End is so heavily dependent on corporate business travel and so many companies have been cutting back on that as a part of their budget, but also because they can have these far off meetings, you know, on-line or, you know, on TV screens sitting across from each other. Has that been taken into other account in any meaningful way in how you budget and how you target and what your outlook is in the coming years, East End investment as opposed to West End development because of the change in the nature, particularly in corporate travel.

**MR. McGOWAN:**

Yes, and especially when we engage in conversations with potential clients, meetings, conventions, or -- we really can't stimulate business transient because that's individual business travel, dependent upon what the economy and the corporate community here on Long Island is involved in. But the corporate group business is what we work to stimulate. Certainly in the immediate aftermath of the great recession there was a lot of corporate entities turning to on-line meetings as a possible way to make those travel cost cutbacks. What we have seen is now a shift back to the face to face meeting variety. They will integrate that into some of their previous meetings.

One of the problems that they have been finding is that there are a lot of things going around that take place and interruptions to on-line meetings. I found it myself whether it's conference call, whether it's utilizing video conference calling, whether it's video-teleconferencing or what have you. You have the ongoing interruptions day to day from things that are going on, you close the office door and things of that nature. But there is so many things that keep your focus or interrupt your focus on that meeting. And so what we, when we are discussing with clients meeting on Long Island we maintain that, you know, they are going to get so much more out of the face-to-face type of meeting than if they do the teleconferencing. And from a trend industry-wide we're seeing that shift now back towards the meeting, the face-to-face meetings.

I would also add that, you know, almost all of the West End properties, a portion of their business is leisure, and so it's -- they're finding that balance between how much group, corporate group, business transient and leisure do they put into their mix. So we are marketing on two fronts on their behalf as well as, you know, I mean, they're part of the overall equation.

**LEG. STERN:**

So as they continuously adjust their equation, how you decide to proceed is really based, at least in part, on what it is they're seeing, what it is they're doing, and you're acting accordingly? Is that how it goes?

**MR. McGOWAN:**

We're taking into consideration. I mean, we really on Long Island have two key times when we can do mass marketing, just before spring going into summer, and then just before fall going into September/October. If we miss those months, as far as consumer advertising is concerned, we've missed an opportunity.

The discussions, though, with regards to corporate group business is year-round, and that's generally one on one through trade shows, through relationship building, conferences that we attend or associations and organizations that we belong to. I have two sales people who are currently at a society of association executives conference right now at a trade show representing Long Island. That's a year-round endeavor from the direct sales standpoint.

**LEG. STERN:**

Over the past year would you say -- could you name one or two of what would be -- have been the biggest hits on that type of business corporate convention type of activity that we have been able to see, a couple of organizations that had not been here, but did have a gathering or a trade show or some important conference that we had not seen before?

**MR. McGOWAN:**

The one that really comes to my mind immediately, and we do have a report and I would be more than happy to, because we generate this on a monthly basis, and I'll be more than happy to provide that to you so that you have the full of it. The one that does come to mind is a train engineers convention conference that we literally went to, I want to say it was Pittsburgh, to solicit that piece of business. We were in competition with Upstate, New York and we won the piece of business. We were pleased with that. It was about 300 attendees, fairly -- for us a decent conference. It utilized about 600, 700 room nights, something of that nature. But that's the type of thing that whether it's corporate -- actually corporate business or association business, the meetings and convention market is comprised of both.

**LEG. STERN:**

Did you say that in the -- was it the first quarter that there had been a 15% increase in was it -- is it sales tax revenue based on --

**MR. McGOWAN:**

Lodging tax.

**LEG. STERN:**

Lodging tax -- over the past year at the same time. Do you have any idea what the increase was the year before?

**MR. McGOWAN:**

It was -- honestly, I don't because we were in a transition of lodging taxes I believe at that timeframe. We went from 3/4 of 1% to 3%. I don't believe there were -- yeah, it was a little tough but I think what we -- what I do have, if you will -- well, looking at the overall spin, 2009 to 2011, as far as direct visitor expenditures in Suffolk County, in 2008 -- let me try this one more time. In 2008 the overall economic impact of visitor expenditures was 5.1 billion dollars. In 2009 that had dropped down to 4.4. In 2010 it was 4.6, and we believe it's going to be a little over 4.8 billion soon as we get the figures in for 2011. So that's -- you can see the rebound from the hole that we were in.

**LEG. STERN:**

The end of last year, the total number of Facebook friends or likes was 220,000. Do you know what it is now?

**MR. McGOWAN:**

I think at the most recent that I saw was about 230,000, just a little over 230,000. And that's second only to -- out of New York we're actually far better than New York City and Company.

**LEG. STERN:**

And in the 2011 report you had talked about international efforts, things that you were doing through the website, but that perhaps there would be a specific targeted international site or social media effort, that there had been monies budgeted for that purpose as well.

**MR. McGOWAN:**

Correct.

**LEG. STERN:**

What's the status there with that effort?

**MR. McGOWAN:**

We are actually right now producing a landing microsite for both UK as well as German/German speaking so that we can measure the results of our pay per click a little bit better and to give them more information. Our current call to action is a downloadable PDF of a German language brochure, if you will, a six panel brochure. We want to be able to really utilize a microsite to better gauge, learn more about our customers and where they're going on the site and the interest levels that they have in various experiences and activities. That will help us better adjust our pay per click and the words that we buy and things of that nature.

**LEG. STERN:**

Is that effort currently in place or is that something that you're working towards.

**MR. McGOWAN:**

The microsities are what we're working towards right now. We employ the pay per click, but literally it was back in 2011, that was kind of our first endeavor in pay per click in Europe and the UK. And it was based on those successes that we decided to do a much broader and more in depth pay per click program there, but utilizing the microsite is a better call to action as we moved forward with that.

**LEG. STERN:**

So that was, again, that was part of your 2011 report, was that was something that you were going to be working towards and perhaps we would see that in 2012. Any type of ideas to timing?

**MR. McGOWAN:**

Yeah, we should be starting that probably towards the later part of June.

**LEG. STERN:**

It's coming up pretty soon.

**MR. McGOWAN:**

Very soon, yes.

**LEG. STERN:**

All right. Very good. Thank you.

**CHAIRMAN HORSLEY:**

Thank you very much, Legislator Stern. Legislator Cilmi.

**LEG. CILMI:**

Thanks. A couple of questions on form and one or two on function. Talk to us about the top three reasons why somebody is telling you that they're coming here for a trip and the top three reasons why somebody, you know, decides to go somewhere else.

**MR. McGOWAN:**

The number one reason is a need to recharge the batteries, R and R. And that has been the case since the recession. Immediately after the recession the American travel consumer really looked at cutting back on their expenditures, paying down their debt, and then hunkering down to get through the overall stress and anxiety of the economic situation. What we found is that those folks who are traveling were traveling basically to relieve stress, reconnect with someone else in a nice environment, rest and relaxation. Those are the real -- what they do after they get here is a different set of questions, but the reason to travel and to choose a destination, like ourselves, is nearby, quality ability to R and R, and recharge the batteries.

**LEG. CILMI:**

Okay. So the top three reasons, or one or two reasons why they would opt after -- because it looked to me like you had maybe 50%, if I recall the slide correctly, or so fell through.

**MR. McGOWAN:**

We were looking at the --

**LEG. CILMI:**

Why are those other inquiries not resulting in trips.

**MR. McGOWAN:**

Yeah. We had, if you will, about 22 to 23% -- now, you have to put this into a context. These are folks who had seen our advertising and responded to it. So we don't know about those folks who didn't respond by -- they responded to it by requesting a travel guide. So it's only those folks who responded, requested the travel guide, that we were able to then interview. On the basis of that, 23% chose to come to Long Island.

There was about 59% who basically said that they chose some other place or did not travel, and then there was another large percentage that basically, through the study, said that they had not made up their minds what destination or what they were going to do at the time that we

interviewed them. One of the things that we found is one in 20 people will base their -- I'm sorry. One in five people, 20%, were greatly influenced by the content of the travel guide in making their choice. So there's a couple of things there that work very strongly in our favor.

**LEG. CILMI:**

What about the ones, though, that didn't come here. What influenced their decision?

**MR. McGOWAN:**

It could have been price point, it could have been perceived value as they got more information, any of a number of things could have influenced their decision to choose someplace else. They may have put us on a back burner for a future destination, a future travel. But there are so many things that will influence the travel, leisure travel, decision. And, you know, I think that the first thing that we look at is did we -- did our messaging connect with them enough that they would even request more information.

How many of those folks that saw our advertising message didn't request a travel guide but went to the website and found the information that they needed there. I mean, they did not become part of that study, so there's gaps in information that we don't know and there's a lot of areas, I think, in there that we know we influenced but we have no way of identifying it. We know of the -- you know, through this study we also found out the strength of our website in influencing travel decisions after the fact, that is they decided to come, that those who decided to come and requested a travel guide, that went on-line, didn't spend almost twice as much as those who requested the travel guide but did not go on-line. So we know that the on-line experience is a very influencing factor.

**LEG. CILMI:**

It would just be interesting, and I think important for us, not only us in government, other levels of government as well, and for the service providers in this industry to know why we have some folks who are motivated enough to, you know, to inquire, but then for some reason decided to go somewhere else. Because it would, you know, obviously we want to try and fix the issues that, if we can, that they're finding.

**MR. McGOWAN:**

I fully agree, I fully agree. We have, by the way, made that research study available not only to members of the Legislature, but also folks within our industry to share with their folks.

**LEG. CILMI:**

Could I ask to you scroll back maybe four or five slides, I'll tell you when to stop. Stop there. So business leads generated, I understand how you would get that number, converted to define business, okay, room nights generated. Maybe you could explain a bit how the room nights generated number is -- either it's approximated or, you know, specifically calculated, and even more how the visitor expenditures are calculated or approximated.

**MR. McGOWAN:**

You bet. The room nights are calculated on the basis of the client themselves and their input as to the number of attendees who will be requiring rooms. The average number of folks per room, but it doesn't matter whether you get three people or one person, you know, that room is being used for one night. And so it's on the basis of the attendance factor and the room blocks that the client tells us that they are going to need, how many rooms they're going to need.

**LEG. CILMI:**

So it's -- the client is offering the information prior to the visit. You're not retroactively going back and looking to see if the visit actually took place and how many rooms, in fact, were --

**MR. McGOWAN:**

We know if they have contracted with a property but we do not generally get the direct information from the property as to the exact number of room nights as typically it's very difficult to get that from a that's proprietary, so.

**LEG. CILMI:**

Okay. So the room nights generated and probably the converted to definite business are approximates.

**MR. McGOWAN:**

Right. Now, in the visitor expenditures I will also say is an approximate based on formulas that we utilize. It ties into the number of days that the average attendee will be staying, and some of this comes from the client in their specs as far as our first night we're probably going to use 20 rooms, but the next two nights we are going to need 40 rooms and then the final night back to 20 rooms. The average attendance per room or the average number of folks per room, the average expenditures on food and beverage, transportation we actually use a per diem as the only reliable, and it's not even reliable, but I mean the only thing that we can really justify and rationalize for food and beverage and an average expenditure on shopping and things of that nature, so that's really how we come up with that.

**LEG. CILMI:**

So it's basically on educated guess.

**MR. McGOWAN:**

It is an educated guess, and it's generally predicated on feedback from a customer blot. That said, it differs between say a corporate group, piece of business which will utilize other services that you wouldn't normally see from a leisure traveler. They may need audiovisual, they may need floral or transportation on-site and things of that nature. So those are somewhat factored in. And that differs from say a sporting event, which is a lesser cost per event or per group and the family. You'll have a lot of families and players in one room and things of that nature, pizza instead of going out.

**LEG. CILMI:**

Right. Lastly, you referenced a study that you commissioned, and if I'm not mistaken you said something like you hired a company from California to do that study. It really begs the question there was nobody on Long Island or in Suffolk County that could have done that study?

**MR. McGOWAN:**

You know, we ran into this, and this was back in 2007. I think we met them in 2006, and, you know, at that particular point in time we probably could have found somebody on Long Island. It was not a consideration at that time. We have since employed in our contractual vendor selections a Long Island First.

**LEG. CILMI:**

So the study that you're referencing was four or five years ago?

**MR. McGOWAN:**

Yes. It was back in 2007 is when it was conducted.

**LEG. CILMI:**

But the numbers that you're discussing were from 2010 and 2011, right?

**MR. McGOWAN:**

What I referred to is if employed the same formula that had been developed back in 2007.

**LEG. CILMI:**

I see.

**MR. McGOWAN:**

Then that's what we would be looking at.

**LEG. CILMI:**

All right. I just want to make sure that you acknowledge that, you know, I mean, Suffolk County taxpayers are, and Nassau County taxpayers for that matter, are paying for some of the work that you are doing and it would just -- if at all possible be appropriate that we spend the money here when we can.

**MR. McGOWAN:**

Last year we solicited bids for two pieces of business. One was for our advertising agency and the other was for our on-line interactive agency. We went through an extensive bid process that -- and criteria, both of which employed a Long Island First, and we went through this almost every step of the way with the Department of Economic Development in making sure that we were in-line not only with the law, but in the spirit of the law and things of that nature. And, you know, that's the way we are working moving forward.

**LEG. CILMI:**

Out of curiosity, were the numbers that you received, the proposals that you received from the local firms competitive with those that you may have received from firms outside of New York State?

**MR. McGOWAN:**

Yeah. As far as numbers, I mean we weren't looking -- we're the ones that provide the budget, if you will, which will --

**LEG. CILMI:**

Okay. So you provide a budget and you ask for what the scope of their service might be based on --

**MR. McGOWAN:**

We are looking at the capabilities, really, of their firms. And certainly as an advertising firm we selected some folks here in Hauppauge as our advertising. On the basis of the bid process we were somewhat surprised. We advertised this in, both contracts, in Long Island Business News, we posted it on-line. We had a number of companies for our on-line services who had contacted us previously and asked to be sent bids in the future, anything that came up, and we sent information about the bid to them. We did not get a Long Island response for our on-line interactive marketing program. Very surprised at that and we did select an off Island firm. Like I said, the advertising, on the other hand, we received a couple of bids, responses back, and we selected the Hauppauge company.

**LEG. CILMI:**

Okay. Thank you.

**D.P.O. HORSLEY:**

Thank you very much, Legislator Cilmi. Legislator Nowick.

**LEG. NOWICK:**

Hi, Moke. How are you?

**MR. McGOWAN:**

Very good, thank you.

**LEG. NOWICK:**

You said one thing and I was just curious what you meant by it. You said you did well whether it's in

a good weather -- it's the good weather and the bad weather. Was the bad weather for shopping? I mean, that's what I do in the bad weather, but I don't know what you meant by that.

**MR. McGOWAN:**

Well, we actually, the previous year when we had such terrible weather we had a fair amount of crews that came in, and even in the bad weather of last year with Hurricane Irene coming through, fortunately the bad weather happened the weekend before Labor Day, but we still had a fair amount of crews, utility workers, who populated our lodging and took over room blocks for a period of time.

**LEG. NOWICK:**

Okay, now I understand what you were saying, okay. I thought it was the shopping. Just on a whim, and this could be really crazy because I don't know how it works, but I know when I go anywhere, and Legislator Cilmi asked questions about why people choose different places, if I want to get away the first thing I do is go to Expedia, KAYAK, Priceline, maybe Groupon. Is that -- do they work independently or can the Long Island Visitors Bureau work with them marketing Long Island. I know it's a discount kind of a thing. I know it's discount, but my thought is just bringing people in and then they're either going to restaurants --

**MR. McGOWAN:**

Actually, we have Travelocity that we work with. They are on our website as a booking engine for lodging, primarily lodging. You are right, I mean, first you have to decide on a destination and an activity that you would like to pursue, whether it's relaxing, whether it's shopping, whether it's playing golf, whether it's lying on a beach, whatever. Once that's determined and then going to that site you can do a number of things. We happen to have Travelocity on our website, but yes, Travelocity orbits all of those carry Long Island products.

**LEG. NOWICK:**

They all carry Long Island, but not together with -- they just happen to carry Long Island or do you have to work with them or how does that work with Travelocity?

**MR. McGOWAN:**

They contract -- with Travelocity we have to work with them, and we get a percentage of the booking and we get a percentage as a basis of the booking fee. If someone comes on to our website, decides right then and there that they want -- and they go through the Travelocity booking engine and decide to book at that point, then we do receive a percentage of that. But otherwise it is twofold. It is the lodging or the attractions who contact that particular consolidator or the consolidator with their salespeople go out and work to attract and bring clients on board.

**LEG. NOWICK:**

Because I think, you know, I think, again, maybe to help you with your question, I think most people, a lot of people say I'd like to go to Long Island, let me see if the price is right. Because otherwise on the other hand you see Bermuda advertise three days, three nights is the same as -- if you're not careful.

**MR. McGOWAN:**

It absolutely is. Our price points, quite honestly, have been known to be fairly high compared to various other destinations. And second to that is the value aspect. We are, as an Island, whether it's in Nassau or Suffolk County, whether it's East End, as an organization we've worked continuously to educate folks about creating value, working with a lodging entity, working with a golf course or working with an attraction or a vineyard or a restaurant, to create a value added package that is much more attractive to sell on-line, whether it's on our website or one of the other consolidators websites.

**LEG. NOWICK:**

Package.

**MR. McGOWAN:**

Yeah. The greatest guys in the world I believe, and you know, the two greatest guys in the world that have this down to a tee are South Carolina and their golf packages and their beach attractions, and of course Florida. We as an industry have been slow to get on that bandwagon to realize that folks aren't making their mind up to come to a destination on the basis of your price points, they are making their minds up on the basis of the value, total value, of coming to Long Island.

**LEG. NOWICK:**

And having said that, you said North Carolina?

**MR. McGOWAN:**

South.

**LEG. NOWICK:**

South Carolina and Florida. I think we spoke about this years ago, I can't help thinking of the reverse in the summer, advertising in Florida for trips, three day trips to play golf here, because it's so hot in Florida. The golf courses are empty in Florida in the summer.

**MR. McGOWAN:**

You are absolutely right. One of the things about Long Island that helps us tremendously is that a good, solid portion, better than 60%, of our visitors are coming to visit family and friends. And our ambassadors down in Florida are folks that have moved down there and come back home during the reverse times of the weather. They'll go down there during the winter months and they'll come up, you know, invite them to come back up.

**LEG. NOWICK:**

Do you package with Southwest or something like that? Can you?

**MR. McGOWAN:**

We have tried to work with Southwest and actually have worked with Southwest in a number of arenas. We worked with them when they opened up in direct lift out of midway Chicago, primarily in the corporate group business market. We have been a featured and favored destination of Southwest in the past. So as opportunities present themselves that work with -- for both of us we do.

**LEG. NOWICK:**

Thank you.

**D.P.O. HORSLEY:**

Thank you very much, Legislator Nowick. Before I -- we want to move this along because I know we have Mr. Wexler to speak to us this afternoon, but I just want to note the irony that this committee gave LIPA such a difficult time, and rightly so I believe, over that March storm where we had so many of their workers out there and no storm came and stuff like that, and how big an issue that was for us, to now find out that we actually profited by it during the --

**MR. McGOWAN:**

We did.

**D.P.O. HORSLEY:**

That's irony. Legislator Gregory.

**LEG. GREGORY:**

Thank you, Mr. Chair. I'll be brief. I know you mentioned in your presentation that you're using

Facebook, but I was just curious if there are any other forms of social media that you're using as well?

**MR. McGOWAN:**

We do have Twitter, but quite honestly, it is very labor intense to keep up with, and we've had such great success with Facebook we've decided just predominately to focus there.

**LEG. GREGORY:**

Okay.

**MR. McGOWAN:**

By the way, we are looking into getting involved with Pinterest, primarily because of the content, visual content involved in that.

**LEG. GREGORY:**

Okay. You peaked my interest with this, our inability to capture information for those people that visit our websites but don't necessarily follow through with the visit. It's been a while since I've been on the website. Does anyone that goes to our website, is there a requirement to put their e-mail address so that way at least we have that information and maybe we could follow-up with a survey if possible, to say did you visit, if not why not, if you did, where did you go and why.

**MR. McGOWAN:**

Yes, there is. When you request a travel guide we do request, it's not required, but we do request their web address and certainly we need a hard snail mail address to get the guide to them. What we are doing is creating a virtual travel guide because, quite honestly, we're running out of travel guides. The effectiveness of our marketing, consumer marketing especially, has been such that the amount of guides that are published annually are about 130,000. We are now going through half of those and the other half belong to the publisher for their distribution. So we are -- have created and it is going live here in the next couple of weeks a virtual travel guide. It's the exact same thing, page turner, zoom in and zoom out, and folks who would click that on and want to print pages off, things of that nature, we do request their web address for that, their e-mail address. We also have developed a database of folks who have opted in to be part of -- want to receive our monthly e-news letter, quarterly e-news letter and we have that as well.

As far as looking at, you know, our research was on the basis of the year as a whole, really a campaign, ad campaign that reflected about four months' worth of advertising when we captured that data and interviewed folks. That's really a snapshot versus, you know, folks who come to the website as a whole. The website will be, and we will probably start employing some surveying techniques, but we are able to capture the data on our site of where they go throughout the website, where they exit to, click throughs and things of that nature, so we get a very good, solid understanding of their level of interest and what Long Island has to offer and whether it's vineyards and wine, whether it's shopping and what have you. So that helps us better understand our messaging to folks and really positioning ourselves better.

**LEG. GREGORY:**

All right. Thank you.

**D.P.O. HORSLEY:**

Thank you very much for being here, Moke, and sharing your reports and your updates and, you know, we welcome you back any time. Even if we scare you away sometimes and chase you out because we're too busy, but we do appreciate what you do and thank you for being here.

**MR. McGOWAN:**

Thank you for having us.

**CHAIRMAN HORSLEY:**

Alrighty. If I may move right along I'd like to bring up our second presentation involving Mr. Wexler, William Wexler, who is an attorney extraordinaire. He's been involved with IDA's now for a number of years, whether it be Suffolk County's or Babylon's. He is certainly knowledgeable and I've asked him today to give us a primer of how an IDA works and, you know, what they do, because that question has come up in many different forms and ways, and I thought it would be a good idea.

Bruce, would you like to join Bill? I didn't realize you were going to be here today. I appreciate you being here. And if I just may, before we start Bill's presentation, I wanted to personally thank Bruce Ferguson. By the way, this is Bruce Ferguson, our Director of the IDA, who has been the Director of Suffolk County's IDA for the last 30 years.

**MR. FERGUSON:**

Twenty seven years.

**CHAIRMAN HORSLEY:**

Twenty-seven years. And, frankly, when I started involving myself in economic development, which was in 1995, it was Bruce who told me how to and wherefore's and what, you know, what an IDA does. And I wanted to thank him for his years of service. He is retiring this year and, frankly, he has always been a professional and he has brought in some of our biggest name companies that we know of in Suffolk County, Bruce was right there. I'm glad you are here today so I can publicly say to Bruce thank you very much for all you've done for Suffolk County, job well done.

**LEG. CILMI:**

Gentlemen, I also appreciate you being here. If you could sort of pepper your discussion to the extent possible with current examples of what the IDA's working on that would be great.

**CHAIRMAN HORSLEY:**

Bill, can I turn it over to you?

**MR. WEXLER:**

Good afternoon, Mr. Chairman, members of the committee. Thank you for having me here. Wayne called me yesterday about 1:00 and asked me to be here, so I said certainly. I have a three hour presentation and I have a 12 minute, so he opted, he said the 12 minute one should slake your curiosity on IDA's. Just as Wayne had said, actually, Wayne gave me my start in IDA's. When he wore a different hat in a different life in a different body, he recommended me to be hired by the Town of Babylon IDA. That was in 1992 and I have been there ever since, and I have represented a Suffolk County IDA since about 2007-ish. Bruce will correct me, he is the historian IDA.

In essence what IDA's do -- is a creature of the New State Legislature, about 30 years ago, so that businesses in Suffolk County could compete with the ubiquitous North Carolinas that we're dealing with, who could offer great incentives to relocate to North Carolina. New York determined -- and it wasn't just North Carolina, a lot of other southern states but that one always jumps up at us. And New York, the Legislature determined that we should have some sort of organizations that could deal with businesses to help promote ways for them to remain in New York, and so they set up Industrial Development Agencies and Various towns and cities through the State opted in. In Suffolk County there are Babylon, Islip, Brookhaven and Riverhead. Riverhead, I think, is not doing much these days, and, of course, Suffolk County IDA.

The Suffolk County IDA will handle matters from Huntington and Smithtown because they do not have IDA's nor can they at this juncture. I think the gate has been closed for a long time. We also

-- Suffolk County also handles applications that will stem various towns. So there may be an application such as a hospital that may have facilities in three towns. So rather than have the cost of three separate IDA's the County will cover those.

The Legislature, we get our enactment from General Municipal Law which says that the purpose is to promote development, encourage, assist, construct, equip, furnish, industrial manufacturing, commercial research facilities. That also now includes retail and it goes on in that vein. The IDA's are, at least those that I'm aware of, which is Babylon and Suffolk County, finance themselves. In fact, the Suffolk County IDA has is it three and a half employees our four?

**MR. FERGUSON:**

Three and a half.

**MR. WEXLER:**

Three and a half. We have the Director CEO Bruce, who I didn't know was going to be here until he showed up, Tony Catapano. We have a secretary and a part-time bookkeeper, and that's the full complement of staff. Actually Babylon is similar in its complement. The Board is made up of seven members. They serve gratis. They come from throughout the County and it's composed of a Chairman, a Vice-Chairman and five members, and they get lunch. That's their only remuneration that they get, and sometimes long meetings.

We also employ auditors, agency counsel, which is me, and we have bond counsel. Well, bond counsel doesn't cost the agency anything because those obtaining the assistance of the IDA or bonds, they pay bond counsel. Bond counsel are always large firms in New York City that have hundreds of attorneys, Willke Farr, Nixon Peabody, Winston & Strawn. These have hundreds and hundreds and hundreds of lawyers because they sign off on bond opinions and a lot of the rating agencies and institutional buyers of the bond want an opinion signed off by Winston and Strawn with 900 attorneys rather than Billy Wexler, whose office is in Babylon. So we employ bond counsel. Again, we don't pay for them.

The controlling statutes that IDA's exist under are General Municipal Law, Public Offices Law, Public Authorities Law. Also we're subject to IRS, Internal Revenue Service, Internal Revenue Code and certain SCC because bonds are being issued.

Okay. How do we do this and what do we do. Bruce will jump in and correct me when I'm wrong. There are two basic areas of --

**MR. FERGUSON:**

I have no microphone.

**MR. WEXLER:**

You're not getting it back.

**MR. FERGUSON:**

I'll switch.

**MR. WEXLER:**

No, you'll be okay. There's two basic transactions that we will do. The first is a bond transaction, and a bond transaction is complicated and it's expensive, so they're really for the larger clients, such as a number of years ago Computer Associates, the IDA induced them to build in Suffolk County and did it through bond transactions. Right now we're working on, and they're in the building stage with Canon. Canon was a 600 million dollar lease transaction and they didn't need bonds and they will be employing 2000 workers that will be working in Suffolk County. It's going to be their North American headquarters.

So what does the IDA do to facilitate that? Well, the first thing, through issue of bonds. And I know Wayne knows this, having been involved with Babylon IDA for quite some time in Suffolk County. You view it as a triangle, and very simply the three points of the triangle would be the facility that would be the Computer Associates of the world, the IDA on one leg, vertex and the bank on the other. And what happens is it's a way that private entities can convey their property to the IDA. So now they convey the deed to the IDA. We now hold -- we own the property. We're the nominal owners. It's really just to employ this financing. The Legislature will refer to it as a fiction. We own the property, but it's really Computer Associates' property or it's really Canon's property or any of the corporations that we induce. And by doing that it's now municipal property, so it's tax exempt to a certain extent. What does that mean.

Well, let's go back to bonds. How does bonds factor into this. Well, you can go out on the municipal market on taxable bonds and tax exempt bonds, and we all know that tax exempt bonds you're going to save maybe 100, 150 basis points because they're tax exempt. So if you have triple -- you could buy -- I don't know if you people can buy Suffolk County bonds, but imagine if you could buy Nassau County or did. They're tax exempt. So they pay less but they are not taxable via federal, state or local taxes so there's a savings there. By doing that the bottom line is companies can borrow cheaply because they're not paying 100, 150 basis points for taxable bonds. And what the transaction works, and the documents end up being several feet thick, but in a nutshell is the facility will convey the property to the IDA. The IDA will then lease it back to the facility for a dollar a year and say basically it's your property, your problems, you do what you want.

Where the bank comes in is, and Suffolk County IDA nor does Suffolk County pledge its full faith and credit behind these bonds, the bonds are backed by the value of the property. So it's between really the bank and the facility. The bank will loan money to the facility, but it takes a circuitous route through the IDA because it's tax exempt now because we're a municipality. We're separate and distinct, we're created by the State, we're separate from the County. Of course the bank takes back the mortgage and so the facility saves money, they borrow money cheaply and they issue bonds. These bonds may be sold, usually private placement and often that they are insured so they'll have a triple A rating, which is a cost to it, but the facility will save money.

And I did some quick numbers. I looked at a ten million dollar bond, which is something we do quite often. We've done much greater, we've done certainly less. And I just plugged in a number at 5% over 30 years. It would be 53,000 odd per month. At 4% if you saved 100 basis points, a company did, it would be 47,000. Schedule that over the life of the bond and it's about half a million dollars in savings, and that's only ten million, and that's at 100 basis points. At 150, 175, it grows substantially. So that's one way of inducing clients.

Now, since it becomes municipal property it's not taxable, but they still have to pay taxes. They pay what's called a PILOT, a payment in lieu of tax. A payment in lieu of tax is set by the IDA, and we follow what's called UTEP, Uniform Taxation Exemption Policy. And we actually -- Suffolk County amended theirs. I will say that for a long time Suffolk County pooh-poohed Babylon's, but then they adopted Babylon's UTEP policy. Wayne knows that. Now's he's admitting it, but okay.

So what happens is one of the things we do to induce businesses, we don't want to waive the taxes completely because that would be unfair, and school districts would have a heart attack, rightfully so. So what happens is they sign a PILOT agreement, but we can now adjust the PILOT payment because they are not paying taxes. So what do we do. There's several programs, they run the gamut. I'll just give you one or two.

One of them is exposure of business, Cilmi Industries. Cilmi Industries wants to come to Suffolk County and you are going to employ 350 people, which normally you were up in Westchester, you're

in Queens, and a lot of those workers are not going to travel from Queens. They may be -- 50% may be slightly above minimum wage, so we know it's going to employ in the area where Cilmi Industries is going to be located. So we'll issue a PILOT, which may be you have an existing tax rate, however, your tax rate is going to get larger because you're now improving, and the Assessor of your town is going to improve you. But what's the point of saying welcome to Suffolk County or welcome to Islip, here's your new tax bill. We don't want that. So one of the programs of PILOT inducements we have is that your tax bill will remain the same. However, we'll give you an abatement on the addition that you're going to pay. They call it the X and the Y. So the X is existing, the Y would be what it would be. And the Assessor -- or, in Babylon we follow what the Assessor would do. So if you're paying \$30,000 a year in taxes and your improvement would be another 20,000, we could take that 20,000 and reduce that by let's say 50 or 60% and have a 15 year phase in. So it ascends at let's say 6% a year until you're back to full scale assessment. That's one inducement.

We have inducements that we can go out 15 years. We can even reduce, which hasn't been done that often, but we can reduce the existing payment. Now, there's always the give and take between the local municipalities that say we need the money, but the overarching idea of IDA's, which are to promote and encourage business. And there's all different formulas you can read and see depending on who's preparing them on what the value of each dollar spent is. I mean, you can -- people can get up there and say why it's ten to one. Somebody could say no, it's one to one. Some people can say it's a net loss. The studies are all over the place, but we like to use sometimes six to one, the ratio of benefit for each dollar. Those who are not receiving the tax money may have a different point of view. Okay.

So we also have another program which we call lease back, and these are all statutory; it's not something we dreamt up. This is what the Legislature -- we're of limited jurisdiction, only what the Legislature tells us we can do. Lease backs are simpler because there is no issuance of bonds. Very simply is you convey the property -- Cilmi Industries conveys his property to us, we lease it back to them and it's now municipal property and we can set the PILOT. There are no bonds and you get certain other savings as you would with bonds, such as a sales tax exemption letter.

What a sales tax exemption -- you don't have to pay sales tax to equip your facility. Generally they'll last a year to two years. And again, what's the point of saying look, I'm going to spend ten million dollars, five million on bricks and mortar, another five million dollars to equip if, if I have to pay the full sales tax. So it works for a limited time and it's only for equipping the facility, whether that may be furniture, equipment. We once did in Babylon a bottler, which was 20 million dollars, it was Coca-Cola. They had a bottling machine. It was 20 million dollars self-financed and they just wanted the sales tax reduction on that.

When the IDA -- everything we do is public, so any time an inducement, which is where a company would come and meet with us and we will induce them, is part of our existing, and also we have an agreement, it's in the law, but we also have an agreement we don't pirate, and you never hear of Suffolk County saying don't go to Babylon, come to Suffolk County. It just -- if it's strictly a Babylon facility or an Islip facility they are going to go there. If it's, I said, something that is -- what was it, Catholic Charities?

**MR. FERGUSON:**  
Multiple locations.

**MR. WEXLER:**  
They have multiple locations throughout Suffolk County, it just makes more sense. Sometimes when things straddle town lines, but there has never been in the 20 years I've been involved, there's never been a dust up. We all know each other; there's only a finite number of -- there's four, five IDA's, and Riverhead I don't know how much they're doing lately so there's four. So there's only

four agency counsel and since I represent two, I represent 50% of the IDA's. So it really is never a dust up over the fighting over clients.

**MR. FERGUSON:**

Can I interject?

**MR. WEXLER:**

Yeah, sure.

**MR. FERGUSON:**

Nassau County Executive Tom Gulotta was not too thrilled that Suffolk County Executive Patrick Halpin attracted Computer Associates from Nassau to Suffolk County. But that may have been more than 20 years ago.

**MR. WEXLER:**

Yeah, it's outside the statute of limitations and -- but there's also built in protections and we have several that we incorporate. In other words, if you're going to come to Suffolk County, we want to make sure that it's legitimate. And, again, that's business. Do we know whether or not this company's really going to leave to North Carolina or is a feint and looking for benefits; I don't know. We interview them, we question them, we view their application that they have to fill out. It's quite extensive. But the buzz word of late is retention because there was such a flight of work leaving Suffolk.

On Long Island it's really retention, but still retention comes with some cost, and the cost nominally is we have something that we build in clawback positions or clawback provisions I should say, which if you come to Suffolk County and you get all of these inducements, which they're loaded upfront and you leave within the first year, under our UTEP policy, Uniform Taxation Exemption Policy, you have to pay all the benefits you got back. It's a descending scale, I think it goes out to five years. So -- because after five, six, seven years your benefits start to lesson. It slowly eases you back into full scale assessment. We also said benchmarks. Benchmarks -- and those are very difficult. I think Bruce could probably speak better because he deals with them. Explain benchmarks.

**MR. FERGUSON:**

Yeah, I created the benchmark PILOT for Canon. Essentially Canon is going to provide 2000 jobs and the benchmark was quite simply in year one Canon would receive X amount of incentives, but they had to reach a certain level of jobs. If they did not reach that level of jobs, the incentive level would be reduced accordingly. Very, very straightforward formula.

We've also just, you probably read that the IDA approved a package for Broadridge. Broadridge has approximately 1600 existing employees in Edgewood. As part of that, the PILOT that will be structured will be a benchmark PILOT, but it will be a reverse. They'll have a minimum number of jobs that they will commit to keeping and then they will have the incentive on the other side of the scale, and if they're not maintaining that minimum number, then they will not be getting that level of incentives.

**MR. WEXLER:**

So that's another benchmark -- oh, okay. I'm sorry. That's a Ferguson creation. And also, it's a finite number of law firms, it's a finite number of bond firms. Everybody throughout the State knows Bruce Ferguson. He's been around so long, and when companies come to Suffolk County generally they are going to be represented by about a half a dozen different firms that we all know one another and they all know Bruce, and they've all dealt with Bruce and it's never a contentious dealing. It's this is what it is, and they know it's going to be handled orderly and professional and it is. We've never have, I think in 27, 25 years, you never heard of an issue of something is exploding or what's happening.

**D.P.O. HORSLEY:**

Bill, could I just interrupt one second. The other word, the other term that comes up besides IDA's is LDC's, and maybe you might want to just, you know, give them an idea of what an LDC is as well to give it a complete package.

**MR. WEXLER:**

Sure.

**MR. FERGUSON:**

I'll cover the LDC.

**MR. WEXLER:**

Well, you know what, let me start off.

**MR. FERGUSON:**

Okay. Because we were here in 2010 requesting the creation of an LDC.

**MR. WEXLER:**

I'll give you the background and then Bruce can chime in whenever he deems it. Okay. There's been an interesting relationship with IDA's and the State Legislature, and I think its origin stems back about 20 years ago when an IDA induced a large retail grocery chain to an Upstate -- Wayne knows this -- and it's just been heavy slogging ever since. They induced and everybody in the -- who represents and handles IDA's, it was just this gong moment of my goodness. They induced a large retail chain and there was a State Assemblyman at the time, Portman I think his name was.

**MR. FERGUSON:**

Fran Pordum.

**MR. WEXLER:**

Fran Pordum.

**MR. FERGUSON:**

From Western New York.

**MR. WEXLER:**

From Western New York, whose family owned small retail groceries and were put out of business as a result of this large chain coming in.

**MR. FERGUSON:**

Wegmans.

**MR. WEXLER:**

Wegmans. And that created this snowballing effect of each year just more and more -- more and more prohibitions against IDA's, more and more -- we have to have a full-time staff just about now to fill out the forms, reporting forms, that they want. I don't even look at them they are so long, and that's all I have to do is fill out these forms. It's endless. And they change all the time and nobody even knows what to do.

But be that as it may, how did LDC's -- well, as a result of the State Legislature's peakedness with IDA's, they said you can't do civic facilities anymore. And what does that mean? Civic facilities are the not-for-profits that really -- the hospitals, universities, libraries, that need low cost financing. They said you can't do it anymore. The only alternatives for the civic facilities were New York State Dormitory Authority. The Dormitory Authority is everything has to be approved by the State

Legislature. Additionally, the ratings requirements, they want above institutional grade investments. If you're a small hospital or a small not-for-profit you can't do that. A, you don't have the political muscle to get everything passed you need through Albany. It's just not going to happen. Additionally, the cost, you can't get above grade investment bonds, and if you could get rated, the cost of having a rating agency rate you is fantastic. It's cheaper just not to do the project. So the Dormitory Authorities were not expedient.

So there was a law that allowed LDC's, Local Development Corporations to -- let me back up. So since New York not-for-profits could not get low cost financing, they were leaving the State and doing -- getting financing from Arizona, Colorado, and that was inefficient for -- it was really against what New York was looking to do. So we have LDC's, which are allowed to, Local Development Corporations, which I think the enabling statute says that they are created to lessen the burdens by the government. And the financing on those civic facilities can be done through Local Development Corporations, of which we have one in Suffolk County and Babylon. I think every IDA opted. So those facilities such as hospitals and universities and other not-for-profits will go through the LDC. Now, Bruce can chime in, correct me or fill in what I left out.

**MR. FERGUSON:**

IDA's were originally authorized to do not-for-profit transactions back in 1987, and the first tax exempt bond we did for a not-for-profit was for the Museums at Stony Brook, a new Carriage Museum. That was 4.7 million dollars. And since that time, which I find this to be an amazing number, and I have copies for you all, we've done 76 not-for-profit projects worth 996 million dollars. That's almost a billion dollars in not-for-profits. Since the new EDC was formed in 2010, we did a five million dollar project, the Hope for Youth; we did a 29 million dollar project for Peconic Landing; we did a 7.1 million dollar project for Long Island Head Injury Association; and we did a 184 million dollar refunding for Catholic Health Services of Long Island. They refunded all of their outstanding, high interest Dormitory Authority debt with lower cost tax exempt bonds. Most of the bonds that we're seeing right now for the not-for-profits are refunding of their existing debt with the Dorm Authority or refunding of some of their old IDA debt, because they want to take advantage of the very, very low interest rates.

This year we closed on an organization called Free to provide them with ten million dollars worth of tax exempt refunding. We have, to date we have five other not-for-profits; DDI, ACLD, IGHL, Family Service League and Life's WORC. They seem to love acronyms. Obviously these are all organizations that provide services for the developmentally disabled. But the not-for-profit sector is an enormously important sector to the economy of Long Island, and it's also an important component to the quality of life of Long Island. We have provided financing for museums, hospitals, colleges, etcetera. So I don't know who would take that, but you might be interesting in looking at that.

**MR. WEXLER:**

And I'll just finish by saying that I mentioned some of the larger organizations and entities, which is Computer Associates and Canon. On the other side of the scale we had a gentleman in last week or two weeks ago, from the Greenpoint Brewing Company.

**MR. FERGUSON:**

Greenport.

**MR. WEXLER:**

Greenport.

**MR. FERGUSON:**

Greenpoint's Brooklyn.

**MR. WEXLER:**

That's right. Suffolk first. He was an interesting fellow, he said it would be the only beer actually brewed on Long Island. When asked how many employees he had, he said as of this moment there are four. We said how did you get into this business and he said he and his partner liked drinking beer in college and figured they can produce it rather than pay for it. I mean, that's at the extreme.

**D.P.O. HORSLEY:**

And he was a lawyer.

**MR. WEXLER:**

Yeah, and he was a lawyer. That's right. So it runs the gamut. That's the extreme end, but any benefit we can give a company like that as far as -- and, in fact, they want to build on what's now vacant property out in Greenport, and they want to grow their own hops and barley. They are, I mean, they came in, they must have almost had Suffolk County First on their t-shirts. I mean, they are committed, they are from Suffolk, they want to stay in Suffolk, and this is the type of thing that the IDA does and I think they are doing it best when they are bringing in companies especially like that.

**D.P.O. HORSLEY:**

All righty. Thank you, guys. We appreciate you coming down here and giving us your primer. Legislator Stern.

**LEG. STERN:**

Thank you, Mr. Chairman. In looking at the LDC and the not-for-profits that have been able to benefit from the LDC, I mean, when you are looking at for-profit you are looking at the number of jobs, you are looking at providing opportunities for growth and the tax exempt status, which passes on savings to the company and they are able to do great things. If it's about retention we want to keep those companies here.

How does it then work with an LDC. If there is -- I mean, I could picking any number -- outstanding organizations on this list, but these are, whether they be museums or they are colleges, you know, academic institutions, these are local businesses. They are going to be here. It's not like they're going to pick up and go anywhere else. Are there -- when they are able to access the LDC for benefits, are there corresponding benchmarks that go along with being able to access the benefits that come along with the LDC and how do you quantify that.

**MR. FERGUSON:**

Well, first of all, these not-for-profits, as you know, they're exempt from paying property tax, they're exempt from paying sales tax, so the benefit they receive through the LDC is the tax exempt bond, which is a Federal IRS program, which is allowed under the IRS, and it is an as of right program to not-for-profits. That's one of the ways that the Federal Government provides support to the not-for-profit community.

In terms of how that fits with Article 18A of General Municipal Law, there's a very broad mandate for an IDA to improve the quality of life of the residents of the area that the LDC serves. That same broad mandate applies to what the LDC looks at in terms of these are quality of life issues. You are correct, the college is not going to go get up and move, but maybe the quality of what the programs they offer will improve if they are able to reduce their costs. The same thing with the museums, the same thing with these -- particularly these organizations that provide services for developmentally disabled. They receive fees for service and reimbursements from State agencies and the Federal Government. So if they are able to reduce their overhead and their operating cost, they are able to provide more services. So in essence it ends up being, you know, the improved delivery of services to our residents.

**LEG. STERN:**

So there is this hope anyway that it's going to translate into many different areas all coming together cumulatively for quality of life, for -- whether it's those that utilize the services or for our community at large. But what you're saying is that it's an as of right ability for these not-for-profits to access those benefits? Could the LDC turn down a request?

**MR. FERGUSON:**

The LDC certainly has the ability to turn down that request if they thought it wasn't an appropriate request. I mean, you have two life care communities here, Peconic Landings and Jefferson's Ferry, that were done through the IDA. Currently I have some discussions with St. Johnland in regards to a life care community they are proposing, and with -- there's another facility, Amber Court, which is an assisted living facility in Smithtown, and Peconic Landing in Southold is you are talking about expanding, and they would come through the LDC.

Now, the benefit -- I mean, there is a benefit in being able to keep our elderly here on Long Island. There is a benefit in terms of their revenues and their -- just from a purely economic point of view keeping all of that money here and having them spend it here is extremely beneficial to the economy, so.

**LEG. STERN:**

But there is the point, then, it's not like there's any benchmark or requirement that's put in place, it is -- this is a benefit that is afforded to them as of right unless there's a compelling reason not to, because we just know inherently that there's going to be a benefit, whether it's financial or quality of life for Suffolk County.

**MR. FERGUSON:**

If if you say so, yeah, I would -- I've seen that inherently there is a benefit to the quality of life in Suffolk County. I mean, helping Catholic Health Services operate at a lower cost I think provides benefits to all of us who end up utilizing their facilities.

**LEG. STERN:**

When we talk about the goals that we want to accomplish and the, as you said and we all agree that the big buzz word of the day is retention. I was wondering what your feelings were on the other side of it when you mentioned North Carolina. When you mention, and we read about these stories all the time in the paper, in the press, with representatives from other states that are coming pretty blatantly lately looking at those decision makers of our local companies and looking to poach them.

I was wondering if you had any thoughts on whether or not you thought it was an appropriate or should be an appropriate goal of our IDA to not just focus on retention, but to actually use our IDA, our IDA efforts, our personnel even, to look at companies that are outside of our area. Is that an appropriate role for our IDA to play, and if so, do you think we do it well enough or is it something that we need to focus on going forward into the future simply because it is the climate that we live in.

**MR. FERGUSON:**

You are right, the climate is -- it's become extremely competitive, and in the last couple of years the offers and the level of competition that comes from other states is really mind boggling what they're doing, and New York State, quite frankly, has not stepped to plate.

They had a very good program, the Empire Zone Program. It had its problems and there were abuses with it, but unfortunately what they did, instead of correcting it, they eliminated it completely. They replaced it with the Excelsior Tax Program, which is much less aggressive and it just really cannot compete. So what happens is that the burden for retention falls primarily on the

local IDAs and the local taxpayers.

Retention, I think, has to be -- I mean, you can do some attraction efforts but the bottom line is we are probably the second or the third highest cost areas, in the highest cost state, with the second or third highest utility rates. We have Hawaii, we have Con Ed, and then we have LIPA. From a competitive point of view, to think that Cilmi Industries, who's located in Kansas is going to up and say, "Ah, I want to go to Long Island and I want to pay three times more to do what I can do here in Kansas", that's highly unlikely. There are companies that will come here because they have to be here for services, there will be companies that will come here because they want to have a presence in this market area, but to attract companies in today's market is very, very difficult. I'm not dismissing it, there should be some activity in the attraction area, and I think the Department of Economic Development, they do marketing and they do attraction, and the IDA benefits because we participate with them jointly on some of those activities and we benefit in terms of if there are any prospects that are interested in coming to Suffolk County.

Typically what has happened over all these years has been that economic development on Long Island, it moves eastward or it moves elsewhere. In other words, the companies in Brooklyn or the companies in Manhattan, the CEO is looking around where to go, what to do, and they might have a location in Huntington or they might have an alternative in the Carolina's. So fortunately we may see that economic development activity move eastward toward Suffolk County first, but now what's happening is we're having a lot of those, a lot of companies that are here now are turning around and saying, "Hey look, Florida is offering us a bag full of cash. What can you, Suffolk County, do to keep us here?" So it's become a real, real problem.

What IDAs end up doing, and Bill will acknowledge this and Wayne knows this, we kind of end up being ad hoc solutions to the serious problem, and the serious problem is that our taxes are too high because there are too many districts and levels of government, that's number one. We have serious problems because our electric rates are too high because we still haven't begun to pay down any of the principal on Shoreham. So these are problems that you by providing some incentives you are just mitigating an overall problem that at the IDA we really can't solve that problem.

**LEG. STERN:**

At least as far as the IDA is concerned, then, the much better, more appropriate focus, then, is on the retention issue rather than the aggressive pursuit of businesses that are outside the area.

**MR. FERGUSON:**

I think it's important -- it's kind of like you have to be in the game out there, you have to have your name out there or else you'll be completely ignored, you know, on the odd chance that someone may decide to come this way. But if you were to divide your resources and to look at your activities, I would say at least 75 to 80% of your resources and activities should be toward your retention, and the other 10 to 20% should be attraction. And, unfortunately, attraction is very, very expensive. That means marketing, media, that means trade shows, and those are all very expensive. So the payback on that is somewhat marginal considering the current cost competitive nature of our market here.

**LEG. STERN:**

Thank you.

**MR. WEXLER:**

Let me just chime in. When was the last time you heard of a company leaving North Carolina to come to Long Island. It's a reality.

**MR. FERGUSON:**

We do have -- you know, I was talking about that eastward or elsewhere. We do have a

manufacturer of high end hearing aids, Wayne knows this company, that is in Long Island City. They are a Danish -- their parent is a Danish company. They are, in fact, eminently looking to move into a facility here in Hauppauge, as a matter of fact. So we were able to attract, they were looking -- our competition was Northern New Jersey and some parts of the upper Hudson Valley. So we can complete and we can attract, but that's kind of the market where we really can work.

**D.P.O. HORSLEY:**

Yeah. I would want to add just one comment to Bruce is, and everything he says is absolutely true, but what one of the, what I think is why companies are here and stay here and grow here is one, we've got probably the finest workforce anywhere because of our educational levels here. Our schools are the best, both at the secondary level as well as the college level as well. So I think that there are -- those were some of the negatives. There are many positives as well. Legislator Gregory.

**LEG. GREGORY:**

Thank you, Mr. Chair. I wanted to, Mr. Wexler has mentioned about the incentives and the clawbacks. I know there has been some talk for years now about enforcement of those, those clawback provisions. Have they -- you rarely hear of the, you know, the clawback provisions being utilized. I'm not saying that it's not being utilized, but is there any legislative changes or any statutory changes that need to happen to make those laws stronger, or do you think that they are sufficient as written or?

**MR. WEXLER:**

They're contractual so I believe they're sufficient as written. You rarely hear it because it rarely happens. You are put in a tough position. A company has projections and they don't meet their projections. It doesn't mean they're bad. It could be based on a variety of things. They could be multinational, they didn't get the financing they thought they'd get from the head company, the economy has dipped, a competitor. So it's hard to say "Okay, now, I'm glad you came here to Suffolk County, now we want to clawback." It is very difficult and it's something that is, as you said, you rarely hear about it because it's rarely done.

**LEG. GREGORY:**

But there are some occasions where you hear -- this first came to my attention, I think, when Carl McCall was running for Governor and he had mentioned this with Empire State Development and their, you know, their incentives for some companies would get the abatements on the incentives and then they would leave the State and they were saying millions of dollars or tax dollars were leaving the State and it wasn't being enforced. I don't know if that's -- we experienced that -- we have the same experience through the IDAs as through the State program that existed at the time, but it did bring some concerns. I assume it's -- you're correct in that it doesn't -- you don't hear about because it doesn't happen a lot, but in those instances that it does happen, I want to make sure that we do have every capability to exercise our legal rights. But you're saying that the law is sufficient as written or in contracts.

**MR. WEXLER:**

We haven't had it happen yet. We thought we were going to have it once, and, OSI, and I wrote letters, I was on the phone. It was ugly and they came back.

**MR. FERGUSON:**

What Bill was talking about, OSI Pharmaceuticals, they were at the end, just at the end of a five year on the recapture, and then they indicated they were relocating from Melville to Westchester. We had a lot of back and forth with them, and then in the meantime they made a commitment to expand their presence in Farmingdale at the research center there. So as part of that we didn't pursue the small amount of recapture that was in play at that time.

But other than that, you know, it's very hard to believe, other than that there haven't been any companies that intentionally come and try to screw the IDA or try to screw Suffolk County. I mean, you are talking about huge, huge, huge investments, and to be playing around like that most -- these companies don't do that.

Now, in some of the instances you are talking about, the Empire Zones, it's a problem with the way the Empire Zones were crafted. They allowed enormous investment and enormous benefits to just the landlord, who built a shell, didn't necessarily put employees, and then that landlord was getting incentives. So there were some unscrupulous people that just went around and did that sort of thing.

**MR. WEXLER:**

Also the -- also the business disincentive to do that is if your company is going to invest \$15 million in equipping, you're not going to recapture it by leaving six months later. You've already gone through an incredible expense to get there. So that's a disincentive, not to say that people are only of the best intentions.

**LEG. GREGORY:**

Okay. That's good to hear. One last question, and it's regarding my concern, I'm sure a lot of people's concerns. I just wanted to get an idea of what your involvement as an IDA is with, you know, we talk about Legislator Stern brought up retention. As we have an aging workforce and there are all types of studies that are showing that our younger people are leaving Long Island and not returning, what role can or is the IDA playing with, you know, one, attracting new businesses, but I guess even more importantly, retaining those businesses that exist here today and working on a plan to ensure that in future years that we have, I guess, a sufficient supply of workforce to meet the demands of future years. Because if we age out and our young people are leaving, as a businessperson I'm going to say -- I'm saying well, that's not very attractive to me, what's my longevity. You know, it's already a high cost of living place to operate. Now you're going to have a dwindling workforce. What plan is being put in place and are you guys a part of that process.

**MR. WEXLER:**

Go ahead, Bruce.

**MR. FERGUSON:**

I am part of the aging workforce and I've indicated a willingness to continue to work and work and work, but that didn't go very far. The Department of Economic Development has a Workforce Housing Program which has -- which tries to address that issue. We have been involved with one or two projects on a limited basis where 4% low income housing tax credits have been combined with tax exempt bonds in order to provide some affordable housing. We were involved in the -- we're involved in the TRITEC project in Downtown Patchogue, which is going to bring in some rental apartments. Some of those hopefully -- some of those are scheduled to be quote, unquote, I think it's called workforce now, right, is the appropriate word.

So the IDA can bring things to the table. The IDA can bring incentives to the table. If you had a downtown that was willing to put up a couple of four or five story apartment buildings, an IDA could go in there and incentivize that investment in order to make those apartment buildings affordable. But the problem is you don't have an awful lot of downtowns that are stepping forward and saying okay, let's put these four or five story buildings here.

**LEG. GREGORY:**

The reason I ask you is because I think from my perspective you guys are kind of -- you're at the spear, at the head of the spear. You're getting information as to why companies are interested in coming to Suffolk County in particular or interested in staying, and you can provide that perspective to whether it's our community colleges, our local colleges, other, you know, business associations,

you know, towns and villages that are crafting zoning laws that can impact, you know, developments that you had mentioned. I think it's important to have that perspective at the table so that we can address these not so distant in the future concerns that business owners will be facing. I don't know if that's been done. Certainly have to bring a lot of people to the table, but my point is I think you guys certainly should have a seat.

**MR. FERGUSON:**

I think one thing, and Wayne hit it before, the productivity of our workforce is -- has a very, very high reputation, and that's a very key reason why a company does not want to get up and relocate, because they are going to lose -- you can give a relocation package to your entire workforce and you may lose some key employees and you will lose some of this workforce productivity, and the disruption of the move may set your business back six months to a year. So in many instances it's the workforce.

In other instances some quality of life factors come into play, but what we are finding now is hey, Charlotte, North Carolina, here's a pretty nice little city and quality of life -- nice quality of life is popping up in a lot of places around the country now. So right now a lot of it hangs on the workforce.

And you're right, we have an aging -- we have an aging demographic and we are losing our young people. It is a problem and I think it's being addressed by the County's Department of Economic Development with their Workforce Housing, with their efforts to encourage zoning changes, with efforts to include and mandate levels of affordable housing in all developments. But, you know, it's coming pretty slow and it's a tough battle.

**MR. WEXLER:**

If I can just chime in to answer your question. Yeah, exactly as that. I understand the thrust of the question, what can the IDA do. We're really not set up in that capacity to do the things that you -- we can help financially, but we don't have, with three and a half employees, and one being a bookkeeper and the other one being a secretary, we don't have the capacity to -- I know what you're saying. You're at the head of the spear, you bring all this together and reach out to train and employ youth and it just -- it's not our bailiwick. We just are not set up to do that, and I don't even know if we have particularly the Legislature -- legislative approval to do that. More importantly, we'd love to but we don't have the manpower, and that's really not what IDAs do directly that reach out to --

**LEG. GREGORY:**

I'm just -- really my concern was more of people should be reaching out to you and whatever structure is being set up formally or informally to gauge your knowledge on how to you, you know, what's the future looking like and how to retain it or make it better or sustain it, because there are some very grave concerns, and just -- even just specifically with the aging demographics that we have. But there are other perspectives that I think that you guys can bring to the table, not necessarily in a leadership role, but certainly in, you know, to participate that could be beneficial for our future. Thank you.

**D.P.O. HORSLEY:**

Thank you very much, Legislator. Another issue right along that same line, Bruce, that we do have the positives, one of our charges here is that we often do not have the infrastructure to accommodate higher tech companies that are looking for locations throughout Suffolk County in name and as my cause of life is the infrastructure sewage. You can't do things without sewers and that's one of our banes here in the Legislature that we've got to work on as well. Legislator Cilmi.

**LEG. CILMI:**

Yes, thanks. Thank you for being here for the presentation, very informative. Just a couple of quick

questions, most of my questions were answered already. Do we have a list of projects similar to this for the IDA as opposed to the LDC?

**MR. FERGUSON:**

Yeah, I have -- I mean, I have the projects that closed, for example, last year. Beyond --

**LEG. CILMI:**

Is that something you could e-mail to us, Bruce?

**MR. FERGUSON:**

The projects that closed last year I can give you right now. I mean -- hold on.

**LEG. CILMI:**

I'm guessing it's not as extensive as --

**MR. FERGUSON:**

No. I became the Administrative Director in 1985, and from 1985 through now closed 300 projects worth about 4.5 billion and probably about 90,000 jobs. So what I have today, what I just happen to have with me, what was closed in 2011. Just to give you an idea, it was a very -- probably the -- you know, you are in the middle of a worldwide recession so the fact that there was anything is quite amazing.

Forest Labs, and that's a well known pharmaceutical company. They closed on a 39 million dollar project, which would enable them to renovate and expand 270,000 square feet of unused space that they have over at Commack at the facility, and that essentially meant that we would -- were able to retain 679 jobs.

OSI Pharmaceuticals. We were just talking about it. They've invested 20 million dollars at the Broad Hollow Science Park to renovate 46,000 square feet and that will retain 113 jobs and create 24 new. Contract Pharmacal. That's another pharmaceutical company. They have three buildings in the Hauppauge Industrial Park. They did a six million dollar renovation that enables them to retain 430 employees and hire 30 new.

Marchon Eyewear, they did a 27 million dollar project and they also have three facilities primarily -- I think they are all in Melville. That project enabled them to retain 528 employees, bring in 55 new. They are actually bringing in their, if I can say this right, their ophthalmologic lab from out of state. So that's a small victory. We do get some out of state coming in this way.

That was the activity of the IDA. In addition, we had two projects with the Suffolk County EDC. I already mentioned them. That was the Head Injury Association and Catholic Health Services. I would say, you know, honestly, I would honestly say that right now they're -- two or three of these companies were definitely on the verge of leaving. So right now there are probably 1,000 or more people actually working in Suffolk County because of the projects we did last year.

**LEG. CILMI:**

There is no budget per se for what you do, right? It's largely reactive.

**MR. FERGUSON:**

Well, essentially the budget is the company tells us what their project is --

**LEG. CILMI:**

Right.

**MR. FERGUSON:**

They define what they're going to do and then we provide, you know, we do provide an approval for that and we provide a sales tax exemption for whatever construction materials and/or equipment is included in that project amount.

**LEG. CILMI:**

Right, right. But the IDA isn't subject to any limitations -- annual limitations of how much you can actually --

**MR. FERGUSON:**

We are subject to annual limitations in regards to our tax exempt bond volume. I mean, this is a whole area that would just make your eyes glaze over. But essentially --

**LEG. CILMI:**

Okay. Let's not go there.

**MR. FERGUSON:**

There's a per capita limit, and the Suffolk County's IDA's limit is about 29 million dollars per year in tax exempt bonds. And that is only for for-profit projects. The not-for-profit projects, right now they're being done by the LDC, but had they -- were they being done by the IDA, under IRS Code there is no per capita limit on those.

**LEG. CILMI:**

And if I'm correct, the taxpayer impact of what you do is really limited to the temporary reduction and increased revenue that would be generated from the improvements or job creation or whatever.

**MR. FERGUSON:**

I like to call it foregoing unanticipated revenue. You have --

**LEG. CILMI:**

More succinctly put.

**MR. FERGUSON:**

Yeah. Say no more.

**LEG. CILMI:**

And I guess my last question is inasmuch as you're -- I guess you'll be leaving the IDA, certainly sounds like a very storied career, all of the knowledge and history that you have and the respect that you've gained in your position in industry, maybe this really isn't a question for you, it may be a question more so for Mr. Wexler, I don't know. But my question is there has got to be an impact, you know, to that. I know filling your shoes is probably going to be very difficult, and even filled with the best of candidates I'm sure would still -- there will still be a -- there's no hitting the ground running, if you will, when you have been running at the speed that you have been running at for so many years. It's more rhetorical. I guess you really can't speak.

**MR. WEXLER:**

It's a very interesting question.

**LEG. CILMI:**

Thank you. Thanks again for being here and thanks for all your service, Bruce.

**MR. FERGUSON:**

Thank you.

**D.P.O. HORSLEY:**

Are alrighty. Anything else? Guys, thanks a lot. We really do appreciate and I think we're more knowledgeable because of your presentation today. It's a tough one to follow if you're not in the business, but you guys do great jobs and, Bruce, I wish you all the luck.

**MR. FERGUSON:**

Thank you.

**CHAIRMAN HORSLEY:**

And I'm sure we'll see each other around the block.

**MR. FERGUSON:**

Absolutely. Thank you.

**D.P.O. HORSLEY:**

Thanks, Bill. I appreciate it.

**MR. WEXLER:**

Thank you, Wayne.

**D.P.O. HORSLEY:**

All righty. We've got the agenda, which is very short.

**Introductory Resolutions**

We have one Introductory Resolution ***1486, Adopting Local Law No. -2012, A Local Law to increase the membership and clarify jurisdiction of the Gabreski Airport Conservation and Assessment Committee. (Schneiderman)***

I'll make a motion to table.

**LEG. STERN:**

Second.

**D.P.O. HORSLEY:**

Second by Legislator Stern. All those in favor? Opposed? ***(Vote: 4-0-0-1 Not Present: Legislator Gregory)***. So moved. I think that's it. With that, we're adjourned.

***(THE MEETING WAS ADJOURNED AT 3:53 P.M.)***