

ECONOMIC DEVELOPMENT COMMITTEE

OF THE

SUFFOLK COUNTY LEGISLATURE

Minutes

A meeting of the Economic Development 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, February 26, 2014 at 2:00 p.m.

MEMBERS PRESENT:

Legislator Bill Lindsay - Chairman
Legislator Steven Stern - Vice-Chair
Legislator Kara Hahn
Legislator John Kennedy
Legislator Kevin McCaffrey
Legislator Jay Schneiderman

ALSO IN ATTENDANCE:

Legislator Sarah Anker - District No. 6
George Nolan - Counsel to the Suffolk County Legislature
Renee Ortiz - Chief Deputy Clerk, Suffolk County Legislature
Robert Lipp - Director/Budget Review Office
Laura Halloran - Budget Review Office
Robert Braun - Deputy Bureau Chief/County Attorney's Office
Tom Vaughn - County Executive's Office
Mike Cavanagh - Aide to Legislator Lindsay
Debbie Tinnirello - Aide to Legislator Hahn
Sean Rogan - Aide to Legislator McCaffrey
Jason Hann - Aide to Legislator Schneiderman
Bill Shilling - Aide to Legislator Calarco
Debbie Harris - Aide to Legislator Stern
Pam Donovan - Aide to Legislator Anker
Ali Nazir - Aide to Legislator Kennedy
Sarah Lansdale - Director of Planning
Carolyn Fahey - SC Department of Economic Development & Planning
Tom Kelly - Director of Commercial Development
Janet Gremler - SC Health Department/Environmental
Kevin McEvaddy - AME
Deborah Lohman - Appointee/SC Citizens Advisory Board for the Arts
Richard Rubin - Resident of Shoreham
Julia Rubin - Resident of Shoreham

MINUTES TAKEN BY:

Alison Mahoney - Court Stenographer

MINUTES TRANSCRIBED BY:

Kim Castiglione - Legislative Secretary

(The meeting was called to order at 2:00 p.m.)

CHAIRMAN LINDSAY:

If we could begin the meeting for the Economic Development Committee. If we could all please rise, and Legislator Anker, if you would lead us in the Pledge.

Salutation

CHAIRMAN LINDSAY:

Thank you all for being here for the Economic Development Committee meeting. At this point we're at the Public Portion. Is there anybody here that wants to speak? We haven't received any public comment cards. Okay. Moving right along, we have Sarah Lansdale, the Director of Planning, and Tom Kelly. They're going to make a presentation on the Land Bank Program. Sarah?

MS. LANSDALE:

Good afternoon, members of the Economic Development Committee. Thank you so much for this opportunity to make a presentation. I did e-mail the members of this committee a few minutes before the meeting the presentation that you see on the screen, and if you haven't received it I will make sure that you get a copy right after this meeting.

So we're here today as part of a -- I'd like to introduce Tom Kelly, my colleague, who is -- who works closely with me in the Economic Development Department. He is the Director of Commercial Development. We're here as a requirement under New York State Law to make an annual presentation of the Land Bank activities to the Suffolk County Legislature. So thank you for this opportunity.

So we're just going to briefly go through the background of the Suffolk County Land Bank Corporation as well as provide an executive summary and accomplishments of what's occurred in 2013, and a financial summary and then next steps. So -- and I do want to acknowledge and thank members of the Legislature for approving the County's application to file for Land Bank designation last year. We, back in 2012, Presiding Officer DuWayne Gregory really initiated the County's thinking on land banks when he authored legislation directing the County to pursue the establishment of a Land Bank. In 2013, the County through its Brownfields Inter-agency Work Group, and I do want to acknowledge Janet Gremli, who is with us today also with the Department of Health, who is a member of the Brownfields Inter-Agency Task Force as well as an integral member of our team at the Land Bank.

The County has identified 133 parcels that are tax delinquent and potential -- have potential environmental contamination. Previously we didn't have any viable option to take these properties. They have all told in sum these properties have accumulative outstanding tax liens in excess of 35 million. Under the Suffolk County Tax Act, tax liens cannot be sold for less than the lien amount. However, with the establishment of the Land Bank, we were able to look at that and the Land Bank allows us to sell the properties for less than the back taxes owed to facilitate not only the environmental clean-up of these properties, but also facilitate economic development as well.

So we were approved by New York State Empire State Development Corporation last year around this time with the mission of the Suffolk County Land Bank to facilitate the redevelopment of these sites just for downtown economic redevelopment. So this slide talks about the Land Bank, what it is and its benefit. Just by way of background, a Land Bank is a type C not-for-profit corporation under New York State Law. It's based on the County's role as a foreclosing government unit. We can adopt, amend or repeal bylaws and we are required by New York State Law to make public and available for public review all inventories of tax liens that are in the possession of the Land Bank. By point of reference, currently there are no properties in the Suffolk County Land Bank.

So the benefit is that the Land Bank provides the mechanism for Suffolk County to sell the tax liens for bidders -- to bidders for less than the tax lien amount. Usually that's been a challenge. These properties have been upside down where the tax liens are greater than the value of these properties. Therefore, there's no market to buy these properties, no incentive. So a Land Bank will allow us to not only redevelopment and clean-up this property, but studies have been shown that by redeveloping these vacant, abandoned properties or potentially environmentally compromised properties, you're increasing surrounding tax -- you're increasing the tax base and also increasing the surrounding property values of adjoining properties.

To be specific, the Suffolk County Land Bank is a 501(c)3 non-profit. It is independent from the County. You see three boxes on the screen. There's Suffolk County Government, there's the Land Bank in the middle and then there's third parties. And so the County provides the Land Bank with the staff and the resources necessary to operate that and then any revenues after expenses will go back to reimburse the County for its expenses. And the third party can provide services required to operate for the Land Bank that are not provided by the County government.

So there are ten Land Banks authorized Statewide, so this is a pretty big deal that we are one of a few Land Banks statewide, and we're unique in that we're the only one that's focused on the remediation of environmentally challenged properties.

So with that, I'd like to - I'd like to just review some of our accomplishments in 2013. So we were again approved by ESD. We incorporated so -- a large part of last year we did all of the kind of the bureaucratic administrative work in setting up the Land Bank. For instance, we incorporated as a not-for-profit corporation, we applied for 501(c)3 tax status, very exciting things. We appointed a seven person Board of Directors. That was in our original legislation that was approved by the Legislature delineating who is on the Suffolk County Land Bank, and we do have two members of the Legislature who are on the Land Bank. Presiding Officer Gregory as well as Legislator Cilmi, are representatives.

We have held three quarterly board meetings and established bylaws and a memorandum of understanding between the Land Bank and Suffolk County, as well as we've identified parcel specific data for all of the properties for the Land Bank's consideration, and coordinated efforts with the Suffolk County Treasurer's Office to inform tax delinquent property owners that the Land Bank is -- was approved, it's in existence, and there might be future actions that will come as a result of the County creating the Land Bank.

We have also successfully applied for and received funding both from the Environmental Protection Agency as well as the State Attorney General's Office. Specifically, the Environmental Protection Agency has funded four Phase I environmental site assessments and the New York State Attorney General's Office has funded, Tom will go into greater detail, but we have received \$675,000 from the Attorney General's Office to fund Phase I and Phase II environmental site assessments for the properties that are in the -- for 18 parcels. So I'm going to turn it over to Tom to talk about the parcel summary.

MR. KELLY:

Thank you, Sarah, and good afternoon, Legislators. I wanted to take you through the parcel summary of the Suffolk County Land Bank. Starting -- we started out the year, and as Sarah talked about a moment ago, we started with 133 parcels and those parcels have cumulative taxes of \$35 million. When we looked at those properties in the -- in May or June of 2013, they had -- and their previous year taxes, 2012, came to about just short of \$3.4 million. So you can see that these parcels, many of them have many years of arrears in back taxes.

We, as Sarah talked about, we sent a letter from the Suffolk County Treasurer's Office as well as through the Land Bank and subsequent to the May and -- the letter we sent out in July, many of the

parcel owners responded to the Treasurer's Office request for them to take action or the actions could be taken by the Suffolk County Land Bank. So as we exited 2013, there are 75 parcels from the 133 that are in either a payment status or they're still not quite eligible due to timing. So there are 75 of that starting point of 133 properties. They represent cumulative taxes of 4.7 million in total back taxes with the previous year, 2012, tax amount of 1.2 million.

So what's left for consideration for the Suffolk County Land Bank is 58 parcels from the beginning -- from the starting point of 133. And of those 58, we are looking at them as both from a Superfund perspective and a non-Superfund perspective. And the break out of those two buckets are shown here, where of the 5826 parcels representing more than \$21 million in back taxes are shown eligible for consideration for the Land Bank, while 32 non-Superfund sites with back taxes of 8.3 million are shown here.

Also for 2013, as Sarah showed in the previous slide, personnel within Suffolk County are supporting the Land Bank, so we have been monitoring and tracking that expense. So through 2013 the Suffolk County Land Bank has incurred in kind staff salary and benefits of \$121,476. That comes from time annotated by 17 employees throughout Suffolk County in support of the Land Bank. Additionally, other associated filing fees of \$935 were incurred for a total of 2013 expenses directly related to the Suffolk County Land Bank at \$122,411.

MS. LANSDALE:

So in sum, the Land Bank has been very successful to date in terms of raising money and setting up a framework and an entity to move forward in redeveloping these properties. Our next board meeting is on March 6th, and we have just recently launched a website which is at the address on your screen. Thanks.

CHAIRMAN LINDSAY:

Thank you. At this point I'll open up to questions.

LEG. KENNEDY:

If I can, Mr. Chair.

CHAIRMAN LINDSAY:

Sure.

LEG. KENNEDY:

Thank very much. Thank you, Sarah. Nice to see you. And thank you for the update on where things are at. You know, the concept, I think the Land Bank concept is a good concept. I supported it as it went through last year and the year before. I was always kind of curious as to how we would get to the point where the corporation would get title, I guess, and then maybe get to the point where they possibly could convey it out and this notion that you would be able to separate the lien from the land. But it sounds like that's still a little bit premature. You're not quite there yet.

MS. LANSDALE:

(Nodded head yes).

LEG. KENNEDY:

I'm a little curious about the detail on the numbers that you just gave us. Let's talk about the universe. You started with 133 parcels. How did -- out of -- what am I to assume from that? Does that represent all of the properties that are out there that have gone beyond, you know, our normal aging process and have some type of, you know, impediment of contamination? You know, I mean, typically this is the gas stations, the dry cleaners, you know, the things that everybody is aware of that we would never want to take title to because the remediation expense far out, you know, exceeds anything we would ever realize.

MS. LANSDALE:

Yes, you are absolutely right. So the starting point is -- and I'll turn it over to Tom Kelly to provide some more detail, the starting point is the County's Brownfields Interagency Work Group that is comprised of the Health Department, the Treasurer's Office, Planning, Economic Development, where we sit regularly and review tax delinquent parcels. And from there if there is potential contamination that's flagged, that's when we look at that carefully and that then is added to our list.

LEG. KENNEDY:

Okay. So that first cut basically is what comprised the universe.

MS. LANSDALE:

Precisely. Yeah.

LEG. KENNEDY:

Okay. And then from that, the 133, there was some kind of correspondence to those property owners and some subset elected to do what? Did they pay us delinquent tax? Did they say you're never going to get a dime from us? We're going to, you know, give you a deed in lieu? What happened? How did we go from 138 down to 75 down to 58.

MS. LANSDALE:

I will turn it over to Tom for that.

MR. KELLY:

Thank you, Sarah. So, Legislator, from the 133, after we send notification to the delinquent property -- the parcel owners and the notification that went out from the Treasurer's Office in early July said please contact us by the end of July or there is a mechanism in place called the Land Bank and the Land Bank may take action. So many people proactively then reached out to the Treasurer's Office and are either in a work out arrangement with them or have paid a lump sum or some portion of payment, and those who are in a payment arrangement, they're put into that bucket that I showed you of the 75, so we keep them out because --

LEG. KENNEDY:

Right, because now we've got a party who's gone from noncompliant to compliant. But my first question is, is, you know, the Suffolk County Tax Act is a very detailed, methodical process where when you go delinquent on property tax, unless there's some kind of effort to restore or some kind of mechanism with the Treasurer, the Treasurer takes the tax deed. I filed tax deeds every year that would come downstairs. So the Treasurer had an awareness in the first instance that this was a potentially tainted property. What's the break in there? I don't understand that piece.

MS. LANSDALE:

So the Brownfields Working Group reviews the information that's provided by the Treasurer.

LEG. KENNEDY:

Okay. So she's giving you a full dump of everything that's delinquent. You guys are eyeballing it, you are looking at it and you're say okay, here's the ones that are likely minefields. We don't want to take the tax deed, but nevertheless we're going to start this dialogue process and we're going to go into it.

MS. LANSDALE:

Yes.

LEG. KENNEDY:

I'm curious. How old or remote were some of those properties in the nonpayment status?

MS. LANSDALE:

We're just looking at our records.

LEG. KENNEDY:

Give me the oldest. I mean, did you go out eight years, ten years? I thought I heard that.

MR. KELLY:

So of the 133 properties, on average the average tax arrears is about seven and a half years of the whole population.

LEG. KENNEDY:

Is that right.

MR. KELLY:

And they range anywhere from very short duration to in excess of 20 years.

LEG. KENNEDY:

Twenty years?

MR. KELLY:

In excess of 20 years, correct. And actually what's pretty impressive on the overall numbers is of the 133, 27 of the properties or 20% of them, represent more than 77% of all of the back taxes. And they are the Superfund sites and of long --

LEG. KENNEDY:

But now there was something up there that talked about the Superfund sites. Lawrence Aviation I know is a Superfund site. So are we -- is there some economic gain that we're ultimately going to realize here or are we just doing notifications where the Feds have come in and are remediating and ultimately, you know, it's multiple millions of dollars for the Feds. If there's tax revenue that comes back, don't they take that off the top or are we going to see some of that? Uh-oh. Hi, Bob.

MR. BRAUN:

Hi, Legislator. How are you?

LEG. KENNEDY:

I'm great. How are you?

MR. BRAUN:

With respect to the Superfund sites, the Federal Government obviously does have liens on the property, sometimes the State has liens on the property, but ultimately all the Land Bank can do is essentially get rid of some of the tax arrears. If we can sell a property for --

LEG. KENNEDY:

Okay.

MR. BRAUN:

-- less than what's owed in total, then we take that.

LEG. KENNEDY:

In a nutshell, and you know this better than anybody. Does this effort help us to get to the point where we can clean-up and now -- clean-up meaning physically actually clean-up, but also from a title perspective, clean it up so we now get a parcel that can once again be an insurable parcel?

MR. BRAUN:

Yes, it can. It can absolutely do that.

LEG. KENNEDY:

Okay. So we're going through those legal mechanisms. Yes, we want to go ahead and protect the environment, we want to remove the pollutants, everything else like that, but we also need to somehow shed what had been those old encumbrances so that, you know, Fidelity or Chicago or somebody is going to insure it. Otherwise they'll never -- you'll never sell it.

MR. BRAUN:

Right. And the most sheddable of those encumbrances is the tax arrears under the present scheme. In other words, the County can turn a tax lien over to the Land Bank essentially for free.

LEG. KENNEDY:

Okay.

MR. BRAUN:

Or for ten dollars, even if it's a \$10 million tax lien, and then that makes the property have a smaller debt to pay out of the proceeds of selling it.

LEG. KENNEDY:

Okay, all right. I appreciate that. You'll continue, I guess, to kind of keep us apprised, Sarah?

MS. LANSDALE:

Yes, we will.

LEG. KENNEDY:

Okay. Thank you very much. Thank you, Mr. Chairman.

CHAIRMAN LINDSAY:

I just have one quick question. Sarah, would you say the greatest benefit to the Land Bank is just the threat that they could at some point seize this property and that in turn will spur these people to make good on their taxes as they have been gaming the system for so long?

MS. LANSDALE:

To date this has been the greatest benefit. I'm sure that in the future it will be the realization of the redevelopment of several of these properties, the clean-up and redevelopment. But to date, yes.

CHAIRMAN LINDSAY:

Would you also agree our goal is not to have it come to the bank, to the Land Bank where we actually have to sell these properties and worry about somebody else coming in to clean them up, but just that threat of us doing so would then spur the individuals to pay the back taxes, clean the property and do everything that should be done on the property.

MS. LANSDALE:

Yes, that's right.

CHAIRMAN LINDSAY:

Thank you. Legislator Anker.

LEG. ANKER:

Okay. I have a question regarding the time line, you know, when a property -- I know Legislator Kennedy was, you know, making the point that this is to facilitate and also, Legislator Lindsay, this

is to facilitate those folks that are owning these properties that's created an issue for our communities, you know, to help facilitate that clean-up and those tax liens. You know, there's a property near my district that's a huge issue and it's a safety concern, you know, a health concern. The owner owes over -- well almost \$200,000 in tax liens. I think it's been vacant for about seven years. It's crazy that, you know, again these properties sit around so long. And I had introduced legislation to reduce blighted properties in residential communities, but I had to pull it because there was an issue with the title companies, that they needed two years to do I guess a complete title search. How does that impact the Land Bank in trying to facilitate these liens? Okay, so that's one question. So I'll let you answer that question and then I have just one other.

MR. BRAUN:

You want me to answer?

MS. LANSDALE:

Yes.

MR. BRAUN:

I think the issue with the title companies is that until three years after the County takes title, there's no benefit -- there's no help in the law as to whether we took title correctly. After three years there's a presumption, which can be rebutted by other evidence, but at least there's a presumption that says that when the County took title it did so properly.

In the case of these properties, we don't want to take title at all because they're environmentally comprised, or at least we believe they are, and once we're in the chain of title we become responsible for the clean-up. So we don't want Suffolk County's name on this at all. What the Land Bank is planning to do is to take the liens, not to take title itself, but to take the lien from the County for less than the face amount of the lien because the law specifically allows that as an exception in the case of a Land Bank, and then the Land Bank will own the lien and it can try to sell the lien to a developer, and the developer, knowing that it can pay much less than the outstanding tax bill, may be willing to pay for the clean-up. And so that's the process that we hope to go through. But I believe the title company issue that you referred to is with regard to the presumption that we took title properly when we took it.

LEG. ANKER:

Right, that's correct. Okay, the other quick question hopefully is that, you know, with this particular issue what is the process or is there a process when you have a building, a commercial building, sitting around for years if not decades? Is there something the County can do to speed up -- I guess this is what you're doing right now, but what more can be done to speed up the process and is there something in writing that will allow the Treasurer to create these payment redemption programs for these folks that have defaulted on their taxes? So is there a specific process?

MR. BRAUN:

The Treasurer has the authority to do a work out on tax arrears as long as the lien hasn't yet been or the property hasn't yet been transferred to the County. And so they -- I believe their ordinary program is that they want the current taxes paid right away and then they give them a period of time to catch up on what's owed from the past. But they've had that authority and they've been using that authority where appropriate for some time.

In terms of going forward, there wasn't a Land Bank until now so we didn't have this way of getting rid of that extra large debt against the property before we had somebody begin to pay for the clean-up.

LEG. ANKER:

Okay. Thank you.

CHAIRMAN LINDSAY:

Legislator Hahn.

LEG. HAHN:

A couple of questions. So the 35 million, approximately 35.17 that's listed as cumulative taxes for the 133 properties, as you said, that could be as much as over 20 years worth of taxes. So those are owed to the County. It's a combination of -- because the County pays off -- if a property owner doesn't pay their property taxes, which some of that goes to school districts, some of that goes to etcetera, etcetera, the other municipalities. We've already paid that to those other municipalities for them and that's all owed to us.

MR. BRAUN:

Yes.

LEG. HAHN:

Does our budget kind of reflect the fact that we know these aren't paid? How do we handle that in our budget, you know, these \$35 million worth of taxes that just kind of keeps getting like a larger -- do you kind of understand what I'm getting at?

MR. BRAUN:

Yeah. I don't think we address the total. I think what we address is each year as the budget process plans for the receipt of real property taxes, and again, this is not my area, but my assumption is that what we plan is to collect maybe 95% of what we bill or 90 -- whatever the right number is of what the tax warrant is for each year and we know that's more or less what we're going to get, not the 100% of what the tax warrant would be.

LEG. HAHN:

And that -- just this figures in because the 3.39 million, which is approximately the annual cost, taxes that, you know, we should expect but we probably won't be getting, we somehow, you know, recognize that and plan for not getting that, even though we might now get some of it, 1.2 million worth. Robert, are you coming forward because you can answer that or?

MR. LIPP:

I don't have the 100% clear answer, but I -- we could find out more exactly, but I'll give you the basis of my knowledge so far. It's a very complex formula for how the property tax is calculated in the budget. That being said, it's affected by the receivables, the change in receivables. So I believe one of the problems would be that what we do now is we write off 2% of our receivables as bad debt each year. Effectively we would be taking a bigger chunk, several million dollars, and writing it off so that I think it would be a hit in terms of the reduction in revenue in the budget if we give the Land Bank the property and recognize that we'll never receive these receivables. That being said, I have to look at it a little more close to clarify that. It's a very complex issue. What I will say is I will have a conversation with the Treasurer's Office and with Robert Braun and Sarah and we'll all see if we can vet this out more clearly.

LEG. HAHN:

Well, I think overall we're going to eventually put these back on the tax rolls so that they will be bringing the money in. I just was curious as to if it was this 3.39 was something, you know, we kind of took into account and it sounds like we do, a small percentage that we just assume won't get paid. And it's a little bit more complex than that.

MR. LIPP:

Yeah. I think what I'm saying is that there could be a short-term hit and long-term gain if we ever get it back on the tax rolls. But the short-term hit is something that we'd better figure out.

LEG. HAHN:

Okay. Do you have a break down by town of these properties?

MS. LANSDALE:

Yes, we do.

LEG. HAHN:

If you could share that either now or.

MS. LANSDALE:

Sure. We could share that with you and members of the committee afterwards.

LEG. HAHN:

The 18 properties you talked about that the Attorney General's Office was going to assist us with? Where are those and what are those?

MS. LANSDALE:

Sure. So Tom has the details of those but -- and we could certainly share that with you, with members of the committee, but the Attorney General's grant was specifically focused on foreclosure, on areas that had concentrations of foreclosed homes. So we made that argument successfully in positioning that Suffolk County has areas of foreclosure and there are parcels, environmentally challenged parcels, in those neighborhoods that are contributing to neighborhood decay so -- and remediating and cleaning-up these properties will enhance the surrounding property values.

LEG. HAHN:

But the money is being used for the type one and type two assessments.

MS. LANSDALE:

That's right.

LEG. HAHN:

Not the actual clean-up.

MS. LANSDALE:

Right, but the first step is understanding even if these properties are environmentally challenged. They're suspected to be but, you know, further investigation is necessary to determine --

LEG. HAHN:

So how did you select the 18 properties?

MS. LANSDALE:

So we looked at the zip codes that had the areas of highest foreclosure in Suffolk County and then looked at our -- overlaid that with our 133 properties to come up with a list of 18 properties.

LEG. HAHN:

And were they -- were you talking about all forecloses, both residential and commercial?

MS. LANSDALE:

Just residential. The OAG's office was focused on residential.

LEG. HAHN:

And the 18 properties, are they in one zip code, are they in multiple zip codes? Are they in one town?

MS. LANSDALE:

They're spread out throughout the Island. I'll give you -- we don't have that information with us now, but we can definitely provide that to you today.

LEG. HAHN:

And those wouldn't be Superfund, those 18.

MS. LANSDALE:

No.

LEG. HAHN:

No. Do you have the number, of the 291 acres, do you have the number of acres that are Superfund versus not?

MR. KELLY:

Yes. By acreage of the 291, the Superfund, or those that are eligible Superfund is 181, so that's 62% of the total acreage of the Suffolk County eligible properties.

LEG. HAHN:

So 38% is not -- that's still -- you know, I think we all recognize -- complicated -- what's going to happen in the future with Superfund, how complicated it is and how hard it will be, but there still is a large benefit for the rest, you know, of the properties and so, you know, we're looking forward to getting to that place that Director Lansdale described, where actually the benefits are the property is turning around and being utilized and the whole neighborhood is improving and then our tax base is improving as a result. So obviously we see that as the end goal and the Presiding Officer's vision for this is a really good one. So thank you.

CHAIRMAN LINDSAY:

I just had one more question for Dr. Lipp. Do we have anything in the budget, both on the expense side and the revenue side, for these properties that are now in work out, that we're starting to get some funding from them in terms of receiving funds in for back taxes and a reduction in the amount of money we're putting out to cover their taxes that they weren't paying in the prior years?

MR. LIPP:

No. The numbers are just implicit in the interest and penalties revenue code number one, and the property tax line or flat tax line, so you don't see any break down in terms of what sort of delinquencies there are or anything in the budget. There's nothing there. There's a lot of background ledger journals that the Treasurer prepares for that stuff, but there's nothing in the budget for that.

CHAIRMAN LINDSAY:

So anything we receive in this year would be basically a windfall for the County that, as again, we wouldn't be paying the money out, we'd actually be receiving money in at the same time.

MR. LIPP:

I only wish it was that simple. What you are saying is 100% logical and I wish I could say yeah, sure. But no, it doesn't quite work that way. The calculation for the property tax is so convoluted I could half explain it, but you would still -- I would still way confuse you. And in part because the formula itself is just a head scratcher. I mean, I've tried to get them to change the formula, but the last time we looked at it, it would have given us a negative surprise. It would have been more understandable but it would have been a big negative surprise so we said no, let's not do that.

CHAIRMAN LINDSAY:

Any other questions? Thank you very much for your presentation. We look forward to seeing the

results in the coming months. Thank you. At this time there are no tabled resolutions so we'll move right into the Introductory Resolutions.

Introductory Resolutions

The first one is resolution ***1046 - Reappointing Joanna Ferraro-Levy as a member of the Suffolk County Citizens Advisory Board for the Arts (Schneiderman).***

LEG. SCHNEIDERMAN:

Motion.

CHAIRMAN LINDSAY:

Motion by Legislator Schneiderman. Second?

LEG. HAHN:

Second.

CHAIRMAN LINDSAY:

Second by Legislator Hahn. For? Against? Abstain? Motion passes. ***(Vote: 6-0-0-0)***

The next resolution is resolution ***1055 - To appoint Deborah Lohman as a member of the Suffolk County Citizens Advisory Board for the Arts (Anker).***

LEG. SCHNEIDERMAN:

Motion.

CHAIRMAN LINDSAY:

Motion by Legislator Schneiderman.

LEG. McCAFFREY:

Second.

CHAIRMAN LINDSAY:

Second by Legislator McCaffrey. Is she here? Welcome, Ms. Lohman.

MS. LOHMAN:

Thank you.

CHAIRMAN LINDSAY:

If you could just tell us a little bit about yourself and the reason why you want to serve on this board and your qualifications for the board.

MS. LOHMAN:

Sure. Thank you. I have always believed that the arts are very, very important, that a vital artistic community supports everybody within that community. My background is I started in working museums about 40 years ago. I was Educational Coordinator for a museum up in Upstate, New York. When I moved down to Long Island I started teaching at Shoreham-Wading River School District. I've brought Mestrac grants into the schools. I was instrumental in starting the Science Museum that started in the Shoreham-Wading River School District and is now an independent Long Island Science Museum in Riverhead. I work with the Tesla Foundation, Tesla Science Center at Wardenclyff. Let's see. I guess that's it.

CHAIRMAN LINDSAY:

Thank you very much. We appreciate your willingness to serve on the board. At this time we have

a motion and a second and we'll call the roll. Those for? Against? Abstain? Motion passes. **(Vote: 6-0-0-0)**. Congratulations.

MS. LOHMAN:

Thank you.

LEG. HAHN:

Thank you for your willingness to serve. You don't have to come before the full Legislature next week.

MS. LOHMAN:

Thank you.

CHAIRMAN LINDSAY:

The next Introductory Resolution is **1090 - Authorizing the County Executive to enter into a Memorandum of Understanding with the Towns of Riverhead, Babylon, Huntington and Southampton for the Administration of the Suffolk County Empire Zone (Co. Exec.)**.

LEG. SCHNEIDERMAN:

Motion to approve.

CHAIRMAN LINDSAY:

Motion by Legislator Schneiderman. Second?

LEG. STERN:

Second.

CHAIRMAN LINDSAY:

Second by Legislator Stern. For? Against? Abstain? Motion passes.
(Vote: 6-0-0-0)

The next resolution is **1152 - Establishing a new policy for appointments to the Board of the Suffolk County Industrial Development Agency (Kennedy)**.

LEG. KENNEDY:

Yes, I'm going to make a motion to approve, Mr. Chair, and then I'd like to speak on the reso.

LEG. McCAFFREY:

I'll second that motion.

LEG. SCHNEIDERMAN:

Motion to table.

CHAIRMAN LINDSAY:

We have a motion to table by Legislator Schneiderman. Do we have a second on that motion? I'll second that.

LEG. SCHNEIDERMAN:

You want to make it a motion to table subject to call?

CHAIRMAN LINDSAY:

The motion by Legislator Schneider is to table to call. And I'll second that motion.

LEG. KENNEDY:

Okay. Mr. Chair, if I can on the motion to approve. This resolution comes forward very simply because most recently there's been an individual who was appointed as an employee of the IDA who, in fact, does not reside. Not only is he not a Suffolk County resident, but he's not even within the expanded Nassau/Suffolk zone. I believe that he is a New York City resident.

This is very similar to what we saw last fall when there was an initial attempt to expand the residency requirement for our regular workforce, and as a matter of fact it was rejected by this body. I think that the IDA by its very definition, its whole mission is to promote, retain and encourage business and development and expansion here within Suffolk County. It is funded by and through the members, member businesses, portion of what the loan arrangements are that come to it, and I think it's very, very straightforward and very simple.

The IDA appointees, as everybody is well aware, are our appointees from this body. They serve -- actually they serve at our pleasure. They do not even have a full term. So they do great work, they do excellent work. We saw firsthand when we were there at the last meeting, Mr. Chair, they went out of their way to go ahead and make an effort to retain a prominent Suffolk County defense manufacturing and developer. But I just feel very strongly, and I think my colleagues would echo that you got to walk your talk in this business. They should be hiring and bringing on people that are Suffolk County residents. So that's the sum and substance of it and I'd ask my colleagues to consider it.

CHAIRMAN LINDSAY:

Thank you, Legislator Kennedy. Any other comments? Legislator Schneiderman.

LEG. SCHNEIDERMAN:

The IDA, although it's Suffolk IDA, it's created through the State, right George? We have the ability to create the IDA given by the State.

MR. NOLAN:

Yeah. It's created under provisions of State law. It's a public benefit corporation.

LEG. SCHNEIDERMAN:

Are we allowed to create a litmus test, so to speak, that the members have to have certain criteria to serve on a board like this? There's certainly no State requirement that they be Suffolk County residents.

MR. NOLAN:

That's correct, but in my personal opinion I think the Legislature can adopt a resolution like this and establish a policy to guide their appointments to that board. I mean, really the only influence the Legislature has over the IDA is through the appointment process. I base my opinion on some language from an Attorney General opinion from a number of years ago, and the Legislature I think on at least one other occasion has adopted a resolution like this, you know, setting forth a policy for appointments to the IDA.

LEG. SCHNEIDERMAN:

So it's within our power to do this, but we also -- and this is really not a legal question, but we as a body before appointing somebody we can certainly ask these types of questions and make the decision on a case by case basis. It just seems to me the IDA board ought to be the most qualified people, those who are going to be most likely to bring business into Suffolk and this person appears qualified. Also seems quite familiar with Suffolk having grown up in Suffolk. But, I mean, the real question I think we should be asking is do we have, you know, the best people on the IDA board to bring business to Suffolk. You know, I think we as a body, before we appoint people to serve on the IDA, and they do serve at our pleasure as I understand it, ought to make sure we fully vet those

individuals in terms of their capabilities and professional experiences. And if it's that important that the person reside in Suffolk County I think we have to make a decision at that time, but I don't think to have a rule that says only Suffolk residents should be able to serve on the IDA is necessarily in the best interest of the IDA itself.

LEG. KENNEDY:

Well, Mr. Chair, if I can. Let me make sure that I clarify for Legislator Schneiderman. This bill doesn't speak to the actual appointees. This bill speaks to the employees of the board. The appointees actually by definition must be Suffolk County residents. So there's no ambiguity or question there for the individuals we appoint. The delta, if you will, is, is that board either overtly or by virtue of an opinion that their Counsel gave delegated the authority to retain to the current Executive Director of the IDA another employee, and so what this bill does is reiterate to our Suffolk County resident board members that our expectation is the individuals they hire to fulfill the mission likewise will be Suffolk County employees. And as Counsel said, absolutely we have the legal right to go ahead and to convey that.

LEG. SCHNEIDERMAN:

So, again, though, the people we appoint, we can always ask the question in terms of their hiring practices. Would they be hiring people only from Suffolk or elsewhere, but to me it still gets to the same point, is that the people who work for the IDA, we want them to be the most capable people in terms of bringing business to Suffolk County. I guess if that's the Legislature's desire that, you know, we believe only those residents of Suffolk County are most qualified to bring and retain business into Suffolk County, you know, I could see passing something like this. But if, you know, the best qualified person may live just outside the border, you know, I think we have to resolve whether the IDA ought to be able to employ an individual like that. They might be very good at bringing business into Suffolk County because that may be their background. I guess it's just a policy question.

LEG. KENNEDY:

Again, I'm relatively convinced that we have in out of 1.5 million people individuals that possess this capability and ability. Quite frankly, I don't think we have to go to Brooklyn to find somebody who knows how to go ahead and communicate with business, assist business and grow business. You know, we have -- every one of us have interns in our office. We have bright people around us all the time. They all live here in Suffolk County. I'm absolutely convinced that we would be able to get a person from Suffolk who has these skills and then some.

CHAIRMAN LINDSAY:

Any other comment at this point? Legislator McCaffrey.

LEG. McCAFFREY:

Mr. Chairman, yes. I just want to add that, you know, we do have -- one of the qualifications that we have for County employees is that they're required to live in this area, and whether it be Nassau or Suffolk I understand now. And although this is a governmental -- an arm of our government, I think one of the qualifications that they possess besides being able to be good at communications and bringing people -- businesses into this area, is that they live in the same jurisdiction that we require our regular County employees. I don't know how we separate the two. I think it's fair to say that one of the qualifications needs to be that they need to live here.

CHAIRMAN LINDSAY:

All right, at this point we'll vote on the subject to table measure. All in favor?

LEG. SCHNEIDERMAN:

Yes to table.

LEG. HAHN:

Opposed.

LEG. KENNEDY:

Opposed.

LEG. McCAFFREY:

Opposed.

CHAIRMAN LINDSAY:

So it's three-three.

MS. ORTIZ:

It's three-three.

CHAIRMAN LINDSAY:

So we go to the motion to approve. In favor? Opposed? Opposed.

LEG. STERN:

Opposed.

LEG. SCHNEIDERMAN:

Opposed.

MS. ORTIZ:

Three-three.

LEG. KENNEDY:

Three-three on this one too?

CHAIRMAN LINDSAY:

Motion fails. *(Vote: 3-3-0-0 Opposed: Legislators Lindsay, Schneiderman and Stern)*

The last resolution we have is **1166 - To appoint member of the Suffolk County Citizens Advisory Board for the Arts (Shadrack Boakye) (Martinez)**. Is she here this afternoon? He? I need a motion to table that appointment.

LEG. KENNEDY:

Motion.

CHAIRMAN LINDSAY:

By Legislator Kennedy. Second?

LEG. HAHN:

Second.

CHAIRMAN LINDSAY:

By Legislator Hahn. For? Against? Abstain? Tabled. *(Vote: 6-0-0-0)*. Nobody else has any other business? Then that concludes our Economic Development Committee meeting for today. Thank you.

(The meeting was adjourned at 2:51 p.m.)