	E MATTER OF A SPECIAL MEETIN
	E: FDR SERVICES OF NEW YORK
	350 Front Street Hempstead, New York
	March 13, 2018 9:30 a.m.
B E F O F	R E:
FLORESTAN	NO GERARDI, Chairman
STACEY HA	ARGRAVES, Board Member
JOHN ARDI	ITO, Board Member
JAMES G.	MARSH, Board Member
ERIC MALI	LETTE, Board Member
KARLA GUE	ERRA, Village of Hempstead
REGINALD	LUCAS, Village of Hempstead
FRANZ NIC	COLAS, Village of Hempstead

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2	APPEARANCES:
3	MOMN OF HEMPOMEND
4	TOWN OF HEMPSTEAD INDUSTRIAL DEVELOPMENT AGENCY 350 Front Street
5	Hempstead, New York 11550
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7	ALSO PRESENT:
8	FREDERICK E. PAROLA, Chief Executive Officer
9	EDITH LONGO, Chief Financial Officer
10	MICHAEL LODATO, Deputy Agency Administrator
11	JOHN E. RYAN, Town of Hempstead IDA Counsel
12	LORRAINE RHOADS, Agency Administrator
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behalf of FDR Services Corporation.

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I have with me today Mr. Nick
Terzulli from Farrel Fritz, Maureen
Stampp who is the employment
attorney for FDR Services
Corporation, Keith Luneburg and
Jessie McCormick from FDR Services
Corporation.

We're really just opening ourselves up for questions. We disagree with the things we've read in the newspaper and we disagree that the company has not met its employment goals and that the goals are as we stated them to you. And we disagree with the supposed timeline issue.

I have been working with this company with this agency since last July and it's been our concentration to get things done with this agency since that period of time; so I don't know what the allegations are since we haven't been presented with them but, as far as I'm concerned,

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Hempstead IDA staff and Board with respect to a number of items.

I do believe you have a right to know the allegations. The ones that I personally picked out of a large number were the following:

FDR padded the employee list it submitted to the IDA including dozens of individuals who do not work at the Hempstead facility presumably to make the company appear to have more employees than it does.

Second allegation that I

believe was relevent to this Board,
according to hearing testimony on
the IDA's website, FDR has claimed
to the IDA that it employs
75 percent of Hempstead residents
but in reality only around
40 percent of the employees at FDR's
Hempstead facilities live in
Hempstead.

Now, I will note that the use

(Whereupon Megan Chambers, a

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Union representative has entered the

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the IDAs website, FDR has claimed to the IDA that it employs 75 percent of Hempstead residents but in reality only around 40 percent of the employees at FDR's Hempstead facility live in Hempstead.

My question is, when you're referring to Hempstead, are you referring to the Village of Hempstead or the Town of Hempstead?

MS. CHAMBERS: I'm referring to the employees mailing address being reported in Hempstead.

MR. MARSH: But that doesn't address my concern as to whether or not you're trying to address Village of Hempstead or Town of Hempstead.

MS. CHAMBERS: Well, sir, I think you all know even better than we do, but I guess I might defer to you, sir.

I mean when people report their mailing address as Hempstead, New York, what is the extent of that

information that was requested by staff, we gave staff the addresses of all of the employees and at that time we were able to verify what percentage of that were from the Village of Hempstead; so this allegation now, at some point after, is something that we provided you with the information. We backed up the information indicating what percentage of the employees came from the Village of Hempstead and came from the Town of Hempstead. It's already been done.

MR. PAROLA: Just to clarify,

Peter, my understanding was that of

the alleged 250 full-time equivalent

employees, 42 percent are from the

Village of Hempstead. That is the

zip code of the Village of

Hempstead. Is that correct?

MR. CURRY: We provided you with that information.

1	F.D.R. Services 15
2	of employees and obviously there is
3	a discrepancy, so she's just talking
4	about the Union employees.
5	Are you people talking about
6	Union and non-Union employees?
7	MR. CURRY: We are. We're
8	talking about the aggregate number
9	of employees at the facility.
10	CHAIRMAN GERARDI: So can a
11	full-time employee be non-Union?
12	MR. CURRY: Correct.
13	CHAIRMAN GERARDI: It can?
14	MR. CURRY: Yes.
15	CHAIRMAN GERARDI: Other than
16	management?
17	MR. CURRY: Yes, other than
18	management.
19	MR. LUNEBURG: Keith Luneburg,
20	FDR Services.
21	Employees at the plant that are
22	Non-Union can be supervisors or
23	manager or administrative people.
24	MR. MARSH: What's your title?
25	MR. LUNEBURG: President.

helpful.

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violation.

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MR. RYAN: That is not an issue for this Board.

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MS. CHAMBERS: Well, you know, there is a litigation for \$403,000 filed against FDR last fall so I think it is a question for the Board whether you really want your tax money funneled into their legal liabilities.

MR. CURRY: The fact that she has brought up that there is a litigation that means there is a forum to have that discussion as to whether they owe \$403,000 or they don't. It's not before this Board.

Also, the presumption that 90 percent of the employees work for the Union is just that. It's not going to be born out by the records.

MS. CHAMBERS: I don't know if FDR disclosed the litigation against them, but I did bring the U.S. District Court docket, three copies to submit to you all.

MR. CURRY: As long as the Board understands our litigation is

CHAIRMAN GERARDI: I don't think that it's up to the Board to hearing anything about litigation.

I don't know if it really should render into our decision as it

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pension fund, they were not reported

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MS. GUERRA: So you started

Board is aware, while Ms. Chambers claims that we've been hiding these names, the labor relations media that we're having here is because of these arguments which you say is not your concern, but if you're going to bring them up, it's the Union's responsibility to sign people up for the Union, not FDR.

If the Union did not do their job in signing up their own employees, you cannot turn around and blame me if you don't have records of 73 people. It's in the contract and that's what the dispute is about. It's not about anything else other than that. So if you're not going to manage your own contract, don't come back and blame me after the fact.

MS. CHAMBERS: FDR has lost every case we brought against them many times, so we'll just have another one, but that's not your

affair, I suppose.

What should really be your fair is that these folks' health insurance, they have all been cut off since September 1st of last year for failure to pay by FDR.

There's a legal terminations there. There is an extensive investigation by the National Labor Relations Board, about an entire page of violations there, and there's \$400,000 in court that they're going to have to end up paying and why should the taxpayers of Hempstead have to flip their bill.

CHAIRMAN GERARDI: While you have a good point, again, I think the Board is mainly concerned with the employment numbers. Are they being paid, if they are being paid. If they are Union or non-Union, that's not really our forte. We just want to know if the numbers

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that FDR submitted in their PILOT application are correct, close to correct, incorrect. That's what we're here to do today as far as the employment goes.

MS. CHAMBERS: If that's your goal for today, you're the Chairman.

CHAIRMAN GERARDI: Thank you.

MS. STAMPP: Ms. Chambers

talked about the employees that

there is a discrepancy of about 73

employees. My understanding is that

Ms. Chambers isn't a Union

principal, is not a negotiator for

the Union with FDR, and I'm not sure if she has ever even visited the facility and I don't believe she's in a position to know who the employees are and who the management employees are, who the non-Union employees are and the amount of

CHAIRMAN GERARDI: We're going to assume being that the Union sent

those employees.

also have an interest in maintaining your employees jobs; is that correct?

MS. CHAMBERS: Yes.

MR. MARSH: So when you make statements like you don't want to see taxpayer money expended unnecessarily, okay, can you recognize that maintaining the financial stability of a company and keeping them in the Town of Hempstead, the Village of Hempstead, is an important goal?

MS. CHAMBERS: The concern is that this company is -- I don't know a nice way to put it. They are ripping off their employees by not paying the benefits they're allowed to pay. They're ripping off the employees pensions by not paying the pensions fund correctly. They're ripping off the Town by trying to take your tax dollars, and if you enable that, that will not benefit

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MR. MARSH: Ma'am, that's not

the point though. Our concern is whether or not we're going to be maintaining jobs in the Village of Hempstead and in the Town of Hempstead. I understand that it may be in your benefit, okay, to try to leverage the position of this application for your own negotiating and litigation goals, but that is not what we're concerned with.

What we're concerned with is, and this brings me to one of the second points that you made, was whether or not if we don't grant these benefits, is there a likelihood, reasonable likelihood, that this company will move and take these jobs somewhere else, take them to New Jersey, take them to Suffolk County.

You made a statement that when they were stating in negotiations that they had already signed a renewal lease and that they were

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telling the Board they were going to relocate to Babylon; now, whether or not they signed a renewal lease, whether or not negotiations with the Town of Babylon or with the landlord in Babylon had fallen through, none of that prevents them, if they want to, to look to relocate either out of state or somewhere else, correct?

MS. CHAMBERS: The situation with the jobs and the company staying in business is if they don't resolve the growing number of legal cases against them, there is nothing that is going to keep them in business.

MR. MARSH: But if they go out of business they are going to lose the PILOT. They lose the benefits we give them. That is why your attempt to use the leverage here is mixing apples and oranges. You care about the employees from an employee benefit standpoint. We're looking

at trying to maintain jobs in the Town of Hempstead and the Village of Hempstead.

Our concern is that whatever
was represented to the Board by the
company to support the relief that
we granted last month is accurate
and, in fact, factual because based
on the submission that they gave us,
okay, it appeared that justified
giving this relief in order to
maintain jobs in the Town of
Hempstead and the Village of
Hempstead. Whether they are good
jobs, bad jobs, that's not really
our say. It's the concept of
maintaining the jobs and I hope you
understand that.

We're not frivolous with taxpayer money. What we're trying to do is preserve employment with the Village of Hempstead, Town of Hempstead, particularly this type of employment.

You know, if we were dealing with Google, if we were dealing with one of the other tech companies where we're talking \$250,000 a

person jobs, it would be different issues.

MS. CHAMBERS: Did they disclose the litigation against them?

MR. MARSH: It wasn't part of the application. The litigation is irrelevant to what we're doing because if they fail everything we've granted goes away.

MR. RYAN: What the application requires is to disclose a litigation that would have a material impact on their financial condition and they indicated that there is no such pending litigation that would have a material affect on their financial condition.

MS. CHAMBERS: That doesn't sound true to me. That's my take on

MS. CHAMBERS: Illegally. And

application is for the FDR Services
Corp of New York?

MR. CURRY: You see a lot of applications where it goes in through one company. We even put in applications for real estate entities and users and actually the IDA document said you can employ affiliates of a company and count it as employees.

MR. ARDITO: Of those employees that are employed, the management tier, the consultant tier, FDR Services Corp, those 20 or so employees, are any of them residents of the Village of Hempstead?

MR. LUNEBURG: I have to double check. I'm not -- I don't know where everyone's address is. I'm fairly certain that a few of them do live in Hempstead, but I have to double check and we'll get all of that for you with their addresses. I would say probably 75 percent of

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2	Holdings, Inc.?
3	MR. LUNEBURG: I apologize.
4	It's R&D Holdings.
5	MR. ARDITO: Is that a New York
6	corporation?
7	MR. LUNEBURG: I'm not 100
8	percent sure.
9	MR. CURRY: I believe it is.
10	MR. ARDITO: What is R&D Corp
11	of New York?
12	MR. LUNEBURG: Richard and
13	Donald. That's what it stands for,
14	the two owners.
15	MR. ARDITO: Is that the
16	corporation that, in fact, owns the
17	property?
18	MR. LUNEBURG: Yes.
19	MR. ARDITO: As of December of
20	2017, was Mr. Donald Luneburg the
21	CEO of FDR.
22	MR. LUNEBURG: Yes.
23	MR. ARDITO: How long had he
24	been the CEO of FDR prior to that
25	point?

MR. LUNEBURG: We had actually made him a CEO of FDR out of respect for him being my father and my brother-in-law'S father-in-law.

When we started the company back in 2005, he actually had zero

day-to-day responsibility or ownership of the company, but out of respect for him and him being the original owner of FDR back in 1973,

we made him a CEO.

MR. McCORMICK: My name is

James McCormick, the vice president

of FDR Services Corp of New York.

FDR Services Corp of New York
has two shareholders; myself and
Keith Luneburg. As far as Don
Luneburg goes -- and I give Keith a
lot of credit -- FDR is a very
transparent company. We will
continue to be that way with you
guys.

I'm a licensed architect. I came into the laundry business in

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1992 and I came back into it in 2005. Donald Luneburg is the CEO by title as my mentor, okay. I have learned the laundry business thankfully not the hard way. He has 30 years experience. I would be a fool not to accept his advice and quidance.

Dad, my father-in-law, yes, he and his brother are the landlords, but by no means whatsoever is there any concessions with regard to him and his brother. His brother actually has his own business down in Florida and they have multiple entities that they own and are rented to other competitors in the industry.

That CEO title is to give me the guidance I need to make sure that FDR is successful from an operational standpoint. The background he has is commendable.

MR. ARDITO: Thank you. I

Miller. I also am constantly in

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took a long time. While the application went in in October 31st, it took a long time to get the information that the Agency was looking for. That was not an easy application.

I was aware that we were
looking for something that the
Agency did not typically give so it
took much more time to put an
application together than it
normally would for me so, yes, I
think that was the appropriate
amount of time for me to research,
put together an application that I
felt would get the benefit sought,
which was a reduction in taxes
rather than flat taxes for a period
which would not have been worth
while for the property.

The other thing is that there was not a large number of comparables that we could find for the long period of time to get

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comparables to try to pursue what the Agency needed to determine the

proper level of real estate taxes.

MR. PAROLA: For the record, because I think it's a key component as to the protracted negotiations here, the staff, at the staff level, we were extremely reluctant to the approach of Mr. Curry at that time because we do not normally reduce taxes. We keep them at the levels -- your taxes on a perspective property at \$100,000 currently, our PILOT will begin at \$100,000. For staff to recommend to the Board that we deviated from that, we need to have an extraordinary set of circumstances to recommend that.

In this case, working with the Village and understanding the fact that -- our understanding that 250 jobs were at stake, 42 percent, as has been testified to today from the

Village, we felt that it was an appropriate recommendation to make to the Board, but it did take a great deal of time. We went through at least three PILOT proposals, maybe four, before we came up with a compromise. And, in fact, there was another one on the table that I rejected wholeheartedly because it was too lavish, I would say, to the benefit of the corporation even though I can understand their position.

MS. GUERRA: Thank you, Mr.

Parola. I think this is why it's so important that we get that information from the company as to the number of employees, where they reside and, you know, whether they are in the Village of Hempstead because the Village of Hempstead is quite large and if it's the Town of Hempstead and there are certain people who live in Uniondale but

actually still are part of the

Village of Hempstead, so we need

that information just to confirm

that what Mr. Parola just said that

this was something that was

considered because we wanted to

retain this employment in the

Village of Hempstead for the

residents of the Village of

Hempstead.

CHAIRMAN GERARDI: Any other questions by the Board regarding the real estate, employment figures?

MR. LUNEBURG: Can I make one more statement. It revolves around employees and employment.

Obviously, the letters you received and with everybody here, we're all aware that we're in a dispute with the Union, that we're going to pursue, that we both have legal rights and we both think we're correct whatever the outcome of that is. But throughout this process we

were well aware of the Union's rights and their ability to try to strike at any given time.

In the span of about
three weeks we had about 150
employees come in from the
neighboring community, literally
blocks from our plant, and fill out
applications.

employees, there are 150 people in less than a half mile from our building that walked in looking for jobs. This community needs these jobs. This company needs this community. They are a match mate. To try to infer anything from any list we give you that we're at 41 percent or 48 percent is not going to be just for this community or the employees that need jobs.

For us to get 150 applications in three weeks, and I will provide you with that. We have them in our

plant. I will send the stack over with the payroll records and addresses so you can see.

This community can use this and if FDR can get this PILOT program and continue to grow, we can improve the economy of this community, which is what our goal is.

MS. CHAMBERS: If I may, two of the workers are here and just a testament to the fact that what FDR is trying to do is strip its long-time employees, and these are Village of Hempstead residents, of their health insurance, pension benefits and their labor rights and it's a shame.

MR. ARDITO: Mr. Luneburg, to your last point, is FDR able to complete the projects that you anticipate with respect to these PILOTS if you were not to obtain the relief from this Agency?

MR. LUNEBURG: I don't want to

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Counselwoman. Thank you for

correcting me.

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MS. GOOSBY: That's okay. I just want to make sure.

I live in the Village of

that we have jobs for the people who

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5 Hempstead so it's important to me

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7 live in the Village of Hempstead,

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not in the Town Hempstead. Town of

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This is a big town. We know that.

Hempstead is entirely different.

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I want to make sure that the people

12 13 who work there -- He said he had 150

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those 150 are going since you have

applications? I don't know where

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your full number. Are they opening

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the plant so they're going to hire

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more people? What do they mean? I

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CHAIRMAN GERARDI: They claimed

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in their application that they have

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250 employees and they plan on

don't understand that.

their application.

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having 250 next year and 250 the

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year after. That was stated in

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MS. GOOSBY: I'm also concerned

about people losing their benefits.

That's a big concern for me. Why

were these people fired because they

went on strike? That is something

that we need to do and I'm concerned

about that. I'm concerned about

granting them anything from this

Town until you get everything noted

that they have done. We really need

to go through this and make sure

that it's proper and it's really

legal what they are doing.

I have a feeling but I really don't know. I really want to be sure of that. I would ask you to give them some time to bring to you what they have and that it's people that live in the Village of Hempstead. We want to make sure they live in the Village of Hempstead. And I want to know how many people are actually Union people and who are not and how they classify those. I'd really

things that they have designed, they

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are supposed to be a high-standing type of corporation in order to receive these benefits to obey the law and to act in good faith and to act with integrity, so that is an issue, and I take issue with the fact that you indicated that that was not an issue.

I also want to state that in my opinion when a company is engaged in litigation and being charged with illegal activities that that is an issue for this Board because again, the issue of integrity and acting in good faith is part of the process that the IDA should be committed to -- I believe it's required to be committed to. Thank you.

CHAIRMAN GERARDI: Thank you. Mayor.

MR. DON RYAN: Don Ryan, Mayor of the Village of Hempstead.

Of course we're excited by businesses that are willing to

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invest in our community, particularly when they hire residents of the Village of Hempstead.

That having been said, there are a couple of issues that have come up that I need to hear answers for and I look to this Board to supply such.

For example, was it true and indeed that they may have moved out of Suffolk County and used that as some sort of leverage in order to get the encouragement from the Village to maintain the PILOT that they applied for. We don't want to lose the 250 people that work there, and that brings us to the second part.

Are there 250 and what percentage of those are Village of Hempstead residents? Once that's cleared up and the other issue is discovered and that comes forth,

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2	certainly we would be very
3	comfortable in making a decision in
4	the Village's standpoint as to which
5	direction we would like to go.
6	This is the largest employee of
7	the Village and they have been here
8	for 27 years, so they have our
9	attention and you certainly need to
10	come up with the right answer
11	hopefully and we look forward to
12	that. Thank you.
13	CHAIRMAN GERARDI: With that, I
14	would like to make a motion to close
15	the meeting.
16	MR. ARDITO: Second.
17	CHAIRMAN GERARDI: Second by
18	Mr. Ardito.
19	(Motion by all.)
20	CHAIRMAN GERARDI: Meeting is
21	adjourned.
22	(Time noted: 10:00 a.m.)
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24	
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2	CERTIFICATION
3	I, DOLLY FEVOLA, a Notary Public in
4	and for the State of New York, do hereby certify:
5	THAT the within transcript is a true record
6	of my stenographic notes.
7	I further certify that I am not related,
8	either by blood or marriage, to any of the parties
9	to this action; and
10	THAT I am in no way interested in
11	the outcome of this matter.
12	IN WITNESS WHEREOF, I have hereunto
13	set my hand this 19th day of March, 2018.
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17	DOLLY FEVOLA
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