



ACCEPTED BY THE BOARD 10/25/18

MINUTES
IDA REGULAR MEETING
SEPTEMBER 20, 2018

PRESENT

Theresa Ward, Chair
Grant Hendricks, Vice Chairman
Peter Zarcone, Treasurer
Anthony Giordano, Secretary
Sondra Cochran, Member
Kevin Harvey, Member

EXCUSED ABSENCE

Gregory Casamento, Member

ALSO PRESENT

Anthony J. Catapano, Executive Director
John McNally, Associate Director Marketing & Outreach
Daryl Leonette, Executive Assistant
Regina Halliday, Bookkeeper
William Weir, Esq., Transaction Counsel, Nixon Peabody LLC
William Dudine, Esq., Transaction Counsel, Katten Muchin Rosenman LLP
M. Cornelia Cahill, Esq., Transaction Counsel, Barclay Damon LLP
Andrew Komaromi, Esq., Transaction Counsel, Harris Beach PLLC
Gregory Gordon, Zimmerman/Edelson, Inc.
Robert Trotta, Suffolk County Legislator
Christina DeLisi, Aide to the Presiding Officer of the Suffolk County Legislature
Destiny Wise, Intern, Suffolk County Presiding Officer Gregory
William Lindsay, Suffolk County Legislator
Jennifer Hann, Aide to Suffolk County Legislator Lindsay
Kimberly Scalice, Aide to Suffolk County Legislator Cilmi
Lisa Broughton, Suffolk County Economic Development Corporation
Mark Wolf, Contract Pharmacal Corporation
Eric Antman, CFO, Contract Pharmacal Corporation
Garrett Gray, Esq., Counsel, Weber Law Group, Contract Pharmacal Corporation
Brad Gruber, President. Health Extension, LLC
Daniel Baker, Esq. Counsel to Health Extension, LLC

Robert M. Levine, CEO, Peerless Electronics Inc.
Guy Germano, Esq., Germano & Cahill, P.C. Counsel to Peerless Electronics Inc.
Henry Goodfriend, Global Lead Real Estate, The Estee Lauder Companies Inc.
Ann Kayman, CEO, New York Grant Company

The Regular Meeting of the Suffolk County Industrial Development Agency held in Media Room #184 in the lower level of the H. Lee Dennison Building, 100 Veterans Memorial Highway, Hauppauge, NY was called to order at 12:35 p.m. by Ms. Ward, Chair of the IDA.

PUBLIC COMMENT

Ms. Ward opened the public comment portion of the Suffolk County Industrial Development Agency Meeting and no comments were received.

After further discussion and;

Upon a motion by Mr. Hendricks, seconded by Mr. Zarcone, it was:

RESOLVED, to end the Public Comment portion of the meeting of the Suffolk County Industrial Development Agency.

Unanimously carried 6/0.

NEW BUSINESS

Contract Pharmacal Corporation: Request for an inducement resolution for a lease transaction.

Mr. Catapano presented Exhibit A. Contract Pharmacal Corporation develops, manufactures and packages pharmaceuticals, over-the-counter drugs & dietary supplements for pharmaceutical companies, retailer and wholesalers.

The relationship with Contract Pharmacal goes back to 1998 when the Company employed 127 people. Since that time, the Agency has done several projects with them most recently in 2014 when the Company purchased a building located at 145 Oser Avenue, Hauppauge that is part of this project. The current project involves the purchase and renovation of an existing 17,000 square foot office building at 165 Oser Avenue, which is adjacent to their 145 Oser Avenue, Hauppauge, NY 11788 building. Contract Pharmacal is proposing to construct a new 139,925 square foot addition that will connect their two buildings (165 Oser Avenue & 145 Oser Avenue) and will total 227,000 square feet. Mr. Catapano indicated they currently have 1,385 jobs and have exceeded their job projections. Mr. Catapano stated Contract Pharmacal is relocating their corporate offices at 135 Adams Avenue, Hauppauge into this new proposed project. The estimated jobs to be created are approximately 128 to 150 jobs and as a result of this project almost 175 construction jobs are estimated to be created.

Mr. Catapano introduced Mark Wolf, President; Eric Antman, Chief Financial Officer of Contract Pharmacal Corp. and Garrett Gray, Esq. Counsel, Weber & Associates to Board Members. Mr. Gray indicated Contract Pharmacal is one of Long Island's largest employers and they continue to grow and be successful. They have always exceeded job numbers this will be the tenth building that they occupy; approximately 95% of their employees are in the Hauppauge Industrial Park are from Suffolk County.

Mr. Harvey stated the Agency has a 20 year relationship with Contract there are other companies that have expanded what is the general reason for your growth. Mr. Gray responded what it boils down to is they do a professional job and they get large accounts because of it. Mr. Wolf stated as his customers get new projects they come to us first, we are known foremost in what we do in the world a handful of people in the world can do what we do. Mr. Harvey stated that is testament to your management team. Ms. Ward indicated that she had a tour of the facility and it was very impressive, can you explain what the Company does. Mr. Wolf responded we are soluble manufacturer in pharmaceuticals, tablets, capsules and powders; it is all done internally from blending compression, capulation, coding and packaging and we are the best in the world. Mr. Zarcone stated on page 24 of the application it states you have union and non-union workers about 1,300 total what is the breakdown Mr. Wolf responded it is about 1,000 union workers. Mr. Wolf stated all manufacturing employees are union; management & laboratory are non-union, it has been that way since 1975. Ms. Ward stated you are a second generation company, Mr. Wolf replied yes my dad started the business in 1971 and we have owned for the last 10-11 years.

After further discussion and;

Upon a motion by Mr. Zarcone, seconded by Mr. Hendricks, it was:

RESOLVED, to approve an inducement resolution for a lease transaction in the approximate amount of \$29,800,000 for Contract Pharmacal Corporation facility.

Unanimously carried 5/0. Mr. Giordano not voting since he just joined the Meeting towards the end of the presentation for this item.

Health Extension, LLC: Request for an inducement resolution for a lease transaction.

Mr. Catapano presented Exhibit B. Health Extension, LLC is a wholesale distributor of natural pet food, treats and non-consumable pet toys.

Mr. Catapano stated Health Extension, LLC is currently located at 90 Marcus Boulevard, Deer Park, NY in a 17,000 square foot leased building. The Company has identified a building in the Hauppauge Industrial Park located at 50 Commerce Drive, Hauppauge to purchase, renovate and equip to distribute pet food, treats and vitamin supplements. This move will also enable the Company to add new product lines to expand on their non-consumable products. The Company has 14 employees overall, 12 employees in Suffolk County project and will create 6 new jobs and estimated construction jobs will be approximately 4 jobs.

Mr. Catapano introduced Brad Gruber, President Health Extension, LLC and Dan Baker, Esq., Certilman Balin Adler & Hyman, LLP Counsel to Health Extension, LLC. Mr. Baker stated Health Extension, LLC is a home grown company, third generation operating in Suffolk County. The Company is in a multi-billion dollar industry that is highly competitive. Health Extension, LLC is a great Long Island Suffolk County story, most companies have a difficult time competing in this industry largely due to the high cost of living doing business here. Mr. Baker indicated many of their competitors have moved to other parts of the country due to this. Mr. Baker stated that Brad Gruber, President does not want to leave Suffolk County they have been here since 1963 and has grown his business here. The Company could relocate to New Jersey or the Carolina's almost anywhere but there employees are here and they want to remain on Long Island.

Brad Gruber, President, Health Extension, LLC gave an overview of the Company. He stated that Health Extension, LLC is a wholesale distributor of pet food and treats and continues to grow and recently has been working on organic pet toys. Mr. Gruber stated he thinks the pet toys will have their own entity, its own sales force it could be a \$5 – \$10 million business in the next few years. Ms. Ward asked where is the food made and Mr. Gruber responded it is made in upstate New York the cans for the food are made in New Jersey, we try to keep everything sourced and made regionally. Mr. Gruber stated the Company started in a basement and moved to a small 6,000 square foot building and then to the current 17,000 square foot building we continue to grow one customer at a time.

Ms. Cochran asked the food and treats are organic are the toys as well and Mr. Gruber responded it is all non-toxic; all good stuff. He indicated that he launched it a couple months ago and it is doing very well. Mr. Hendricks inquired is the bulk of your business Suffolk County, Long Island or National and Mr. Gruber responded from a revenue standpoint and Mr. Hendricks said no from a customer standpoint. Mr. Gruber stated it is east coast driven, 50% is upper northeast and east coast makes up about 80% of business. Mr. Hendricks said from all of your experience Suffolk County is where you want to be and Mr. Gruber said I have been here my whole life I live in Commack most of my employees are local I would like to remain here. Mr. Harvey stated there was mention of a tenant can you explain the relationship and Mr. Baker responded the tenant is in the building with the current owner and the lease is less than one year and is coming to an end. Mr. Zarcone stated there is labeling indicating a family owned business on the food products; I don't see it on the animal toys and Mr. Gruber said it is the same ownership branded differently. Mr. Zarcone asked what pet shops are the products available in and Mr. Gruber stated we sell independent only, local businesses small independent stores we built our business on those relationships.

After further discussion and;

Upon a motion by Mr. Hendricks, seconded by Ms. Cochran, it was:

RESOLVED, to approve an inducement resolution for a lease transaction in the approximate amount of \$8,000,000 for Health Extension LLC facility.

Unanimously carried 6/0.

Peerless Electronics, Inc.: Request for an inducement resolution for a lease transaction.

Mr. Catapano presented Exhibit C. Peerless Electronics Inc. is a distributor of electromechanical components (circuit breakers, connectors, indicators, relays, switches, sensors, solenoids and splices and light manufacturing assembly of components for the aerospace, military, transportation, medical and other industries.

Mr. Catapano stated Peerless Electronics, Inc. is currently located at 700 Hicksville Road, Bethpage, NY in a leased 42,000 square foot building. The Company distributes electromechanical components for the aerospace, military, transportation, medical and alternative energy industries. Peerless Electronics, Inc. is looking to lease, renovate and equip a 20,000 square foot building located at 85 Adams Avenue in the Hauppauge Industrial Park. The Company is relocating from Bethpage to Hauppauge. They currently have 65 overall jobs; 15 jobs are located out of state, in a sales office in Orlando, FL and individual employees in other states. The Company is an ESOP (Employee Stock Ownership) 100% owned by the employees. Peerless Electronics, Inc. is looking to consolidate down to a 20,000 square foot building to be more efficient. The Company has 50 employees and they will be at the new facility. The estimate of construction jobs to be created is four for the project during the renovations.

Mr. Catapano introduced Robert Levine, CEO, Peerless Electronics, Inc. and Guy Germano, Esq., Germano & Cahill, Company Counsel. Ms. Cochran asked the 50 employees did you say they are coming from Nassau County and Mr. Catapano responded yes. Mr. Germano indicated that Peerless Electronics, Inc. is an employee owned (ESOP) Company and began doing business in 1945 with owner Charles Schankman in Jamaica, Queens. Initially the business distributed vacuum tubes to the airlines and has grown and they are now a distributor of electromechanical components. The Company by virtue of the move will save on operating costs. The Company has 2,100 active customers 96% are located out of state. The Company has an office in Orlando, FL with 4-6 employees and they have employees in Delaware, California, Missouri and Kansas just to name a few.

Mr. Levine indicated that Peerless Electronics, Inc. is approximately 75 years old and he came to the Company approximately nine years ago after being their outside accountant for 25 years. The Company was owned by the Schankman family. Al Schankman, the son of Charlie hired me and we didn't contemplate that Charlie the owner would pass away and the Estate agreed to sell the Company to the employees via an ESOP. Mr. Levine stated this saved the vision of the Schankman Family to keep management in place and keep the name alive and maintain the facility. Al Schankman had those criteria in mind when he considered selling the Company. Ms. Cochran asked you mentioned the Company is employee owned when you hire new employees how does that work and Mr. Levine said an ESOP is a pension plan much like a 401K, an ESOP has one investment the Peerless employees do not contribute. It is employer contributions, after a year they become eligible to the plan based on their salary a contribution is made on their behalf and it is beneficial ownership. Mr. Harvey stated the Company has an office in Florida what function does it serve and Mr. Levine stated yes we do in Orlando it is a sales office. Mr. Harvey asked does that location serve the whole southeast portion of the country and Mr. Levine said it is a historical office when Charlie Schankman, President, Peerless Electronics, Inc. retired he couldn't stay retired and they

opened an office in Florida out of loyalty they kept the office and scaled it back to sales. Mr. Harvey said it is a functioning office and Mr. Levine said yes.

Ms. Ward asked do you import any materials; I ask because the County has a foreign trade zone. Mr. Levine responded we don't import much raw material mostly finished components. Mr. Hendricks stated I am very impressed everyone could have easily gone in different directions it is nice to see a Company come to Suffolk County. Mr. Hendricks stated the federal tariffs being imposed have they affected your business Mr. Levine said not yet we have had one manufacturer pass through the tariffs to us. We have notified our customers it is influx right now, a lot of parts are ordered a year in advance and prices have been agreed upon but the tariffs are a risk to us.

After further discussion and;

Upon a motion by Mr. Harvey, seconded by Mr. Giordano,

RESOLVED, to approve an inducement resolution for a lease transaction in the approximate amount of \$1,092,000 for Peerless Electronics Inc. facility.

Unanimously carried 6/0.

The Estee Lauder Companies Inc.: Request for a final resolution for a lease transaction.

Mr. Catapano presented Exhibit D. The Estee Lauder Companies Inc. is a manufacturer of cosmetics, skin care products, hair care products and fragrances.

Mr. Catapano indicated representatives are present should questions arise from The Estee Lauder Companies Inc., Henry Goodfriend, Global Lead Real Estate and Ann Kayman, Outside Advisor to The Estee Lauder Companies, Inc. Ms. Ward welcomed the representatives of The Estee Lauder Companies, Inc. and stated this sounds like an exciting project. Mr. Catapano said this project was approved at the August 23, 2018 IDA Meeting for a new engineering technical center. The public hearing was held on September 18, 2018 the transcript is attached for your review. Mr. Catapano stated we had one comment at the public hearing from Legislator Trotta he felt that since the Company is so profitable he was not in favor of the IDA providing benefits. Ms. Ward asked if that was the only comment and Mr. Catapano responded yes. The Company is requesting final approval today from Board Members.

After further discussion and;

Upon a motion by Mr. Hendricks, seconded by Ms. Ward, it was:

RESOLVED, to approve a final resolution for a lease transaction in the approximate amount of \$11,000,000 for The Estee Lauder Companies Inc. facility.

Unanimously carried 6/0.

OTHER BUSINESS

Minutes

The Minutes from the August 23, 2018 IDA Board Meeting were accepted by Board Members.

After further discussion and;

Upon a motion by Mr. Hendricks, seconded by Ms. Ward, it was:

RESOLVED, to adjourn the Regular Meeting of the Suffolk County Industrial Development Agency.

Unanimously carried 6/0.

The Meeting adjourned at 1:15 p.m.

The next Meeting of the Suffolk County Industrial Development Agency is tentatively scheduled for October 25, 2018.