



ACCEPTED BY BOARD MEMBERS 1/24/19

MINUTES
IDA REGULAR MEETING
OCTOBER 25, 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
Kelly Morris, Deputy Executive Director
John McNally, Associate Director Marketing & Outreach
Daryl Leonette, Executive Assistant
Regina Halliday, Bookkeeper
William Wexler, Agency Counsel
William Weir, Esq., Transaction Counsel, Nixon Peabody LLC
Catriona Morgan, Esq., Transaction Counsel, Katten Muchin Rosenman LLP
Melissa Bennett, Esq., Transaction Counsel, Barclay Damon LLP
Andrew Komaromi, Esq., Transaction Counsel, Harris Beach PLLC
Regina Zara, Executive Director, Suffolk County Economic Development Corporation
Lisa Broughton, Deputy Executive Director, Suffolk County Economic Development Corporation
Angela Glaser, Executive Assistant, Suffolk County Economic Development Corporation
David Chauvin, Zimmerman/Edelson, Inc.
Robert Trotta, Suffolk County Legislator
Christina DeLisi, Aide to the Presiding Officer of the Suffolk County Legislature
Kimberly Scalice, Aide to Suffolk County Legislator Cilmi
Deborah VanAmerongen, Consultant, Nixon Peabody LLC
John Lombardo, Suffolk County Community College
Shahbaz Chaudhary, President, 380 Oser Avenue LLC (Deliver My Meds Corp.)

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. Harvey, seconded by Mr. Zarccone, 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

380 Oser Associates LLC (Deliver My Meds): Request for an inducement resolution for a lease transaction.

Mr. Catapano presented Exhibit A. 380 Oser Associates LLC (Deliver My Meds) seeks to distribute and dispense prescription drugs using robotics to count, label and package the orders. The Company will distribute through in-house drivers, Federal Express/UPS and will also have related back office functions at the proposed facility.

Mr. Catapano stated 380 Oser Associates LLC (Deliver My Meds) involves a new business venture to create a mail order pharmacy with back office and administrative functions. The Company is looking to purchase, renovate and equip an existing 20,000 square foot building on 2 acres located at 380 Oser Avenue, Hauppauge. Mr. Catapano indicated they are proposing to purchase a building that is owned by Flexible Business Systems, Inc. which purchased the building in 2014 and has already outgrown the building. The facility is in excellent condition having been renovated and updated by Flexible.

Mr. Catapano introduced Shahbaz Chaudhary, President, 380 Oser Associates LLC (Deliver My Meds) to Board Members. Mr. Chaudhary indicated he owns four pharmacies in Brooklyn and Nassau County. Mr. Chaudhary would like to grow his mail order prescription business into the 380 Oser Avenue, Hauppauge location. Mr. Chaudhary stated overall the project involves 27 jobs including hiring four to five people for the purpose of performing consultations and intake with patients since many prescriptions are turning into specialty drugs and they need prior authorization. Insurance companies require pharmacies to do MTM (Medical Therapy Management) where pharmacies have to consult the patient for 20 to 30 minutes to see if there is any drug interaction or if there is a better medication that can be used. Ms. Ward asked is this done over the phone, and Mr. Chaudhary said yes it is and the insurance company reimburses the pharmacy.

Ms. Cochran asked if this is something the doctor ordinarily does, and Mr. Chaudhary said sometimes patients are using more than one doctor and the pharmacist talks to the physicians and may suggest a different medication for better performance. Mr. Harvey stated most of your operations since 2012 have been in the New York City area; why are you moving to Suffolk County. Mr. Chaudhary indicated he used to live in Queens and recently moved to Long Island and it is a very long commute. Ms. Cochran asked if the Company will use robotics to package and deliver in pre-pill packaging, Mr. Chaudhary said yes that is what we are going to do; it is an easy dose pouch.

After further discussion and;

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

RESOLVED, to approve an inducement resolution for a lease transaction in the approximate amount of \$4,905,000 for 380 Oser Associates LLC (Deliver My Meds Corp.) facility.

Unanimously carried 6/0.

Health Extension, LLC: Request for a final 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 was approved at the September 20, 2018 IDA Meeting. A public hearing was held on October 22, 2018 and no comments were received and the project is ready for final approval today.

After further discussion and;

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

RESOLVED, to approve a final 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 a final 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. was approved at the September 20, 2018 IDA Meeting. A public hearing was held on October 22, 2018 and no comments were received and the project is ready for final approval today.

After further discussion and;

Upon a motion by Mr. Harvey, seconded by Mr. Zarccone, it was:

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

Unanimously carried 6/0.

Catholic Health Services of Long Island, Inc.: Update and amendment to application.

Mr. Catapano presented Exhibit D. Catholic Health Services of Long Island, Inc. (CHS) is the coordinating body of an integrated network of healthcare providers serving Nassau and Suffolk Counties that includes six (6) acute care hospitals, three (3) nursing homes, a certified home health agency, a hospice and a pharmacy.

Mr. Catapano stated this project was approved at the June 28, 2018 IDA Meeting and a final approval was made at the August 23, 2018 IDA Meeting. The project involves the consolidation of office functions from multiple locations into one central location. Catholic Health Services of Long Island, Inc. is requesting that their application be amended to provide that the number of Full Time Equivalent (FTE) jobs be 175 instead of 191 for the project. There is a shifting of jobs and after further analysis CHS believes it should use 175 jobs as the target rather than the 191 jobs which was originally stated in their application. Ms. Ward asked is there a reason why and Mr. Catapano said CHS explained that the project is a big undertaking and some of the jobs may not be relocated but remain at the original CHS location. Mr. Weir stated they are using the revised number of 175 jobs as the minimum but still hope to get to the 192 jobs at the project location.

After further discussion and;

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

RESOLVED, to approve an amendment to the application of Catholic Health Services of Long Island, Inc. facility.

Unanimously carried 6/0.

Culinary Arts Riverhead, LLC: Request to amend and extend the Facility Lease and related IDA documents.

Mr. Catapano presented Exhibit E. In 2007, the Agency assisted the Suffolk County Community College to establish a culinary arts college education program as well as for general and continuing education use on Main Street in downtown Riverhead. A College nursing program also utilizes space at the facility. Ron Parr, a private developer, through his Culinary Arts Riverhead LLC entity was selected under a RFP process by the College to build to the design specifications of the College and lease a two story 28,583 sq. ft. facility for the Culinary Arts School Program for the College's use and occupancy.

The facility was built exclusively for the College for use as its Culinary Arts School and is subleased in its entirety to the College. At the time, the downtown Riverhead area was designated as a NYS Empire Zone, an economically distressed area and the College felt locating in the downtown would act as a catalyst to help revitalize the downtown area. The project is 100% utilized by Suffolk County Community College and the Agency's assistance to the College was in the form of a property tax abatement with a term of 10 years. However, the actual lease between the Ron Parr entity and the College is for 20 years. In retrospect, a property tax abatement structure should have been considered for the full 20 years of the College lease but that type of a term was not done in 2007. Mr. Catapano said the College is requesting the Agency amend and extend the IDA lease for the remaining 10 years of the lease since with regard to a property tax abatement it is a 100% pass thru of the benefit to the College. If the College owned the property they would be exempt from property taxes because it is an educational facility. Mr. Catapano stated the College is requesting a 100% property tax abatement for the remaining 10 years of the lease. A public hearing must be held for this project because it is a benefit that was not originally contemplated in the first public hearing held back in 2007.

Mr. Catapano indicated that they have 18 full time jobs at the College and 12 Adjunct Professors that teach at the College for a total of 30 jobs. The College has doubled its jobs compared to what it had originally estimated at the facility.

After further discussion and;

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

RESOLVED, to authorize and to conduct a public hearing for the Culinary Arts Riverhead facility.

Unanimously carried 6/0.

BM-12 Holding Company LLC (100 Motor Parkway Phase I, LLC Project): Request to authorize a letter and related documents for a project that has ended.

Mr. Catapano presented Exhibit F. BM-12 Holding Company LLC (100 Motor Parkway Phase I, LLC Project) is a real estate development, construction and management project.

Mr. Catapano stated this project is located at 100 Motor Parkway, Hauppauge. This project was originally done by IDA in 2000 and the property tax abatement ended in 2017. The new owner of the 100 Motor Parkway facility is BM -12 Holding Company LLC, a New Jersey based company. Mr. Weir stated the 100 Motor Parkway Phase I, LLC Project terminated in September 2017 and the Town of Smithtown sent the Company a PILOT bill erroneously for the following year but also restored the taxes and then sent them a tax bill for both amounts essentially having been double taxed for the same period of time. The Company paid the same amount twice (one payment via PILOT, one via a tax bill). The Company went to Town of Smithtown and indicated it needed to be corrected. Mr. Weir there was nothing in the tax law to settle this and suggested a friendly Article 78 proceeding and the judge will then order them to get a credit for the next year. Mr. Weir stated will send a letter to the court and the Town.

After further discussion and;

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

RESOLVED, to authorize a letter and related documents with regard to a former Agency project that has ended and to assist the Town of Smithtown to correct a double taxation issue for the BM-12 Holding Company LLC (100 Motor Parkway Phase I, LLC Project).

Unanimously carried 6/0.

Citation Health Care Labels, LLC (Citation Business Forms Inc. Project); Request for Agency consent to a Collateral Access Agreement.

Mr. Catapano presented Exhibit G. Citation Health Care Labels, LLC (Citation Business Forms Inc. Project) is a manufacturer and supplier of clinical trial labels for the pharmaceutical, biotechnology and contract research organization industries.

Mr. Catapano indicated that this project was given assistance by the IDA in 2015. In August, 2018, the Board approved a merger with Citation Health Care Labels, LLC. Richard Bolnik previously owned 100% of the Company and decided to sell to a private equity firm (Mason & Wells). Mason & Wells specializes in purchasing small businesses, they created a new entity Citation Health Care Labels, LLC and they own 95% and Richard Bolnick owns 5% and he handles the day to day management. The Company is doing some equipment financing and is requesting Agency consent to a Collateral Access Agreement where the Agency would acknowledge that it does not have an interest in equipment financed by the Lenders and would agree to allow the Lenders access to the facility under certain circumstances. Ms. Bennett, transaction counsel, stated that the IDA does not have any interest in the equipment, it was not part of the IDA project and is just to make sure in the event of a default on the equipment financing that the lender can access the equipment that they helped finance.

After further discussion and;

Upon a motion by Mr. Harvey, seconded by Mr. Giordano, it was:

RESOLVED, to consent to a Collateral Access Agreement for Citation Health Care Labels, LLC (Citation Business Forms Inc. Project) facility.

Unanimously carried 6/0

OTHER BUSINESS

Minutes

The Minutes from the September 20, 2018 IDA Board Meeting were accepted by Board Members.

Proposed Budget for 2019

Ms. Ward indicated that the Audit & Finance Committee met with regard to the proposed budget prior to the Meeting. Ms. Ward stated we reviewed the 2019 budget and would like to make a recommendation to approve the proposed 2019 budget.

After further discussion and;

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

RESOLVED, to approve the 2019 Budget for the Suffolk County Industrial Development Agency.

Unanimously carried 6/0.

Affordable Housing Presentation/Discussion

Mr. Catapano introduced Deborah VanAmerongen, Strategic Policy Advisor, in Nixon Peabody's Affordable Housing practice group. Ms. VanAmerongen works with attorney's in the firm and clients, including developers, owners, managers and funders to craft creative solutions to issues relative to affordable housing development and preservation. Ms. VanAmerongen also works with William Weir, one the Agency's transaction counsels. Ms. VanAmerongen made a presentation to Board Members.

After further discussion and;

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

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

Unanimously carried 6/0.

The Meeting adjourned at 1:35 p.m.

The next Meeting of the Suffolk County Industrial Development Agency is tentatively scheduled for November 15, 2018.