



ACCEPTED BY BOARD MEMBERS 1/24/19

MINUTES
IDA REGULAR MEETING
NOVEMBER 15, 2018

PRESENT

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

EXCUSED ABSENCE

Gregory Casamento, Member
Sondra Cochran, Member

ALSO PRESENT

Anthony J. Catapano, Executive Director
John McNally, Associate Director Marketing & Outreach
Daryl Leonette, Executive Assistant
Regina Halliday, Bookkeeper
William Wexler, Agency Counsel
Barry Carrigan, Esq., Transaction Counsel, Nixon Peabody LLC
William Dudine, Esq., Transaction Counsel, Katten Muchin Rosenman 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
Greg Gordon, Zimmerman/Edelson, Inc.
Christina DeLisi, Aide to the Presiding Officer of the Suffolk County Legislature
Jenn Hann, Aide to Suffolk County Legislator Cilmi
James Madore, Newsday
Gary Krupnick, Managing Member, HTO East Hampton Distr., LLC
David Hunt, Chembio Diagnostics Systems, Inc.
Ben Zwirn, Director of Government Affairs, Suffolk County Community College
Laverne D. Tennenberg, IAO, Chairperson, Town of Riverhead Board of Assessors
Robert Kozakiewicz, Riverhead Town Attorney

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. Ms. Ward introduced Mr. Robert Kozakiewicz, Riverhead Town Attorney, who indicated that he presented comments at the Public Hearing for Culinary Arts Riverhead, LLC yesterday. Mr. Kozakiewicz stated that he sent a letter this morning to Mr. Catapano and understands it was shared with the Board. Mr. Kozakiewicz stated he was asked to consider all comments, the Supervisor asked the Board to take into consideration that this action would impair or it would hinder revitalization in the downtown. They also indicated that they don't understand why this should be a basis for the Board to discuss. The letter stated they are requesting the Board to deny this request as it is not an extension it is an enhancement. Mr. Kozakeiwicz stated he doesn't believe the application meets the requirements and does not know why the Board is considering the request. The Suffolk County Community College does not own this property and they are not subject to not paying taxes. As indicated in the letter we don't believe the application meets the requirements, we ask that you reject the application and deny the request.

Mr. Giordano asked in your remarks you stated back 10 years ago this was to going to be a positive project for Riverhead because it was a blighted community and now you are saying it is going to hinder the downtown what happened over the past 10 years? Mr. Kozakeiwicz responded it doesn't enhance the development the College is closed on weekends. In 2003, Swezey's closed its doors and it was a big loss for the Town, they were an important part of downtown Riverhead. The Swezey's building left a gaping hole & open foundation and Ron Parr built a beautiful facility for the College and at the time it met the goals and purposes.

Ms. Ward introduced Ms. Laverne D. Tennenberg, IAO, Chairman, Riverhead Town Assessor. Ms. Tennenberg stated she finds it unusual that the local Riverhead IDA would not be involved in this project. Ms. Tennenberg indicated that she is the Town Assessor and hears the complaints every day from residents that their taxes are too high. Riverhead IDA does not exempt land from payments and feels the land should continue to be paid, if it goes into the hands of the IDA. In this case you are going to exempt them from paying at all and this is totally unfair to the taxpayers. At the public hearing yesterday, Ms. Tennenberg said she feels Suffolk County residents should bear the burden also and not just Riverhead Town residents. Mr. Zwirn spoke at the hearing yesterday and indicated how wonderful the College is and it is wonderful and the jobs it creates and revenues and salaries it pays. The question is at the end of the next 10 year period where will we be, will we be here with another 10 year tax abatement request? Ms. Tennenberg asked the College if anyone tried to negotiate with Mr. Parr and the response was no, the lease has already been executed. Would the County buy the building, I doubt it; maybe it should have been built at the College campus. Ms. Tennenberg said yesterday, Mr. Petrizzo said the College could not sustain that rent. What is the future of the Culinary Institute what is the College going to do. I hope you will consider the Riverhead residents when you entertain this project. Ms. Tennenberg read a letter from Sam Schneider, Deputy Superintendent, of the Riverhead School District to Board Members.

Mr. Ben Zwirn, Director of Government Affairs, Suffolk County Community College addressed the Board. Mr. Zwirn stated Suffolk Community College is a publicly funded educational institution and 33% of graduates of Riverhead High School attend Suffolk Community College. The College is located in downtown Riverhead and it is a beautiful institution. Mr. Zwirn indicated that the Riverhead Town Supervisor complained about the parking and Mr. Zwirn does not think there is a problem with parking. The students that attend the College eat in Riverhead and are involved in the Rotary to say the College is not an economic engine is absurd. The College has made a positive contribution to the Riverhead community. The College does not own the building which is part of the problem. Mr. Zwirn stated we ask that you keep the benefits in place 85% of these students get assistance. Mr. Giordano asked do you keep track of your graduates, particularly the Culinary Arts facility and Mr. Zwirn said he will find out. Mr. Zarcone I would suggest that you make a presentation to the Suffolk County Legislature to try to purchase the facility.

After further discussion and;

Upon a motion by Mr. Harvey, 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 5/0.

After further discussion and;

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

RESOLVED, to table the Culinary Arts Riverhead LLC project discussion until the next IDA Meeting December 14, 2018 at 10:30 a.m.

Unanimously carried 5/0.

NEW BUSINESS

HTO E. Hampton Distr., LLC: Request for an inducement resolution for a lease transaction.

Mr. Catapano presented Exhibit A. HTO E. Hampton Distr., LLC would build a facility on Town of East Hampton land on Industrial Road near the Town Airport under a ground lease for the warehouse and distribution of portable storage units (PODS). HTO E. Hampton Distr., LLC consists of warehousing and distribution of portable storage units (PODS) which would be transported to and from the facility. The Company will construct and sublease a 44,000 square foot building on 2.49 acres located at 86 Industrial Road, Wainscott, NY 11975 to Portable On Demand Storage (PODS) Enterprises, LLC, as the tenant.

Mr. Catapano indicated the facility is located on Industrial Road, in Wainscott is owned by the Town of E. Hampton and the town will lease the land to HTO E. Hampton Distr., LLC who will construct and sublease to PODS as the tenant. The cost of construction is \$5.6 million and it

is estimated to create 12 full time jobs with an average salary of \$44,000. Mr. Catapano indicated it is estimated with respect to construction approximately 47 jobs will be created.

Mr. Catapano introduced Gary Krupnick, Managing Member, HTO East Hampton Distr., LLC to Board Members. Mr. Krupnick indicated the application request is for construction of an approximate 43,000 square foot building located at adjacent to the East Hampton Airport on Industrial Road, Wainscott, NY. Mr. Krupnick stated Portable Storage Units (PODS) is currently located and operating at Prime Place, Hauppauge and being assisted by the Town of Islip IDA. In addition, the lot size at 86 Industrial Road, Wainscott is small for the size of the building. The Town of East Hampton has agreed and executed documents with the Suffolk County Health Department for double density septic aerated low pressure units. The Town of East Hampton has requested solar panels on the roof which we have agreed to. The office space is approximately 1,000 square feet and the Company will employ one full time marketing person and one manager on the site. All additional employees will be drivers and service people. This facility will be used to service Hampton Bays to Montauk. Mr. Krupnick stated PODS has a presence all over NYS. The Company will initially employ 8 to 10 people mostly drivers, they will add during the season another 3 – 5 employees. The employees receive health insurance, dental and a 401 k. PODS is owned by Ontario Teachers Pension Fund. Ms. Ward asked are you developing and leasing the building to them, and Mr. Krupnick responded yes we have a 30 year lease with the Town of East Hampton, subject to IDA approval. Ms. Ward asked the pods moved by forklift or crane and Mr. Krupnick said they can hold a maximum of 14,000 pounds they are moved with long shoreman forklift. Approximately 1/3 of the business is long haul trucking they will transport the Pods cross country. A lot of people are doing renovations in their homes people store their household items in PODS for example after the Sandy storm there was a need for them. Mr. Hendricks stated the renovation business is driving the market and Mr. Krupnick responded a lot of it is construction business. Mr. Catapano indicated that self-storage businesses act like a garage or basement of a person. Mr. Krupnick said customers are not allowed access to the PODS once they are warehoused. PODS are used for renovations or if there is fire in your home to store furniture and household items. Mr. Catapano asked what material is a POD made of and Mr. Krupnick stated the walls are composite similar to aircraft and steel structure and metal roof this is how they are able to stack them.

After further discussion and;

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

RESOLVED, to approve an inducement resolution for a lease transaction in the approximate amount of \$5,584,000 for HTO East Hampton Distr., LLC facility.

Unanimously carried 5/0.

Chembio Diagnostic Systems, Inc.: Request for an inducement resolution for a lease transaction.

Mr. Catapano presented Exhibit B. The Company does research, development and manufactures point-of care diagnostic tests that detect/monitor infectious diseases.

Mr. Catapano indicated that Chembio Diagnostic Systems, Inc. is located at 3661 Horseblock Road, Medford and 91 Colin Drive, Holbrook, NY. The Company is interested in consolidating into a 70,000 square foot leased building located at 555 Wireless Blvd., Hauppauge. They will be leasing the building for 10 years and using it for their U.S. headquarters and manufacturing operations. The Company wants to become more efficient in the production of their products and they also have operations in Malaysia. Chembio is consolidating and automating their production lines to be more efficient and hopefullt profitable. They have a lot of personnel performing manual operations on their production lines. The production line jobs will decrease somewhat as the Company automates but they will be creating 22 higher paying jobs.

Mr. Catapano introduced David Hunt, President, Hunt Corporate Services retained by Chembio Diagnostic Systems, Inc. to assist with real estate matters. Mr. Hunt indicated that he is overseeing the site selection for Chembio because they need to consolidate and get under one roof. The 555 Wireless Blvd., Hauppauge building is the right size and right location for the Company. The vast majority of their employees are from Suffolk County and the primary objective is to stay in Suffolk County. Chembio Diagnostics manufactures and is a leading provider of point-of-care diagnostic products for the detection and diagnosis of infectious diseases. The technology uses a small drop of blood it can be performed and transported anywhere and does not require refrigeration and diagnostic results take approximately 15 minutes. This device is exported to over 40 countries and they are partnering with Mexico and Brazil. Up to 8 diseases can be detected at once from one drop of blood and currently the primary use is for the detection of HIV and Syphilis. The device is also being used for the detection of the Malaria Virus, Zica and a certain form of cancer and brain injuries. Mr. Hunt indicated this new facility is 70,000 square feet it has a large portion of finished space although laboratory and manufacturing space must be built. Mr. Hunt stated the Company also requires certification from the FDA, so the move will be in stages.

Mr. Hendricks asked the Company is consolidating multiple properties what are they besides the Horseblock Rd., Medford, NY facility. Mr. Hunt responded a facility on Colin Drive, Holbrook primarily used for warehouse, there is some office space there as well. The Horseblock Road facility is multi-tenanted building. Chembio recently acquired a manufacturing operation in Malaysia and just recently closed on global marketing in Germany. Ms. Ward stated that she wanted to make the Company aware of the Foreign Trade Zone, it may be beneficial. Mr. Hunt indicated that he has considerable knowledge of the Foreign Trade Zone and if the Company was importing a lot of materials it would be helpful. Chembio uses a lot of Suffolk County companies for packaging, Mr. Catapano said there is a vendor list attached. Mr. Zarcone asked is the company publicly traded and what is the stock price and Mr. Hunt said the stock is just under \$6 and is listed on NASDAQ.

After further discussion and;

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

RESOLVED, to approve an inducement resolution for an approximate \$3,925,000 lease transaction for Chembio Diagnostic Systems, Inc. facility.

Unanimously carried 5/0.

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

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

Mr. Catapano stated a public hearing was held on November 13, 2018 and no comments were received. The Company is requesting a final resolution today.

After further discussion and;

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

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

Unanimously carried 5/0.

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

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

Unanimously carried 5/0.

The Meeting adjourned at 1:35 p.m.

The next Meeting of the Suffolk County Industrial Development Agency is tentatively scheduled for December 14, 2018.