

MINUTES
IDA REGULAR MEETING
APRIL 25, 2019

Present:

Theresa Ward, Chair
Grant Hendricks, Vice Chairman
Kevin Harvey, Member
Sondra Cochran, Member

Excused Absence:

Peter Zarcone, Treasurer
Anthony Giordano, Secretary
Gregory Casamento, Member

Also Present:

Anthony 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
William Dudine, Esq., Transaction Counsel, Katten Muchin Rosenman LLP
Andrew Komaromi, Esq., Transaction Counsel, Harris Beach PLLC
M. Cornelia Cahill, Esq., Transaction Counsel, Barclay Damon LLP
Lisa Broughton, Deputy Executive Director, S.C. Economic Development Corp.
Greg Gordon, Zimmerman/Edelson, Inc.
Christina DeLisi, Aide to the Presiding Officer of the Suffolk County Legislature
Kimberly Scalice, Aide to the Suffolk County Legislator Cilmi
Spencer Andrews, Aide to Suffolk County Legislator Lindsay
Robert Trotta, Suffolk County Legislator
James Madore, Newsday
Robert Kerley, CFO, Spellman High Voltage Electronics Corp.
Garrett Gray, Counsel to Spellman High Voltage Electronics Corp.
David Parsons, President, Commercial Building Maintenance Corp. (CBM)/
Oak Drive Property, Inc.
David Kilmnick, President/CEO, Long Island Gay and Lesbian Youth, Inc. (LIGALY)
Nicholas T. Terzulli, Counsel to Long Island Gay and Lesbian Youth, Inc. (LIGALY)
Clio & Ioannis Doukakis, Global Stone Marble & Granite LLC/Corfu Property LLC

Sadie Badon, Wyandanch Community Development Corporation
Sal Speziali, Labor Union Local 66
Robert English, Labor Union Local 66

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 12:40 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. Zarcone, it was:

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

Unanimously carried 4/0.

Mr. Catapano indicated that he would like to recognize Bruce Ferguson a long time Executive Director of the Suffolk County IDA for 27 years. Unfortunately, Bruce Ferguson passed away last month, he retired 6 years ago and Peter Zarcone and Kevin Harvey were the only board members present at that time. Bruce Ferguson treated every project with dignity and every job was important, he had a social and moral conscience as well. He started his career volunteering in the Peace Corp. in the 70's in Solomon Islands as a business advisor. Mr. Catapano stated instead of a moment of silence perhaps we could give him a round of applause to recognize his life and career.

Hartz Mountain Industries, Inc.: Request for a preliminary inducement resolution for a lease transaction.

Mr. Catapano stated the Company requested that they be considered at the next Board Meeting on May 16, 2019.

Long Island Gay and Lesbian Youth, Inc. (LIGALY): Request for an inducement resolution for a lease transaction.

Mr. Catapano presented Exhibit A. Long Island Gay and Lesbian Youth Network is a 501 C3 non-profit organization that is the home and voice for the LGBT community on Long Island and Queens. LGBT provides health and human services and education to LGBT families.

Mr. Catapano indicated that the Agency started working with LIGALY earlier this year when they were looking for a potential facility to lease in Melville but now they identified a building in Hauppauge. The Company is looking to lease, renovate and equip a 15,000 square feet of space in a 60,000 square foot multi-tenant building located at 125 Kennedy Drive, Hauppauge, NY 11788. They are going to relocate their administrative and back office functions from Woodbury and their community services from Bay Shore at the facility. There will be an increase in jobs to approximately 35. Mr. Catapano stated if LIGALY purchased a property, they would be exempt from property taxes because they are a non-for-profit, if they lease they are subject to property taxes.

Mr. Catapano introduced David Kilmnick, President/CEO of Long Island Gay and Lesbian Youth, Inc. (LIGALY) and Nick Terzulli, Esq., Farrell Fritz Counsel to (LIGALY) to Board Members. Mr. Terzulli indicated Long Island Gay and Lesbian Youth, Inc. is a parent organization for several non-profits that provide lifesaving services for Long Island LGBT people and families. The other service organizations under their umbrella are; The Long Island LGBT Community Center, Services and Advocacy for LGBT Elders - Long Island, Queens LGBT Community Center.; Long Island Pride. The administrative arm for all of these entities is the LGBT Network. The Network is the home and voice for the LGBT community on Long Island. We are here requesting that the Agency provide financial assistance to help the Network expand into a 15,000 square feet in Hauppauge. The physical expansion will allow them to supply more services to thousands of Long Island families. Mr. Kilmnick said this is an exciting time for the organization on Long Island. Mr. Kilmnick said he started this organization 25 years ago. He was studying for his Masters in Stony Brook University and decided to do a project rather than a thesis; this project was to create a curriculum to talk to Long Island schools about growing up LGBT. In 1993, he implemented it in 7 different schools with a 42 minute workshop. The students would ask him is there a place I can go to meet other people like myself. He started the organization Long Island Gay and Lesbian Youth and 25 years later his is working in 110 of the 127 school districts. Mr. Kilmnick stated that he does a lot of teacher training and working with PTA's. All the money that comes in goes out to assist the community. One of the things that is challenging is the Bay Shore facility there was only one room and limited programs. With the new facility we will be able to do HIV testing every day and have a café it will be a workforce development program to hire and to teach and do prevention work with them. In the new facility we will be able to hold about 5 different programs simultaneously.

Mr. Terzulli stated without the assistance of the Suffolk County IDA the applicant will not be able to provide services to thousands of Long Island families. Mr. Hendricks asked are the positions full time jobs and Mr. Terzulli said yes. Mr. Hendricks said it states on the application one construction job is that correct and Mr. Catapano responded yes as that is what the economic impact model determined. The only benefit the Agency is providing is a property tax abatement and possibly a small amount of sales tax exemption. Ms. Cochran said her relatives attended the LGBT High School educational program at their high school. It taught them so much about people and how to love people. Ms. Cochran said these are wonderful programs.

Mr. Harvey asked how many centers do you have and Mr. Kilmnick said we have facilities in Sag Harbor, Long Island City, Bay Shore and the Hauppauge center.

After further discussion and;

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

RESOLVED, to approve an inducement resolution for a lease transaction in the approximate amount of \$2,308,086 for Long Island Gay and Lesbian Youth, Inc. (LIGALY) facility.

Unanimously carried 4/0.

Spellman High Voltage Electronics Corp.: Request for an inducement resolution for a lease transaction.

Mr. Catapano presented Exhibit B. Spellman High Voltage Electronics Corp. is a manufacturer of high voltage power supplies for medical and scientific diagnostics including providing the power supplies for fiber optic cables that sit on the ocean floors throughout the world.

Mr. Catapano stated the Agency first became involved with Spellman High Voltage in 1997 approximately 20 years ago; it is nice to see the growth and relationship throughout the years. The Company is looking to construct, renovate and equip a 5,000 square foot addition by expanding the second floor of their existing building located at 475 Wireless Blvd., Hauppauge within the existing footprint. It also includes renovating and equipping existing plant space primarily in the engineering area on the first floor to be used for offices to house recently hired engineering personnel and for additional job growth. Overall, the Company is renovating and modernizing approximately 26% of its building that is used for manufacturing, engineering and design to make the layout more efficient. Spellman High Voltage Electronics Corp. currently has 320 employees and they plan on hiring an additional 10 employees over the next 2 years. It is estimated that 18 construction jobs will be created. The average salaries are high, this is the type of company that the region is looking to assist. Mr. Catapano indicated Spellman had a situation in 2013, the Agency closed a transaction for them in April, 2013 for a \$3.4 million project with \$2.7 million in refinancing of an existing tax-exempt bond. The only new part was \$750,000 for renovations to their two buildings. In December 2013 there was a WARN notice they filed with New York State Department of Labor that they were closing one of their buildings and reducing their staff by 47 jobs and moving some staff to a facility in Mexico. This was their metal machine shop; it was their lower paying jobs. The Company is back up to 320 in jobs since the decline, the property tax abatements had already ended with the previous transactions for the Company. The 2013 project did not move forward because their business climate changed and therefore there was no tax incentives provided for the 2013 Project. Ms. Cochran asked it didn't affect us in any negative way, and Mr. Catapano responded no they were in full compliance at the time. Mr. Catapano stated Spellman has locations in South Korea, China, Mexico and the United Kingdom.

Mr. Catapano introduced Robert Kerley, CFO and Garrett Gray, Counsel to Spellman High Voltage Electronics Corp. to Board Members. Mr. Gray stated that the Company is growing and needs more room, this is a 5,000 square foot addition and it will enable the Company to hire additional employees. Mr. Kerley stated the Company makes high voltage power supplies for medical, security and industrial for the medical we make power supplies for CAT Scans (GE, Phillips) for security; the luggage scanner used in airports most of them around the world would have our power supply. Mr. Kerley said the Company needed to add more positions and with most being engineering positions. Ms. Ward asked how did you find the engineers, and Mr. Kerley said we partnered with local universities and a green energy development program and in some cases we have had to go outside the area to bring people in. Mr. Harvey said you mentioned demand for growth has been accelerating, what percent is private market versus government market. Mr. Kerley said 30% is in security; 30% is in medical and the rest is industrial. Ms. Cochran said you sell the power supply do you manufacture the casings and Mr. Kerley said yes we do we make the box and wire we are very vertically integrated. Mr. Hendricks stated this is the type of project we can be proud to have in Suffolk County.

After further discussion and;

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

RESOLVED, to approve an inducement resolution for a lease transaction in the approximate amount of \$3,300,000 for Spellman High Voltage Electronics Corp. facility.

Unanimously carried 4/0.

Global Stone Marble & Granite LLC/Corfu Property LLC: Request for an inducement resolution for a lease transaction.

Mr. Catapano presented Exhibit C. Global Stone Marble & Granite LLC/Corfu Property LLC is a wholesale distributor of marble, quartz, granite slabs, tile and all related accessories.

Mr. Catapano indicated the Company is looking to consolidate two of their buildings into one facility. One building they sold to Cove Long Island a project that the Agency approved. The Company is looking to purchase, renovate and equip an existing 33,000 square foot building on 2 acres at 84 Modular Avenue, Commack, NY. The building will be used for distribution of marble, granite, quartz slabs, tiles and setting materials. The two buildings 165 Oval Drive and 380 Moreland Road will be consolidated into the new building located at 84 Modular Avenue, Commack. Mr. Catapano indicated for the Company to be more efficient as they are combining the operations of both buildings, they currently have 9 employees they will be adding 7 new jobs.

Mr. Catapano introduced Ioannis and Clio Doukakis, Owners of Global Stone Marble & Granite LLC/Corfu Property LLC to Board Members. Ms. Doukakis thanked Board Members for having them here. Ms. Doukakis stated in 1998 we launched our own business tile and slab importing and distribution in Queens. We were able to establish a good clientele and in 2005 we were able to relocate our business to a larger operation in Commack, NY. within a

year. we purchased the property,. We purchased this property within a year and purchased a second location in Islandia, NY to operate the tile portion of the business. We service our clientele with great service. Ms. Doukakis stated that they work with many contractors, architects, builders and designers in Nassau and Suffolk area. She also indicated that there is a lot of competition in the local market and they have strong competitors in this market. The Company would like to purchase a larger facility to incorporate both slabs and tiles in one location it will give them a better scope at organizing and managing. The assistance from the IDA would give us the best use of our space and services. Ms. Ward asked do you install, and Ms. Doukakis said no we provide and cater to the architects and the designers. Mr. Harvey asked where do you get most of your product from and Ms. Doukakis responded overseas and Atlanta, Georgia we have become exclusive distributors for LG for their Quartz line we have taken over to distribute in Nassau and Suffolk County and Virginia. Most of the large pieces come from Italy, Spain and Greece. Mr. Harvey asked how did you hear about the IDA and Ms. Doukakis said we had an IDA before with the Islip IDA. Mr. Hendricks said this is a very nice story and to see people passionate about their work.

After further discussion and;

Upon a motion by Mr. Harvey, seconded by Ms. Cochran it was;

RESOLVED, to approve an inducement resolution for a lease transaction in the approximate amount of \$5,076,200 for Global Stone Marble & Granite LLC/Corfu Property LLC facility.

Unanimously carried 4/0.

Commercial Building Maintenance Corp. (CBM)/Oak Drive Property, Inc.: Request for an inducement resolution for a lease transaction.

Mr. Catapano presented Exhibit D. Commercial Building Maintenance Corp. (CBM)/Oak Drive Property, Inc. is a commercial building maintenance company that provides janitorial services, landscaping, snow removal, painting and security services for their national account customers.

David Parsons, President, Commercial Building Maintenance Corp. (CBM)/Oak Drive Property, Inc. said he began as a small window cleaning company in the 1970's as we approach our 50th. year of business we have grown from small window cleaning company to a large service contractor. CBM provides janitorial, painting, landscaping, snow removal and security which began in Lindenhurst, NY in 1994. Mr. Parsons indicated that the Company made acquisitions and outgrew their offices and relocated to Syosset and Oak Drive Property, Inc. was created and incorporated for the purpose of purchasing our first building in Nassau County. The Company moved from Syosset to a larger facility in 2011 and continued to expand. Recently we acquired a New Jersey based business and were awarded locations for PNC Bank in New Jersey and Pennsylvania. This leaves us with the need to expand due to the size of the acquisitions we have considered moving corporate headquarters to New Jersey. Mr. Parsons indicated that he has looked at several properties in Nassau and Suffolk Counties and the building located at 129 Oser Avenue, Hauppauge would suit their needs. The Hauppauge facility would have 4,000 square feet more office space. The Company could

consolidate the landscaping and snow removal division into one location which is currently in Plainview. Mr. Parsons said we would bring 200 jobs to Suffolk County in the first two years.

The Company has also considered staying at their current location and taking over one of the tenant spaces and converting it to office space. It would not make sense for us to move from our current location to Hauppauge unless there was assistance from the IDA.

Mr. Catapano stated the proposed Hauppauge building has an existing tenant American Chimney they renewed their lease by the previous owner; they will stay in the building and therefore we are carving that space out. CBM is in negotiations with PNC Bank in Pennsylvania they will be doing work there. Mr. Hendricks noted CBM also does a lot of business with local vendors.

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 \$2,950,000 for Commercial Building Maintenance Corp. (CBM)/Oak Drive Property, Inc.

Unanimously carried 4/0.

Stewart Avenue Ventures, LLC: Request to increase the project amount and an extension and increase in sales tax exemption.

Mr. Catapano presented Exhibit E. The Stewart Avenue Ventures, LLC project involved the demolition of a 3,649 square foot dilapidated building and the construction of a new 19,177 square foot building for 12 rental apartment units housing and commercial/retail space on the ground floor.

Mr. Catapano indicated that this project closed in September, 2016 for \$5.8 million, they have had some issues with unanticipated costs from a shift in the direction of an underground stream and high water table that added to cost overruns. They are requesting \$2.2 million in their project costs and associated sales tax extension. It's unfortunate with regard to the NYS IDA process where businesses have to pre-estimate expenses and project costs in the beginning of the process and other things always run the cost up in a construction project. Ms. Cochran asked in addition to the cost of the stream are construction costs increased and Mr. Catapano responded yes. Ms. Ward asked what was the old sales tax abatement and Mr. Dudine, Transaction Counsel said it was about half of what is requested it is almost doubling the sales tax. Mr. Dudine said it was based on their budget before construction; they had to reconstruct the whole basement. Mr. Harvey asked what percentage of the request is from the original Mr. Catapano said I don't have that information with me but with a quick calculation it would seem that approximately \$140,000 sales tax exemption was the original estimate. Mr. Harvey asked does Stewart Avenue LLC have another proposal in Huntington, and Mr. Catapano said one of the principals of Stewart is also involved with the JDJ Gateway Huntington Station downtown redevelopment.

After further discussion and;

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

RESOLVED, to approve an increase of \$2,200,000 in the project amount and extension and increase in sales tax exemption.

Unanimously carried 4/0.

Minutes

The Minutes of the March 28, 2019 were accepted by Board Members.

Review 2018 Draft Financial Statements

Mr. Hendricks, as Chairman of the Audit & Finance Committee stated there was not a quorum present although there were additional board Members who were able to listen to the presentation at the committee level, no motion was taken. Mr. Hendricks stated he would like to recommend to Board Members approval of the 2018 financial statements.

After further discussion and;

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

RESOLVED, to approve the 2018 Suffolk County Industrial Development Agency's audited financial statements.

Unanimously carried 4/0.

Overview Hauppauge Industrial Park Repositioning Study

Ms. Morris provided an update to the Hauppauge Industrial Park (HIP) study performed by the Regional Planning Association (RPA) and James Lima, Planning & Development (JLPD) which was released yesterday. The 180 page study took an in depth review of the HIP and the study also included important economic data of the Long Island economy. What exists in the Park now was a revelation for a lot of people we learned about tradable sector they are industries that bring new dollars into the County. They discovered in the United States there are at 36% on Long Island 23% in the Hauppauge Industrial Park 58% are tradable sectors. There were a lot of other data points. Ms. Ward stated the 23% of Long Island they are selling to each other in Hauppauge Industrial Park they are doing it double the percentage of Long Island and far above the national average. The report is on our website, it can be viewed there. Ms. Morris stated the Hauppauge Industrial Park has a new name it is Long Island Innovation Park at Hauppauge. They are applying for a grant to help with rebranding and their logo. Mr. Harvey wanted to point out when he became a Business Agent for Local 24 in 2004 Suffolk County was his area and the Hauppauge Industrial Park was a ghost town. In 2011, he became Business Manager of Local 24 and he said the IDA is greatly responsible for revitalizing the industrial park there is not a vacant space. It started with the Southwest Sewer System once you do modifications other business will follow.

After further discussion and;

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

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

Unanimously carried 4/0.

The Meeting adjourned at 1:50 p.m.

The next meeting of the Suffolk County Industrial Development Agency is tentatively scheduled for May 16, 2019.