

ACCEPTED BY BOARD MEMBERS 9/19/19

MINUTES
IDA REGULAR MEETING
AUGUST 22, 2019

Present:

Theresa Ward, Chair
Grant Hendricks, Vice Chairman
Kevin Harvey, Treasurer
Anthony Giordano, Secretary
Gregory Casamento, Member
Josh Slaughter, Member

Excused Absence:

Sondra Cochran, Member

Also Present:

Anthony Catapano, Executive Director
Kelly Morris, Deputy Executive Director
John McNally, Associate Director Marketing & Outreach
Regina Halliday, Bookkeeper
Larry Brett, Intern
William Wexler, Agency Counsel
William Weir, Esq., Transaction Counsel, Nixon Peabody LLC
William Dudine, Esq., Transaction Counsel, Katten Muchin Rosenman LLP
John Anzalone, Esq., Harris Beach PLLC
Connie Cahill, Esq., Transaction Counsel, Barclay Damon LLP
David Chauvin, Zimmerman/Edelson, Inc.
Natalie Wright, Acting Commissioner of Economic Development & Planning
Lisa Broughton, Deputy Executive Director, Suffolk County Economic Dev. Corp.
Christina DeLisi, Aide to the Presiding Officer of the Suffolk County Legislature
Spencer Andrews, Aide to Suffolk County Legislator Lindsay
Kimberly Scalice, Aide to Suffolk County Legislator Cilmi
James Madore, Newsday
Russell McGoey, Suffolk County Department of Labor
Peter Zarcone

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 12:45 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. Giordano, it was:

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

Unanimously carried 6/0.

OLD BUSINESS

U.S. Nonwovens Corp.: Request for consent to a merger of the Company with New U.S. Nonwovens, LLC.

Mr. Catapano presented Exhibit A. U.S. Nonwovens Corp. is a project the Agency closed in 2013. The Company is a manufacturer and distributor of non-woven baby wipes, personal products, cleaning chemicals, automotive care and pet products. The Company operates out of five buildings; three are located in Brentwood; one in Hauppauge and one in Commack, NY. U.S. Nonwovens Corp. was recently acquired by a private equity firm, Wind Point Partners, based in Chicago and will have a controlling interest in the Company. The Agency had a similar situation with Citation Business Labels last year when a private equity firm purchased an interest in that Company. The family that owns U.S. Nonwovens will continue to have a material interest, a minority ownership in the new entity. The old entity is U.S. Nonwovens Corp. and the new entity is New U.S. Nonwovens, LLC. One of the five buildings, located at 100 Emjay Boulevard, Brentwood is actually owned by the Corporation and not a real estate entity. In that instance, the documents require Agency consent to the merger, which is what the Board will be considering. The remaining four buildings are owned by a real estate entity and are not directly owned by the Corporation (U.S. Nonwovens Corp.). In these four instances the real estate entity and the Corporation must only notify the Agency of the merger and the documents do not require Agency consent. The Company has already done the business merger as there was no IDA Board Meeting in July. It was explained to the Company the request is still subject to Board review and approval but more than likely the Board will consent to the merger as the Board has done so in a similar instance. The Company did the merger and secondarily they did the investment into the new company which has been reviewed by IDA Transaction Counsel, Harris Beach PLLC, and Agency Counsel, William Wexler. Mr. Catapano indicated that the Company has fulfilled all of their obligations with the Agency and they are not in default. They have created approximately 300 jobs in total since the project began and as of the last reporting year are approximately 220 jobs above the 90 jobs the Company had originally estimated it would create. Wind Point Partners potentially could help U.S. Nonwovens expand its portfolio of products. They have purchased many consumers product manufacturers and they feel it is a good fit for them.

All the business configurations of the merger are done for tax purposes and to limit the tax implications. Mr. Catapano stated should anything negatively happen in the future the Company is obligated under the recapture agreement. Ms. Ward stated the merger has occurred and there was an investment by Wind Point Partners into the new company and Mr. Catapano said it occurred on August 16, 2019. Mr. Slaughter asked is there any commitment from Wind Point to stay on Long Island. Mr. Catapano responded they have committed but there is always the threat that they could leave the Region. Rody Mehdizadeh and Shervin Zade are part of the new ownership and have a five year commitment with Wind Point Partners to stay on.

After further discussion and;

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

RESOLVED, to approve the consent to the merger of U.S. Nonwovens Corp. with New U.S. Nonwovens LLC.

Unanimously carried 6/0.

Long Island IDA Proposal for Regional Strategy for Business Attraction and Marketing Exposure in Partnership with Discover Long Island: Request for approval to participate with the Region's eight IDAs in a joint business attraction marketing effort to be run by Discover Long Island.

Mr. Catapano presented Exhibit B. A joint business attraction marketing effort is being proposed by the Region's eight IDAs. Discover Long Island, the official tourism promotion agency for LI, has agreed to help design and run the advertising campaign. The proposed budget for the collective effort is \$100,000 with the Region's eight IDA's contributing a total of \$50,000. The Suffolk IDA's share is approximately \$10,000 - \$12,500 but likely will be \$11,500. The remaining \$50,000 will be funded from a matching grant provided by National Grid's Cooperative Business Recruitment Program. The National Grid program requires one single applicant and the SC IDA has indicated its willingness to take on that role, subject to Board approval. This would require expending the \$50,000 for the partnership and then being reimbursed by National Grid for the same amount. All eight IDA's are currently in the process of obtaining approval from their respective Boards. A Memorandum of Understanding (MOU) is currently being drafted which once finalized will be signed by the participants.

Mr. Catapano stated the local Region's IDAs meet periodically and discuss various topics. One such topic was to develop a joint marketing initiative to help attract new businesses to Long Island. The National Grid Program matches funds for different types of projects and campaigns and was the catalyst in advancing the group effort of the local IDA's. This is a matching program with \$50,000 from National Grid and \$50,000 from the IDA's for a total budget of \$100,000. Mr. Catapano indicated National Grid will cover the balance of \$50,000. Mr. Catapano indicated this is a group effort for marketing; the two County IDAs historically have always contributed more than the local Town IDAs. Mr. Harvey asked if any of the other IDA's have approved the proposal and Mr. McNally said yes Islip, Brookhaven and Babylon IDAs approved it yesterday. This is a matching grant and the program requires one single applicant and it would be cumbersome to have five IDA's be the applicant to the National Grid program and therefore, we have taken the leadership role and are willing to be the single applicant, if the Board agrees. Mr. Hendricks asked when will the funding take place and Mr. Catapano said we have to advance the \$50,000 and National Grid will reimburse us after the funds are expended.

The National Grid Program requires a single applicant. Mr. McNally indicated that Discover Long Island will be the contractor for this project. The advertising initiative is being promoted exclusively off of Long Island. The funds would go directly to Discover Long Island and they would submit receipts to National Grid and the SC IDA will get reimbursed. Ms. Morris stated all the money is paid in advance and reimbursement will occur at the end/completion of the grant. Mr. Harvey stated we are advancing \$62,000 and how are the Town's IDAs dividing up the portions of their contributions. Mr. Catapano said this is still being finalized. Mr. McNally stated all of the IDAs have agreed to engage in the project and six of them have agreed to contribute monetarily. Mr. Hendricks indicated isn't this overlapping with what we are currently doing and Mr. McNally said yes and no; we are already marketing all of Suffolk County and no one off of Long Island knows what Suffolk County is. Ms. Ward stated so many businesses think Long Island is Long Island City because of the failed Amazon project and hopes the advertising campaign can clear this misconception up.

After further discussion and;

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

RESOLVED, to approve the request to participate with the Region's eight IDAs in a joint business attraction marketing effort to be run by Discover Long Island in an amount of \$10,000 - \$12,500 and for the Agency to be the single applicant on behalf of the group and apply to the National Grid's Cooperative Business Recruitment Program for a matching grant in the amount of \$50,000 which if approved by National Grid will require the Agency to first outlay the \$50,000 in advance towards the marketing initiative and then be reimbursed by the National Grid Program in the equal amount of \$50,000.

Unanimously carried 6/0.

Minutes

The Minutes of the June 27, 2019 were accepted by Board Members.

The IDA Board and Staff thanked Larry Brett, Intern, on his last day of work with the Agency. Mr. Brett has been a tremendous asset and appreciate his contributions to the Agency. We all wish him well in his future endeavors.

Upon a motion by Mr. Hendricks, seconded by Mr. Harvey, 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 September 19, 2019.