

MINUTES
IDA REGULAR MEETING
MAY 16, 2019

Present:

Theresa Ward, Chair
Peter Zarcone, Treasurer
Anthony Giordano, Secretary
Kevin Harvey, Member

Excused Absence:

Grant Hendricks, Vice Chairman
Sondra Cochran, Member
Gregory Casamento, Member

Also Present:

Anthony 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
M. Cornelia Cahill, Esq., Transaction Counsel, Barclay Damon LLP
Regina Zara, Executive Director, Suffolk County Economic Development Corporation
Lisa Broughton, Deputy Executive Director, S.C. Economic Development Corp.
David Chauvin, 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
Victor Ocasio, Newsday
John Lombardo, Suffolk County Community College
Michael Kelly, Managing Member, Westfield Green (495 Middle Country Road, LLC)
Daniel P. Deegan, Esq., Forchelli, Curto, Deegan, Schwartz, Mineo & Terrana LLP,
Counsel to Westfield Green
Louis Fiore, Esq., Forchelli, Curto, Deegan, Schwartz, Mineo & Terrana, LLP,
Counsel to Westfield Green
Gary Broxmeyer, Principal, Fairfield Townhouses at Selden LLC

Gary Hisiger, Esq., Moritt, Hock & Hamroff, LLP, Counsel to Fairfield Townhouses at Selden LLC

James Rhatican, Asst. General Counsel & V.P. Land Use & Development, Hartz Mountain Industries, Inc.

David Hercman, Director of Asset Management, Milvado Property Group

Karen 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 12:40 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.

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

Mr. Catapano stated we have two industrial development projects to be considered today. Last month, with Board Members assistance the study of the Hauppauge Industrial Park was unveiled which not only went in depth on statistics and economic indicators of the Industrial Park but also provided information on the Long Island economy. It identified tradable sectors which are the exporting of goods and services that bring new dollars into the region and provide better paying jobs. Researchers felt it adds to the region's competitive advantage. Mr. Catapano indicated while the Park has 58% tradable sector businesses, Long Island in general is lacking at 23% while overall the United States is 36% in tradable sectors. Hopefully these two businesses can help bulk up our tradable sectors of the Long Island economy.

Mr. Catapano presented Exhibit A. Hartz Mountain Industries, Inc. is a real estate acquisition, development and management company. Hartz was the winning bidder on the Newsday site which is owned by the Tribune Company and they purchased it in September/October. Mr. Catapano stated during the summer when it was being bid out for sale and CBRE was the real estate entity company for the Tribune Company we received many calls from different groups, attorneys and local developers asking if the IDA would be in support of assisting the redevelopment of the Newsday site.

The proposed application from Hartz Mountain Industries, Inc. involves the demolition of an existing 414,000 square foot building and construction of two buildings totaling 945,686 square feet to be used for warehousing and distribution. Mr. Catapano indicated the new buildings will be leased to prospective tenants and Newsday has found a facility on Corporate Center Drive in Melville. The economic impact study was completed by Nelson & Pope they used the IMPLAN economic model. They estimate between 600-800 jobs with an average salary of \$40,000 would be generated as a result of the project.

Mr. Catapano introduced James Rhatican, Assistant General Counsel & VP Land Use & Development, Hartz Mountain Industries, Inc. to Board Members. Mr. Rhatican indicated they are a real estate investment development firm, one of largest privately owned in the Country. This is the first venture to Long Island for our Company and we think there is a strong market for it. We have some Town applications pending for the site plan and variances for height and parking. This is a special project; we do not have any tenants currently for the two buildings. We have used exclusively Long Island firms for example; legal counsel, architectural engineers, and graphic consultants. Mr. Rhatican stated we expect to have three tenants in the space. We want to build up the ceiling height a little higher to 40 feet and it is over the height limits and we have some set back variances that we are seeking. We are doing some community outreach with local residents to review the plans which I hope will answer any of their questions. Mr. Giordano asked how did you arrived at estimated 600-800 jobs and Mr. Rhatican said based on projections of comparable projects that exist in our market our consultants came up with those numbers. Mr. Harvey asked will construction of the buildings happen consecutively or concurrently and Mr. Rhatican replied we expect overlap but anticipating starting the second building before the first is completed. Mr. Harvey stated in the application it says you will create 600-800 jobs as a rule of thumb, from the land you owned in New Jersey what type of jobs do you expect, ex. clerical. Mr. Rhatican said that is a broad question we have a lot of square footage in warehouse distribution space, some of our tenants are television studios, major league baseball, film crews behind the scenes people. Mr. Harvey asked do you have a tenants list that you have and Mr. Rhatican replied they have a list of our existing tenants and we have in house leasing staff and in house brokers. Mr. Giordano stated it is difficult to equate jobs when you don't know what tenants you have. Mr. Rhatican said that's why the number was on projections, we don't have any leases signed as of yet. Mr. Catapano stated the range is 600-800 jobs and Hartz will be subject to the Agency's recapture. Mr. Zarcone asked what is your start time is it late this year or early next year; Mr. Rhatican said we hope late this year. Mr. Zarcone asked can you give us an idea of construction companies you might be using and Mr. Rhatican replied we have an Operations Department and stated he does not know only that the demolition is out to bid and they are local firms. Mr. Zarcone asked if can you supply us with a list of local contractors that you will use, Mr. Rhatican stated he can get a list. Mr. Zarcone asked are there any thoughts of bringing outside labor from different states, can you commit to local labor. Mr. Rhatican said it is not our intent to use out of state labor.

After further discussion and;

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

RESOLVED, to approve a preliminary inducement resolution for a lease transaction in the approximate amount of \$190,479,892 for Hartz Mountain Industries, Inc. facility.

Unanimously carried 4/0.

Milvado Property Group: Request for an inducement resolution for a lease transaction.

Mr. Catapano presented Exhibit B. Milvado Property Group is a management/operator that owns 36 properties on Long Island. Each of the properties has its own ownership entity name and is leased to multiple tenants.

Mr. Catapano stated in 2013 the Agency was involved along with Nassau County to upgrade the space of Long Island Industrial Partners and they have changed their brand name to Milvado Property Group. The project is located at 10 Drew Court, Ronkonkoma which is located within the Town of Islip. The Agency has a prior relationship with the Company from the previous project. The Town of Islip IDA said it was okay for us to assist Milvado based on the Agency's existing relationship. The Company plans to purchase and renovate 49,850 square feet of vacant industrial space and update thirteen individual industrial condominiums. The purchase price is \$4.2 million and an economic impact study was done by Thomas Conoscenti & Associates which used the Rims II economic model. Milvado estimates creating 60 jobs with average salary of approximately \$47,000. The Company is going to lease to prospective tenants and will be responsible as far as recapture and when leasing out space they have to be mindful of reaching their job goals.

Mr. Catapano introduced David Hercman, Director of Asset Management, Milvado Property Group to Board Members. Mr. Hercman indicated that Long Island Industrial is still in existence, we have branded into Milvado Property Group. There is a high demand for smaller incubator type space, for a small company they are a tremendous value. Mr. Harvey asked how long has the property been vacant and Mr. Hercman replied we are buying the industrial space at 10 Drew Court, Ronkonkoma and updating thirteen condominium units. Mr. Catapano stated these are all separate units and the previous users knocked down some walls. Mr. Hercman said the building was built to accommodate smaller companies and smaller space and is difficult to come by in Suffolk County. Ms. Ward asked how long ago was it built, and Mr. Hercman replied in 1986/87 it is newer construction. Mr. Hercman stated each unit has a loading dock door and a drive in door which is difficult to find.

After further discussion and;

Upon a motion by Mr. Giordano, seconded by Ms. Ward, it was;

RESOLVED, to approve an inducement resolution for a lease transaction in the approximate amount of \$6,312,500 for Milvado Property Group.

Unanimously carried 4/0.

Westfield Green Selden Project (495 Middle Country Road, LLC): Request for assignment & assumption of lease and project agreement.

Mr. Catapano presented Exhibit C. Westfield Green Selden Project (495 Middle Country Road, LLC) is the redevelopment of 14.25 acres located at 495 Middle Country Road, Selden, NY for 126 residential units (multi-family) with 32 of the units to be designated as “workforce housing” (designed for residents earning less than 120% of area median income).

Mr. Catapano indicated the project closed in September 2017 and the site was transformed to Mike Kelley’s, Managing Member, Westfield Green Selden Project credit. Mr. Catapano indicated that Mike McHugh, partner, of Westfield Green passed away and his family wants to settle his estate the result of which requires selling the property. A local operator Fairfield Properties is seeking to purchase the property.

Mr. Catapano introduced Mike Kelley, Managing Member, Westfield Green; Daniel P. Deegan, Esq., and Louis Fiore, Esq., Forchelli, Curto, Deegan, Schwartz, Mineo & Terrano LLP, Counsels to Westfield Green; Gary Broxmeyer, Principal, Fairfield Properties; Gary Hisiger, Esq., Moritt, Hock & Hamroff LLP, Counsel to Fairfield Properties to Board Members. Mr. Deegan stated Westfield Green has been a huge success of the 126 units, 70% are occupied, six school age children live there but all six were previously in the school district so there were no net new children. There was a lot of controversy surrounding the original approval of Westfield Green which was a cause for concern. Mr. Deegan said we are happy to find a local company to take this over. Fairfield Properties is one of the largest real estate companies on Long Island. The project should be complete by June 1, 2019. Mr. Giordano asked they will carry over the benefits and Mr. Deegan said yes, the request is for an assignment and assumption of the project. Ms. Ward asked what is the role with the Long Island Housing Partnership (LIHP) and Mr. Deegan said there is an existing contract which will continue and they will monitor the affordable units of the complex.

After further discussion and;

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

RESOLVED, to approve the assignment and assumption of the lease and project agreement for Westfield Green Selden Project (495 Middle Country Road, LLC) facility to Fairfield Properties.

Unanimously carried 4/0.

Alliance of Long Island Agencies, Inc./NYSARC, Inc.: Request to consent to lease a portion of the facility.

Mr. Catapano presented Exhibit D. Alliance of Long Island Agencies, Inc./NYSARC, Inc. is an association of not-for-profit charitable Agencies providing services to persons with developmental disabilities. Alliance’s 21 member agencies provide services for over 20,000 people in Nassau and Suffolk.

Mr. Catapano this was the last civic facility bond that the Agency did prior to the January, 2008 sunset of the NYS law. This was a unique concept at the time Alliance of Long Island Agencies was an umbrella organization for not-for-profits such as DDI, United Cerebral Palsy (UCP), FREE, etc. who all joined together in one bond issue with separate bond series for their organization. NYSARC Inc. was under the umbrella of Alliance of Long Island Agencies and that bond issue was \$1.3 million. The facility located in Shoreham, NY is Intermediate Care Facility (ICF) which is a higher level of care facility and there were some issues with management in the facility. They are notifying the Agency that they would like to lease the facility to Citizens Options Unlimited, Inc. an affiliate of NYSARC (Nassau County Chapter). NYSARC Suffolk Chapter is AHRC Suffolk they proposed to lease the facility to the Nassau Chapter under Citizens Options Unlimited. They also need the Bond Trustee's consent. Mr. Carrigan stated the bond documents require IDA consent from Board Members. The New York State Office for People With Developmental Disabilities (OPWDD) has already approved the change.

After further discussion and;

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

RESOLVED, to consent to lease "Intermediate Care Facility" portion to Citizens Options Unlimited, Inc. an affiliate of NYSARC's Nassau County Chapter.

Unanimously carried 4/0.

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

Mr. Catapano presented Exhibit E. 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 stated all four projects on the Agenda today (LIGALY, Spellman High Voltage Electronics Corp., Global Stone Marble & Granite, LLC and Commercial Building Maintenance Corp. (CBM) had one group public hearing which was held May 14, 2019. There were no comments received at the public hearing.

After further discussion and;

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

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

Unanimously carried 4/0.

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

Mr. Catapano presented Exhibit F. 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 indicated Spellman High Voltage Electronics Corp. is requesting a final approval today and a public hearing was held on May 14, 2019 and no comments were received.

After further discussion and;

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

RESOLVED, to approve a final 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 a final resolution for a lease transaction.

Mr. Catapano presented Exhibit G. 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 Global Stone Marble & Granite LLC/Corfu Property LLC is requesting a final approval today and a public hearing was held on May 14, 2019 and no comments were received.

After further discussion and;

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

RESOLVED, to approve a final 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 a final resolution for a lease transaction.

Mr. Catapano presented Exhibit H. 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.

Mr. Catapano indicated Commercial Building Maintenance Corp. (CBM)/Oak Drive Property, Inc. is requesting a final approval and a public hearing was held on May 14, 2019 and no comments were received.

After further discussion and;

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

RESOLVED, to approve a final 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.

Minutes

The Minutes of the April 25, 2019 were accepted by Board Members.

Mr. Zarccone addressed the Board and read his resignation letter to Board Members. Board Members said Mr. Zarccone will be missed and they thanked him for his service of over fourteen years on the Board.

After further discussion and;

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

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

Unanimously carried 4/0.

The Meeting adjourned at 1:25 p.m.

The next meeting of the Suffolk County Industrial Development Agency is tentatively scheduled for June 27, 2019.