

ACCEPTED BY BOARD MEMBERS 11/21/19

MINUTES  
IDA REGULAR MEETING  
SEPTEMBER 19, 2019

Present:

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

Excused Absence:

None

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  
Andrew Komaromi, Esq., Harris Beach PLLC  
Melissa Bennett, Esq., Transaction Counsel, Barclay Damon LLP  
Greg Gordon, Zimmerman & Edelson, Inc.  
Lisa Broughton, Deputy Executive Director, Suffolk County Economic Dev. Corp.  
Kimberly Scalice, Aide to Suffolk County Legislator Cilmi  
Greg Moran, Aide to Suffolk County Legislator Trotta  
Russell McGoey, Suffolk County Department of Labor  
Brendan Chamberlain, Aide to Suffolk County Legislator Muratore  
Kevin Gremse, Sr. Director, National Development Council  
Jonathan Keyes, S.C. Dept. of Economic Development & Planning  
Peter Curry, Esq., Farrell Fritz, P.C., Counsel to The Preserve at Smithtown  
Jim Tsunis, Managing Member, The Northwind Group  
Meaghan Healy, Esq., Germano & Cahill, P.C., Counsel to Sage Parts Plus, Inc.  
Michael K. Bloomfield, Executive V.P., Sage Parts Plus, Inc.  
Mark S. Pollack, President & CEO, Sage Parts Plus, Inc.  
Sadie Badon, Chair, Wyandanch Community Development 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 12:30 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 Ms. Ward, seconded by Mr. Hendricks, it was:

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

Unanimously carried 7/0.

### **OLD BUSINESS**

**The Preserve at Smithtown LLC.:** Request for an inducement resolution for a lease transaction.

Mr. Catapano presented Exhibit A. The Preserve at Smithtown LLC involves the construction and equipping of multiple buildings (186,000 sq. ft.) to be used for a 55 and over community with 180 apartments located at 287G Smithtown Blvd., Nesconset, NY 11767. Mr. Catapano stated approximately 10% (18 Units) of the 180 units will be set aside for residents earning 80% of the Area Median Income (AMI). The project will create approximately 7 full time positions on site and create an estimated 221 construction jobs. The applicant submitted an economic impact analysis that shows a positive economic impact in regard to the project. Kevin Gremse, National Development Council (NDC) provides advisory services to the County and the Agency utilizes their services. Mr. Catapano stated we are fortunate to have him here to make a presentation on the proposed benefits. Mr. Gremse stated the National Development Council (NDC) is a national not-for-profit economic development organization that has been around for 50 years and works exclusively with municipalities throughout the country. NDC is routinely asked to analyze financial structures of proposed developments and determine the appropriateness of direct financial assistance or incentives. We provide technical assistance activating our products to be part of the capital structure for prioritizing projects. The common role is evaluating proposed economic development and housing development initiatives; review the needs for public incentives to attract private investment and evaluate the need for public incentive. Mr. Gremse stated we work with many IDA's throughout the State and we are under contract with Suffolk County. Our assignment is to review the development application, program and developer financial model from the applicant. We also determine the need for property tax abatements, mortgage & sales tax exemptions. Overall we are looking to establish the "but for" test and appropriately size the financial package. Mr. Gremse stated the development is 180 units, 36 (1 bedrooms); 144 (2 bedrooms); 10% is set aside for affordable households; affordable is considered less than 80% of the Area Median Income (AMI). This is a 55 and over development that will have no impact on local schools. The facility will have 214 parking spaces and is estimated to be a \$47 million project and financed with a capital structure of 75% debt and 25% equity. There are many features to this parcel the applicant is an affiliate of the Northwind Property Group which is a residential developer that specializes in 55 and over developments. The combined assistance package is approximately \$6.9 million. The current taxes on all parcels of the proposed development

is \$42,000 and taxes at full assessment according to the Town are estimated to be approximately \$910,000 (\$5,000/unit). Mr. Gremse indicated that the public benefit exceeds the benefit to the developer. There is no impact on the school district and it brings more disposable income, based on the 300 seniors living in Nesconset, Town of Smithtown to the region.

Ms. Cochran said they recognize that we need the housing and affordability why is it only 10% and how long will it last for and Mr. Gremse replied at least for the term of the property tax abatement which is proposed to be 15 years.

Mr. Catapano introduced Mr. Jim Tsunis, Managing Member, The Northwind Group, developer of The Preserve at Smithtown LLC and Peter Curry, Farrell Fritz, P.C. Counsel to The Preserve at Smithtown LLC. Mr. Curry indicated that the developer is requesting assistance from the Agency for their project located on 287 Smithtown Boulevard, Nesconset. The parcel has been vacant for a long time. Mr. Curry stated the project is a 55 and over community with 180 units; 144 two-bedroom apartments and 36 one-bedroom apartments with 10% of the units (18 units) set aside for affordable housing. Mr. Curry indicated his client is investing \$47,000,000 to develop this project. There is a need for housing and Suffolk County is falling behind. This project will allow hundreds of residents to move into a rental facility and stay local in their neighborhood.

Ms. Ward stated I assumed that a resident can have a child that is under 55 living with them is that correct and whether it is not a prohibition. Mr. Curry replied the Real Estate Institute in Stony Brook University did a study on all multi-family housing and they found the percentage of all units that have school age children is somewhere around 7%. The percentage of over 55 facilities will be far less than that. Ms. Ward said the economic study that was submitted for the project indicated there would be zero school aged children and thought it should be corrected for the record it is highly unlikely to be no children. Mr. Tsunis indicated that he has built many 55 and over communities and it is a federal law that they cannot have children of school age, no one under 18 years of age are allowed to live in these communities. Ms. Cochran stated under the Fair Housing Laws if there is a tragedy in a family you would have to accommodate them with allowing an underage child living in the facility, otherwise there could be a lawsuit. Ms. Cochran stated I appreciate with the affordability factor of the facility but would you consider 15% or 20% affordable units. Many seniors would love to give up their homes and live there but they may not be up to fair market rates. Mr. Curry stated the issue is with a lender it is difficult to decrease rental numbers, with lower rental numbers. Federal tax credit housing projects on the other hand have a whole different financial structure. Mr. Casamento asked how did you come to the 10% number and in other similar projects that you have built what is the maximum percentage of affordable housing. Mr. Tsunis said if you hooked up out of the sewer district the County requires you to go up to 20% beyond the sewer district boundaries. Mr. Curry indicated that's not 20% affordable that's 10% affordable and 10% workforce. Mr. Casamento stated 10% is the maximum you have ever done on any project, and Mr. Tsunis said the old law with the County was 20% the new law is 10%. Mr. Harvey stated you mentioned you built Setauket Meadows can you supply us with any other projects. Mr. Tsunis said we built Bayport Meadows, Liberty Meadows, Eastport Meadows. Mr. Harvey said you currently have ongoing construction and Mr. Tsunis replied yes, the Overbay project in Port Jefferson. Mr. Harvey said you estimate to create 7 permanent jobs and 220 construction jobs, how did you come up with that number and what is the duration of the project for construction jobs. Mr. Catapano replied we have an internal economic impact analysis Inform Analytics that determined the 220 jobs and their impact analysis that was done by Dr. Martin Cantor estimated construction jobs at 273 jobs. Mr. Giordano asked has the Town of Smithtown approved this and Mr. Tsunis said yes, site plan approval from 1999. Mr. Giordano asked how long has this parcel been vacant and Ms. Morris replied approximately 20 yrs. Mr. Giordano asked has anyone else tried to develop it prior to this and Mr. Curry replied yes this is how they got a 192 unit

sub division it had to go through a change of zoning. Mr. Giordano asked what will happen if you do not receive the IDA assistance that you are requesting and Mr. Tsunis replied the project will not go through. Mr. Giordano asked if the IDA assistance is contingent for proceeding with the project why did you not come to the Agency first before you put a deposit on your contract of sale. Mr. Curry replied there are two schools of thought go to the IDA as soon as possible and get a preliminary inducement and then you have to go through the local town land use process. The second is to get the land use process done and then go to the IDA. I would rather get the land use process done and then proceed with the IDA. Mr. Giordano stated you would do this with the belief that you could lose the deposit and Mr. Curry replied yes he is a developer and an optimist. Mr. Giordano asked was there someone else out there wanting to do the same thing and Mr. Tsunis yes there probably are other people interested. Mr. Hendricks said if this project was anywhere else in the Country it would have been done 10 years ago, in Suffolk County there is a tremendous amount of red tape in order to get the shovel in the ground. Mr. Slaughter asked in regard to the ongoing construction at the Overbay project in Port Jefferson was there any stop work order on that project. Mr. Tsunis said no. Mr. Slaughter asked if his company has any other projects currently under construction and Mr. Tsunis replied Bayport Meadows. Mr. Slaughter said I have been told there have been issues with contractors not being paid is there any truth to that. Mr. Tsunis said no my contractors get paid there has never been a lien and that just must be a rumor. Mr. Slaughter asked has there been an economic analysis if we brought this project to 15% to 20% affordable would it be viable to bring the affordable units up a little bit and Mr. Curry said I think we can look at that. Mr. Tsunis said I think we can look at the 15% and get back to you. Mr. Casamento stated I think this is a great project and is worth exploring the options discussed with regard to increasing the affordability component. Ms. Ward said we talked about modifying this, do we need to defer or make this subject to the review and Mr. Wexler said it can be a preliminary inducement and hold a public hearing that there will still be negotiations. Mr. Slaughter stated I know you are aware of the Agency's Long Island First Policy in your application had a list of contractors the ones that you will use. Mr. Tsunis stated none of the contractors are from out of state and all of the contractors are within Suffolk County and he said he does not even think he has any contractors from Nassau currently working on his projects.

After further discussion and;

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

RESOLVED, to approve the preliminary inducement resolution for a lease transaction for The Preserve at Smithtown LLC facility.

Unanimously carried 7/0.

**Sage Parts Plus, Inc.:** Request for an inducement resolution for a lease transaction.

Mr. Catapano presented Exhibit B. Sage Parts Plus, Inc. is a distributor of replacement parts and parts related services for aviation ground support equipment (GSE). GSE is equipment used in the support of operations at an airport including container/cargo loaders, belt loaders, baggage tractors, pushback tractors, dicer, baggage tractors, etc. Mr. Catapano stated currently the Company is leasing a building at 35 Hub Drive, Melville. The proposed project is to create a new 10 year lease and renovate and equip their existing 55,000 square feet of space they occupy which is 75% of the building. Sage Parts Plus, Inc. has 24 locations worldwide 6 distribution centers around the world and Melville is there corporate headquarters. They have 275 employees worldwide and in Melville

(headquarters) they have 96 employees. Mr. Catapano indicated that the economic impact analysis projected 3 construction jobs.

Mr. Catapano introduced Mark Pollack, President/CEO and Michael Bloomfield, Executive Vice President of Sage Parts Plus, Inc. and Meghan Healy, Esq., Germano & Cahill, Company Counsel to Board Members. Meghan Healy stated Sage Parts Plus, Inc. is a supplier of replacement parts and supplies for airports all over the world. The lease on their building at 30 Hub Drive, Melville, NY is coming to an end and they would like to renew it for 10 years

Mr. Pollack indicated that Sage Parts Plus has been in business since 1969 and started as a ground support equipment (GSE) maintenance, manufacturing, leasing/rental and aftermarket parts company. In 1998, Sage Parts was acquired by Mark Pollack, President and Michael Bloomfield, Executive V.P. and they purchased the spare parts business with 5 employees including himself and his partner. In 1999, they moved the business from Lynbrook to Farmingdale into a 20,000 square foot building and in 2008 they moved to their current facility that is 55,000 square feet of space in Melville, NY. Mr. Pollack stated today they have locations in North America, Canada, Chili, Peru, South Africa, Singapore, Hong Kong, Europe and China. The global footprint is managed by our headquarters in Melville and we have grown our business from the talent on Long Island. Sage is a distributor and supplier of replacement parts and services for ground support equipment (GSE) for the aviation industry. In the airport you see a lot of equipment cargo loaders, belt loaders, baggage tractors, deicers and we replace the parts for this equipment. The average cost of parts for this equipment is approximately \$20 or less. In addition to part distribution we have our own line of products that number about 1,100 products which we sell to distributors and competitors. We would love to continue to grow on Long Island and remain competitive. The average salary is \$78,000 annually, and we have an ESOP Program for our employees including worldwide to have an opportunity to invest in the Company.

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 \$1,075,000 for Sage Parts Plus, Inc. facility.

Unanimously carried 7/0.

**Certified Laboratories, Inc.:** Request to consent to a change of ownership in the Company and an assignment and assumption of the documents with regard to the real estate entity.

Mr. Catapano presented Exhibit C. Certified Laboratories, Inc. is a project that closed in 2015. The Company was originally in Plainview and moved to 65 Marcus Drive, Melville, NY. They purchased a 60,000 square foot building, renovated and equipped the facility. Certified Laboratories, Inc. is an independent laboratory that provides full service quality testing for the food industry to assure it is not contaminated. They have locations throughout the country and their headquarters are in Melville, NY. Mr. Catapano stated that Steven Mitchell and Martin Mitchell are the owners of Certified Laboratories, Inc. A private equity firm is looking to make an investment in the Company which would reduce ownership interest of the existing owners Steven & Martin Mitchell. One of the private equity firms is Warburg Pincus & Co., a leading global private equity firm focused on growth investing headquartered in New York. The other firm is Tilia Fund I AIV, L.P a Chicago based private

investment firm focused exclusively on the food supply chain. The percentage of ownership will be 70% Warburg Pincus & Co. and 20% Talia Fund. The remaining 10%, Steven Mitchell will continue to retain. The name of the Company will remain the same and Steven Mitchell will still be Chief Executive Officer although he will not have a controlling interest in the Company.

Mr. Catapano stated this is a request for a change of ownership in both the Company (Certified Laboratories, Inc.) and the real estate entity (BenjaminCharles Realty LLC). The specific name of the new real estate entity is to be determined. The real estate entity that will own the property from BenjaminCharles Realty LLC will enter into an assignment and assumption agreement with the Agency and reaffirm its obligations under the documents.

After further discussion and;

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

RESOLVED, to approve the request to consent to a change of ownership in the Company and an assignment and assumption of the documents with regard to the real estate entity for Certified Laboratories, Inc. facility.

Unanimously carried 6/0/1 with Ms. Ward abstaining.

### **Minutes**

The Minutes of the August 22, 2019 were accepted by Board Members.

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

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

Unanimously carried 7/0.

The Meeting adjourned at 1:35 p.m.

The next meeting of the Suffolk County Industrial Development Agency is tentatively scheduled for October 24, 2019.