

ACCEPTED BY BOARD MEMBERS 8/27/20

MINUTES  
IDA REGULAR MEETING  
JULY 23, 2020

Present: Natalie Wright, Chair  
Kevin Harvey, Vice Chair  
Anthony Giordano, Secretary  
Sondra Cochran, Treasurer  
Josh Slaughter, Member

Excused Absence: Gregory Casamento, Member

Also Present: Anthony Catapano, Executive Director  
Kelly Morris, Deputy Executive Director  
Daryl Leonette, Executive Assistant  
William Wexler, Esq., Agency Counsel  
William Weir, Esq., Nixon Peabody LLC, Transaction Counsel  
Andrew Komaromi, Esq., Harris Beach PLLC, Transaction Counsel  
Melissa Bennett, Esq., Barclay Damon LLP, Transaction Counsel,  
William Dudine, Esq., Katten Muchin Rosenman LLP, Transaction Counsel  
Greg Gordon, ZE Creative Communications  
David Chauvin, ZE Creative Communications  
Kevin Gremse, Sr. Director, National Development Council (NDC)  
Jonathan Cooper, President, Spectronics Corporation  
Daniel Deegan, Esq., Deegan Forchelli Deegan Terrana LLP, Counsel to  
Spectronics Corporation  
Nick Galante, CEO, Select Tissue Products Holdings, LLC  
George Tsunis, Managing Member, Huntington Village Hotel Partners LLC

The Regular Meeting of the Suffolk County Industrial Development Agency was held remotely via Zoom. Members of the public were able to listen and view the Meeting through the Agency's website via its YouTube Channel. The Meeting was called to order at 12:45 p.m. by Natalie Wright, Chair of the IDA.

Ms. Wright stated this is the July 23, 2020 Regular Meeting of the Suffolk County Industrial Development Agency and for the record we have a quorum present on Zoom. The notice of the meeting followed the Open Meetings Law and the Meeting is being held pursuant to Executive Order 202.1 (2020) and further extended as set forth by the Governor of NYS.

Ms. Wright asked Mr. Catapano to proceed with the Meeting. Mr. Catapano proceeded with the roll call of Board Members. Also present were staff members, agency counsel, and transaction counsels. Ms. Wright stated for the Public Comment portion of the Agenda the public may submit comments via email to [info@suffolkida.org](mailto:info@suffolkida.org) or they may be mailed to the Suffolk County Industrial Development Agency.

## **NEW BUSINESS**

**Spectronics Corporation:** Request for an inducement resolution for a lease transaction.

Mr. Catapano presented Exhibit A. Spectronics Corporation is a manufacturer of ultraviolet lighting equipment and fluorescent materials, including: UV sanitizers, HVAC, automotive and industrial leak detection products; nondestructive testing lamps, radiometers and other specialty products. Mr. Catapano stated Spectronics Corporation is currently located at 956 Brush Hollow Road, Westbury and they are looking to sell this building in order to be more efficient in a smaller space. The Company has identified a 24,000 sq. ft. office building to purchase at 135 Maxess Road, Melville to be used for corporate headquarters and administrative functions. The Company will also lease 42,000 square feet of industrial space within a multi-tenant building totaling 85,555 square feet located at 265 Spagnoli Road, Melville. This facility will be used for their manufacturing operations. Spectronics recently sold one of its business lines, Non-Destructive Testing (NDT), and approximately 45 employees will be transferring with that division to work for the new purchaser in Suffolk County. Spectronics will have 95 jobs at the two facilities and will be adding net new jobs of 11 over two years after project completion.

Mr. Catapano introduced Jonathan Cooper, President, Spectronics Corporation and Daniel Deegan, Company Counsel to Board Members. Mr. Deegan stated Spectronics Corporation is a great Long Island success story it was founded in 1955, a family owned business and John Cooper is the President. The business has grown in Nassau County, it is a global leading manufacturer of ultraviolet equipment and fluorescent materials. Mr. Deegan stated the Company's innovation in research and design has produced state-of-the-art leak detection systems utilized in the HVAC, automotive and refrigeration industries where there is a need to determine in an efficient way if systems are leaking fluids. Spectronics is selling off a division of their business in Westbury which consists of 45 employees that will move with the purchaser company to Suffolk County which is not part of the application. Currently there are 148 full time employees (including the 45 employees) and approximately 95 jobs will be moving to Suffolk County and there will be a job commitment to increase jobs. The project consists of the purchase of the building at 135 Maxess Road, Melville for corporate headquarters and they will lease 265 Spagnoli Road, Melville which will be used for manufacturing and distribution. The project will be divided between the two buildings. Spectronics Corporation could be located anywhere the Chief Financial Officer has made several trips to Georgia and Ohio and met with economic development officials. The cost structures are much lower in these States. Of the 95 full time equivalent jobs that will be moved to Suffolk County to the two facilities, the Company is going to commit after two years to an additional 11 jobs with good salaries between \$60,000 - \$70,000 a year with benefits.

Mr. Cooper stated Spectronics Corporation has been on Long Island for 65 years, founded by my late father and late uncle and continues as a family business. Mr. Cooper stated my son is the Chief Operating Officer and two of my other children work for the Company. We think of our employees as family and although we were solicited by Ohio and Georgia and the cost structure being much lower there, we want to remain on Long Island. We looked at smaller facilities and we hope to receive financial incentives to help us remain here. It would not be viable for the Company to remain on Long

Island without the incentives. Mr. Cooper stated Spectronics is one of the largest manufacturing companies on Long Island. Every car produced in the world installs one of our dyes on the production line to detect refrigerant leaks. Mr. Giordano stated I followed Mr. Cooper's company for several years, I know you have contributed to fighting the Virus Pandemic with some products you are trying to create. I see posts on social media about how well you treat your employees and I endorse what we are going to do today. Mr. Harvey stated regarding downsizing, your main core business is going to be leak detection systems and Mr. Cooper responded yes we invented it in 1955. We branched out into nondestructive testing, bio tech, electronics, forensic/crime scene investigation but our core is leak detection. We decided to sell off into the Non-Destructive Testing (NDT) business unit to allow us to focus all R & D resources on leak detection. We have several R & D projects in the works. Mr. Cooper indicated the Company also manufactures electric pipe freezers used to maintain nuclear reactors on submarines and also hand sanitizer for the COVID-19.

After further discussion and;

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

RESOLVED, to approve an inducement resolution for a lease transaction in the approximate amount of \$6,678,500 for Spectronics Corporation facility.

Unanimously carried 5/0. A roll call was taken and it was unanimously carried 5/0.

**Select Products Holdings LLC:** Request for an inducement resolution for a lease transaction.

Mr. Catapano presented Exhibit B. Select Products Holdings LLC is a manufacturer of paper products (facial tissues, paper napkins, towels, bath tissue, etc.). Mr. Catapano stated this is a success story for the Agency Select Tissue was a start-up operation in 2012/13. Industrial Development Agencies do not usually get involved in start-ups as the IDA program is set up for established companies that are already in operation. In some cases, IDAs can assist a start-up; the start-ups need capital and good resources for investment and the expertise of knowledge of the industry they are entering into. Select Tissue Products Holdings LLC is located at 1 Arnold Drive, Huntington and originally the Agency assisted them for their eight year lease and a property tax abatement. In 2013, the Company originally estimated 40 jobs and they now have over 70 jobs. The Company is interested in renewing their lease at 1 Arnold Drive, Huntington, NY. There is now a new owner of the building and Select proposes to lease the space for up to eight additional years. In regard to the 2013 transaction, the Company was only able to utilize seven of the eight years because the start of the lease and property tax abatement did not occur simultaneously due to the property tax year cycle. Therefore the eighth and last year of the 2013 schedule will be the first year of the new project and in effect the total term is 15 years for both projects.

Select Products is interested in purchasing additional manufacturing equipment of \$250,000 and adding six additional jobs with an average salary of \$30,000 – 53,000. Mr. Catapano indicated the Company also has a facility in Yardling, PA that was purchased in 2016 and they will still maintain operations at that location. Mr. Catapano stated the Company has explored their options of relocating to North Carolina and/or Virginia, and he thinks it is important to keep the Company here.

Mr. Catapano introduced Nick Galante, President of Select Products Holdings LLC to Board Members. Mr. Galante stated Select Products makes the products that cannot be found in your local supermarkets; napkins, paper towels, facial tissues and toilet paper. Due to the COVID-19 Pandemic, people are hoarding these items and it is difficult to keep up with the demand. Select

Products prefers to under promise and over perform, we have 70 employees and we are very conservative company. During this Virus Pandemic food stores are requesting more product and would rather not over commit and have the stores not be happy with us. We are trying to make as much product as possible. Our employees are working 24 hours a day, six days a week and have grown over the years due to the heavy demand for our products in the local market. There are other locations in the South that are considerably lower cost, our market here is greater, including Manhattan, Long Island, New Jersey and Pennsylvania. Mr. Galante stated it is a high cost market but it is a highly populated market until the Pandemic hit, it is very turbulent times for the Company. We are hopeful people will go back to work in the New York City, we supply the Bodega's and pizza parlors where people are using our product. The Company needs whatever assistance we can get from the IDA. Mr. Galante indicated he does a tremendous amount of work with local vendors about \$20 million annually. Select Products does not manufacture the paper, they do the converting process and packaging. Mr. Harvey said we appreciate you using Long Island based vendors which is honoring our Long Island First Policy. Ms. Wright stated she agreed with Mr. Harvey and even more critical considering the economic environment we are operating in currently.

After further discussion and;

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

RESOLVED, to approve an inducement resolution for a lease transaction in the approximate amount of \$1,127,467 for Select Products Holdings LLC facility.

Unanimously carried 5/0. A roll call was taken and it was unanimously carried 5/0.

**Huntington Village Hotel Partners LLC:** Amendment to application.

Mr. Catapano presented Exhibit C. The Huntington Village Hotel Partners LLC involves the renovation of the vacant historic Old Huntington Town Hall building of approximately 8,638 square feet, equipping and construction of a new addition to create an 80 room boutique like hotel. Mr. Catapano stated Huntington Village Hotel Partners LLC was before the Agency at the February 13, 2020 Meeting and was approved for an inducement resolution by the Board. A public hearing was scheduled for March 18, 2020 but had to be cancelled due to the COVID-19 outbreak and restrictions on in-person meetings. The hospitality and hotel industries have been negatively affected by the Pandemic. The Huntington Hotel is requesting additional benefits as a result of the Pandemic so they can begin construction. This property is a historic structure being the old Huntington Town Hall and has been sitting dormant for at least ten years. The Agency has received a request from the Applicant and has also submitted an updated market study of the effects of the Pandemic completed by HVS. The Applicant is requesting the Agency modify its proposed assistance by amending the original proposal of a 15 year property tax abatement starting at 75% in Year 1 with decreases of 5% per year.

Mr. Catapano introduced Kevin Gremse, National Development Council (NDC) to Board Members. Mr. Gremse of the National Development Council (NDC), is a not for profit organization with clients on the governmental side of the transaction and has assisted the Agency with structuring the property tax abatements for our projects. Mr. Gremse said this project was authorized and approved at the February 13, 2020 IDA Meeting. Mr. Gremse made a presentation at that time and indicated that our assignment was to review the development, application, program and the developer's financial model. Also, to determine the need and sizing of the financial assistance particularly in regard to the property

tax abatement and offer NDC comment and perspective. Mr. Gremse made his presentation and overview of the project to Board Members. After reviewing the additional information submitted by the Applicant and knowledge of the impact of the Virus Pandemic on the hospitality and hotel industry, the NDC is recommending the Board consider amending the first five years of the abatement term to 90% abatement on improvements in Years 1 - 4 and 80% in Year 5. The abatement is only for the construction of the addition and improvements. The existing property taxes will continue to be paid each year.

Mr. Giordano asked if the applicant's proposal was for 100% abatement for the first 5 years is that correct; and Mr. Gremse replied yes. Mr. Giordano asked will that affect the number of employees they will bring in and Mr. Tsunis, Managing Member, Huntington Hotel replied no; I still have to build it and operate it; there will be no change in that matter.

After further discussion and;

Upon a motion by Mr. Giordano seconded by Mr. Slaughter it was:

RESOLVED, to approve the amendment to the application for the Huntington Village Hotel Partners LLC facility by amending the proposed first five years of the property tax abatement on the improvements to 90% abatement in Years 1 – 4 and 80% in Year 5.

Unanimously carried 5/0. A roll call was taken and it was unanimously carried 5/0.

Mr. Tsunis addressed the Board and thanked Board Members, staff and Kevin Gremse for their assistance with this project.

InvaGen Pharmaceuticals, Inc.: Information.

Mr. Catapano presented Exhibit D. Mr. Catapano said the Applicant has withdrawn their application and no action is needed by Board Members.

### **Minutes**

The Minutes of the June 25, 2020 Regular IDA Meeting were accepted by Board Members.

After further discussion and;

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

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

Unanimously carried 5/0. A roll call was taken and it was unanimously carried 5/0.

Ms. Wright thanked the Members for their participation.

The Meeting adjourned at 1:31 p.m.

The next meeting of the Suffolk County Industrial Development Agency is tentatively scheduled for August 27, 2020.