

ACCEPTED BY BOARD MEMBERS 10/22/20

MINUTES  
IDA REGULAR MEETING  
SEPTEMBER 17, 2020

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

Excused Absence: None

Also Present: Anthony Catapano, Executive Director  
Kelly Morris, Deputy Executive Director  
Daryl Leonette, Executive Assistant  
Regina Halliday, Bookkeeper  
William Wexler, Esq., Agency 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  
William Weir, Esq., Nixon Peabody LLP, Transaction Counsel  
Greg Gordon, ZE Creative Communications  
Kevin Nuss, President, Koala Optics LLC/Yoleez Snacks 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 12:35 p.m. by Natalie Wright, Chair of the IDA.

Ms. Wright stated this is the September 17, 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. Mr. Catapano noted that there were no public comments received.

**NEW BUSINESS**

**Koala Optics LLC/Yoleez Snacks LLC:** Request for an inducement resolution for a lease transaction.

Mr. Catapano presented Exhibit A. Koala Optics LLC manufactures and distributes household cleaning products and solution (known for cleaning eyeglass lenses and computer screens). Yoleez Snacks LLC manufactures and distributes granola and breakfast cereal products. Mr. Catapano indicated Koala Optics LLC and Yoleez Snacks LLC have a common ownership with Kevin Nuss, President and his friend Bryant Girolamo who founded Yoleez Snacks LLC. Mr. Nuss owns a portion of each company. Mr. Catapano stated both of the companies operate out of Bay Shore and Huntington Station facilities and they are interested in purchasing a building located at 10 Commerce Drive, Hauppauge, NY 11788. The building is approximately 33,500 square feet and the Companies are looking to expand their operations and create new products. The proposed project size is \$5.9 million and the Company is purchasing manufacturing equipment for approximately \$2,065,000 which is sales tax exempt as of right directly through NYS. The two companies currently employ 8 individuals with an average salary of \$75,625. They are planning to create 23 new jobs within a two year time period with an average salary of \$60,000.

Mr. Catapano introduced Kevin Nuss, President of Koala Optics LLC and Yoleez Snacks LLC to Board Members. Mr. Nuss indicated that Koala Optics LLC was founded by his father and himself five years ago. Mr. Nuss's father distributed optical accessories to nearly 200 Long Island optical stores for 40 years. When he first started his vision was to manufacture better and less expensive versions of the products we were selling in Suffolk County. It took three years before he was able to co-manufacture the products in Suffolk County which is known as Koala Cleaner. The cleaner is the bestselling eye glass cleaner on Amazon. Koala has thousands of positive reviews and is selling to millions of customers. Koala Cleaner is a revolutionary experience it works better than any eye glass cleaner. Mr. Nuss stated that all of his products should create a revolutionary experience and that anyone should be able to afford his products. Currently, the Company is making many natural household cleaning products that are environmentally, consumer friendly and affordable and the products are selling very quickly. Mr. Nuss stated because of the Company's rapid growth he is in need of a larger facility for his state of the art manufacturing equipment and additional staff.

Mr. Nuss stated he would like to give a brief background on Yoleez Snacks LLC. The Company was founded by Bryant Girolamo around the same time he founded Koala Optics. Mr. Girolamo founded granola under the intent that it should be healthy, low sugar, low carbohydrates, naturally clean and good for you. Mr. Girolamo started selling his hand made granola in farmers markets in Suffolk County specifically in Huntington Village and Kings Park. He met with success early on especially with the practitioners in the Paleo Diet. Mr. Nuss convinced Mr. Girolamo to sell his granola on Amazon and now it is the bestselling granola on Amazon. Mr. Nuss said our granola is extremely low carb, low sugar, no artificial flavors, no preservatives and double the nut content of our competitors. Yoleez Snacks is using novel manufacturing process equipment and baking equipment never used in the granola industry. Their products are 30% less expensive than their competitors and they intend to lower prices even further. Mr. Nuss indicated they don't believe healthy snacks should be a luxury. Yoleez Snacks LLC is releasing dozens of new products and needs a larger facility to install significant investments made in new equipment and additional employees they need to hire. Koala Optics LLC is in the process of merging with Yoleez Snacks LLC and will be better equipped to serve the local community and establish a significant manufacturing footprint in Suffolk County. Koala has

many competitors on Long Island although none of them produce here. Mr. Nuss stated he has spoken with manufacturers out-of-state as an alternative to making investments here and they

realize there may be cost advantages to producing off of Long Island which is not what they want to do. Mr. Nuss stated he is here today to request assistance from the IDA specifically for tax abatements. Mr. Giordano asked is the total number of employees for both companies 8 and Mr. Nuss responded correct. Mr. Giordano asked how is that broken down, and Mr. Nuss responded 4 and 4. Mr. Giordano asked are you planning on bringing in an additional 11 employees the first year and 12 the second year and Mr. Nuss replied correct. Mr. Giordano said you feel that will be all you intend to hire and Mr. Nuss said no, my intention is to hire at least 12 people a year for the foreseeable future. Ms. Cochran asked besides Amazon where else do you sell your items. Mr. Nuss replied currently online with Amazon, as soon as we get set up in the new facility and hire new employees the next step is distribution. We have a million customers and a best selling product on Amazon, we can offer our product to stores. Mr. Harvey asked the new space you are acquiring is an increase of 300% over the size of current facility do you expect that much growth. Mr. Nuss replied Koala currently co-manufactures most of its products in Suffolk County, we are bringing all of our manufacturing in house. Mr. Nuss stated Koala and Yoleez need the space immediately. Mr. Giordano said you currently are co-manufacturing when you merge the Companies you will only need 11 employees for two companies. Mr. Nuss replied there is a lot of fantastic equipment that allows us to be very efficient. We are able to produce 20,000 bags of granola in a 6 ½ hour shift and we are purchasing a packing line that allows us to package it in one shift. We sell our products much cheaper and they are a better quality. Mr. Harvey stated in your presentation letter to the IDA, I was impressed by your comments in regard to supporting Long Island vendors. Not only on the manufacturing side but to use Long Island suppliers when you upgrade your facility. Thank you to your complete dedication to the Long Island economy in that regard. Mr. Slaughter said this is a great success story, if you were not to receive the abatement would you be able to do without it. Mr. Nuss said it is absolutely necessary for us to receive the benefits to remain on Long Island.

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 \$5,895,000 for Koala Optics LLC/Yoleez Snacks LLC facilities.

Unanimously carried 6/0. A roll call was taken and it was unanimously carried 6/0.

Mr. Catapano stated to Ms. Wright in the beginning you alluded to the company that Koala and Yoleez are purchasing from, the IDA assisted them in 2013. The company has been very upfront with us and had communication they may be moving some jobs out and we will be discussing a possible recapture on some of their benefits. Ms. Wright indicated that we may see that for discussion at a future meeting.

## **OLD BUSINESS**

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

Mr. Catapano presented Exhibit B. Hartz Mountain Industries, Inc. is a real estate acquisition, development and management company. The Company plans to construct two new warehouse buildings on a 53 acre site on two separate parcels located at 235 Pinelawn Road, Melville, NY 11747. The new buildings will be leased to third party tenants for warehousing and distribution.

This location is the former Newsday site, Newsday relocated to Melville and the site was put out to bid. Mr. Catapano stated there were several conversations at the time with potential purchasers about whether this would fit into the IDA program which it does because the use is industrial warehouse and distribution. Hartz Mountain, Inc. was the winning bidder on the property and closed on the purchase in 2018. Mr. Catapano stated we met with Hartz and discussed the Long Island First Policy and the mechanics of how the benefits are implemented. Their proposal was two tax lots, demolish the existing Newsday building and construct two buildings totaling one million square feet. The Company submitted their application in May 2019 with the fiscal economic impact analysis, although the environmental review had not been completed by the Town of Huntington. What is before the Board today is the full inducement resolution which includes adding on the SEQRA environmental determination. The Agency still has to conduct a public hearing and go back to the Board again for consideration of the final resolution. The project will create 600-800 jobs according to their analysis, there will be recapture language as we do with all our projects. Hartz Mountain wants to lease the space to a few large tenant users, they do not want to break up the space. The Company will be on the hook for recapture if there is a shortfall of jobs. When they secure tenants they have to be mindful of the jobs, Hartz will be responsible for the employment levels based on their application. Mr. Catapano stated there were some issues early on, the Company removed asbestos from the building and used a contractor they had used previously based in Orange County, NY. They did have some local bids and Hartz explained their process to us. Mr. Catapano stated the Long Island First Policy is not a compulsory requirement, if so it would interfere with the interstate commerce clause of the United States Constitution. The preference is to hire local trades and employ locally but the IDA is a creature of New York State. With respect to the sales tax rate in Suffolk County and New York State there is a 4% State piece and we cannot exclude a New York State based company from participating in a project. As we would like to see companies utilize Long Island construction trades we cannot make it a mandatory requirement as per our documents.

Mr. Catapano read two public comments one of from the Plumbers Local Union #200 and one from the Long Island Federation of Labor that he received this morning to Board Members regarding Hartz Mountain Industries, Inc. Mr. Catapano said what is before the Board today is to add on the environmental with respect to the approval. It could not be done in May of 2019 as the process was not complete. After today, we can conduct a public hearing and then bring it back to the Board for consideration of final approval. Ms. Cochran asked have any of these issues been addressed to our legal team, how serious is it. Mr. Catapano said they have met with some of the local unions. This is a high profile project in development that has been around since 2018. There have been delays for Hartz, a condominium complex, The Club located on the same street is not happy about additional traffic that will be created. The Newsday site has some exits that filter out to Deshon Drive they are trying to be accommodating to the residents. Hartz also worked with Newsday and their relocation to allow them time to find their new space. Mr. Giordano asked when did you receive the letters and Mr. Catapano responded this morning. Mr. Giordano said we have an issue it goes against what we believe in regarding Long Island workforce first. Mr. Catapano said we have had continuing conversations with Hartz regarding the Long Island First Policy and they are aware of it. The demolition permit is outside the scope of the Agency they did not receive any IDA sales tax exemption or IDA benefits, it was done prior to any finalization of the IDA process. There was no official penalty by the Town to Hartz and they were not in violation according to the Town. They finished the asbestos demo and stopped and they are working on the environmental issues. Ms. Morris stated we also contacted Hartz Mountain regarding those activities again after this and discussed the Long Island First Policy and expressed how important this is to our Board Members.

The Town assured us that Hartz Mountain was responsive. Ms. Cochran asked if Hartz was receptive to this and Ms. Morris said yes. Mr. Giordano asked will we be able to speak to Hartz and

union members before the final resolution and Mr. Catapano said if that is the Board's wish. Mr. Harvey asked the public hearing will be held virtually and Mr. Catapano said the Executive Order is currently extended through October 12, 2020 and could be further extended. Mr. Harvey asked if participants are notified in advance and Mr. Catapano replied yes, we send what is required by law and it is posted on our website. Mr. Harvey asked Mr. Wexler if the Town of Huntington issued its environmental determination and is considered an unlisted action and a negative determination regarding the SEQRA process. Mr. Wexler responded there are no issues. Mr. Giordano stated he would be satisfied viewing the Minutes of the Public Hearing and having representatives from Hartz Mountain at the Meeting of the final resolution. Mr. Catapano indicated the action today is to add on the completion of the environmental review. The purpose of this on the Agenda is to put it in the public spotlight, it adds to the transparency of the Agency. Mr. Giordano asked when did we first meet with Hartz in 2019 and when did they start excavating. Did we tell them that we prefer them to use local workers and Mr. Catapano said yes we discussed it numerous times with them apparently the local bid for the work was very high. Mr. Giordano stated that he was surprised that Hartz did not let the Agency know they were going to use a company from Orange County, NY. Mr. Catapano stated we learned of it after the fact. Ms. Cochran said from my experience with construction and finding out there is asbestos, many times it adds so much cost and renders the project financially unfeasible to do. Ms. Cochran stated asbestos removal is very expensive, maybe Hartz did not budget for it and she could see them going someplace else for the affordability. Mr. Slaughter said the way I understand it, the asbestos that was done, I don't know if it was affiliated with this contractor. The contractor from Orange County was supposed to be doing the demolition of the building which is a separate contract from the asbestos cleanup. The Town issued a stop work order because they did not have a permit to do demolition, they had a permit to do asbestos cleanup. They felt the work being conducted would be on the asbestos permits and that's why there was a stop work order, demolition still needs to take place. We would have to clarify that, and if the work has to be done is it necessary for them to use an outside contractor. Ms. Cochran asked are they in contract with the people and Mr. Catapano stated they told us they have no contracts. The Orange County company they employed when they were based in Orange County, NY used local labor to do asbestos removal. It was our understanding there was not a stop work order. According to the Town the stop work order was not done and there were no fines. Ms. Cochran stated our main concerns are the Unions. Ms. Wright said regardless of the project size it is very large investment and benefit making sure the Long Island First policy is upheld. It is to provide opportunity for local contractors to engage on the project. If they can't win and they submitted a bid we gave them an opportunity. Mr. Giordano asked does Hartz have tenants ready to move in. Mr. Catapano replied no they anticipated the buildings would be up by now they need site plan approval from the Town which could be 3-4 months. Mr. Harvey stated Hartz purchased property on Spagnoli Road, Mr. Catapano said yes that was the old National Grid property they were the winning bidder. Mr. Catapano stated we have had discussions; they may be presenting an application at a future meeting. They are well aware of the high stakes in doing the right thing here. Mr. Harvey stated obviously they are going to be coming to us and he appreciates the effort that Mr. Catapano and Ms. Morris are putting into to the Long Island First Policy.

Ms. Morris indicated she received another letter from the President of the Building and Construction Trades of Nassau and Suffolk County via the website and read it to Board Members. Mr. Giordano suggested making the Union aware that this is not a final inducement and they will have an opportunity to make their comments known prior to final inducement. Ms. Wright agreed and said she thinks the letter made the assumption that we had already provided benefits as we have not provided

any benefits. Ms. Cochran stated this is creating a lot of jobs; this would be good for Suffolk County and the taxpayers. Mr. Catapano said the estimate is 860 construction jobs during the construction phase in addition to employment from the tenants. Mr. Slaughter stated this is a significant project we

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assumed that the 860 construction were local jobs. All the local contractors should have an opportunity to bid, we give the tax breaks because Long Island is expensive to live and it is the same for the workforce. Outside contractors can bid lower because they are paying workers a different wage, they live in a lower cost areas. We need to encourage that the local workforce get the best consideration. Mr. Harvey indicated moving forward Hartz Mountain got off on the wrong foot; we can educate them about concerns and needs for the local economy.

After further discussion and;

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

RESOLVED, to approve a full inducement resolution for the completion of an Environmental SEQRA for Hartz Mountain Industries, Inc. facility.

Unanimously carried 6/0. A roll call was taken and it was unanimously carried 6/0.

### **Minutes**

The Minutes of the August 27, 2020 Regular IDA Meeting were accepted by Board Members.

After further discussion and;

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

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

Unanimously carried 6/0. A roll call was taken and it was unanimously carried 6/0.

The Meeting adjourned at 1:45 p.m.

The next meeting of the Suffolk County Industrial Development Agency is tentatively scheduled for October 22, 2020.