

ACCEPTED BY BOARD MEMBERS 11/19/20

MINUTES
IDA REGULAR MEETING
OCTOBER 22, 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
David Chauvin, ZE Creative Communications
Eric Antman, CFO, Contract Pharmacal Corporation (CPC)
Garrett Gray, Esq., Weber Law Group, Company Counsel, Contract Pharmacal Corp.
Guy Germano, Esq., Germano & Cahill P.C., Company Counsel, Rechler at Gabreski, LLC (245 Roger's Way)
Brad Griggs, Senior Manager, Amazon.com Services LLC
James Rhatican, Asst. General Counsel/VP Land Use & Devel., Hartz Mountain Industries

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 1:10 p.m. by Natalie Wright, Chair of the IDA.

Ms. Wright stated this is the October 22, 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 or they may be mailed to the Suffolk County Industrial Development Agency.

NEW BUSINESS

Contract Pharmacal Corporation (CPC): Request for an inducement resolution for a lease transaction.

Mr. Catapano presented Exhibit A. Contract Pharmacal Corporation (CPC) develops, manufactures and packages pharmaceuticals, over-the-counter drugs & dietary supplements for pharmaceutical companies, retail and wholesalers.

Mr. Catapano noted the Agency has done numerous projects with Contract Pharmacal Corp. They have transitioned from the parents as owners of the Company to their children and grown even further with a management team they built to create an even larger successful company. Contract Pharmacal Corp. is looking to lease, renovate and equip 73,000 square feet of space in an existing 124,871 square foot building located at 150 Engineers Road, Hauppauge, NY 11788 to be used for manufacturing and distribution. The project size is \$3.6 million and of this amount \$3 million is for manufacturing equipment. A small amount is for renovations \$350,000 and non-manufacturing equipment is \$250,000. They currently have 1,325 employees with an average salary of \$44,000. After two years of operation the Company expects to create an additional 40 jobs.

Mr. Catapano introduced Eric Antman, Chief Financial Officer and Garrett Gray, Esq., Weber Law Group, Counsel to Contract Pharmacal Corporation (CPC) to Board Members. Mr. Gray stated that Mark Wolf of Contract Pharmacal Corp. was unable to join us today. Our partnership with the IDA goes back many years, we have done many successful projects with the IDA. Mr. Gray stated we are a huge employer on Long Island we started out with 600 employees and we currently have over 1,300 and are continuing to grow. Contract Pharmacal Corp. needs more space, the request is for manufacturing space with some warehouse. Mr. Gray stated we promised to add an additional 40 employees over the next two years, we have always exceeded expectations. The problem we are facing is getting more employees, they are hard to come by and we appreciate all the assistance the Board has given us. Mr. Harvey stated we have done a number of projects with CPC and I remember 10 years ago driving through the Hauppauge Industrial Park and many businesses were closed. I would like to thank you for a job well done for bringing back the pharmaceutical industry on Long Island. Mr. Harvey stated he looks forward to moving on this inducement. Mr. Gray indicated Contract Pharmacal Corporation between purchases and leases occupies 12 buildings in the Hauppauge Industrial Park.

After further discussion and;

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

RESOLVED, to approve an inducement resolution for a lease transaction in the approximate amount of \$3,600,000 for Contract Pharmacal Corporation (CPC) facility.

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

Ms. Wright stated we look forward to your continued growth and prosperity in Suffolk County.

Rechler at Gabreski, LLC (245 Roger's Way): Request for an inducement resolution for a lease transaction.

Mr. Catapano presented Exhibit B. The Hampton Business District is the development of a business and technology park by Rechler Equity/Rechler at Gabreski, LLC selected by Suffolk County to develop approximately 50 acres of land and 500,000 square feet at the County owned Gabreski Airport in Westhampton Beach pursuant to a long term ground lease.

The Rechler at Gabreski, LLC (245 Roger's Way) property is located at the County owned Gabreski Airport located in Westhampton Beach. The County has been attempting to develop the property for decades. In 2009, it came to fruition when Rechler Equity was selected as the developer to develop 50 acres of property into a business park. Mr. Catapano stated the first building at 220 Roger's Way was constructed in 2013 and is occupied by Tates Cookies, A/C Electric and Westhampton Beach Brewery and the business park has been very successful. The current proposed project to be located at 245 Roger's Way involves the construction and equipping of approximately 91,000 square foot building on approximately 18.4 acres of land and demolition of an existing 7,633 square foot building to be leased to Amazon.com Services LLC as the tenant for warehouse and an e-commerce distribution facility. The proposed building will be used as a fulfillment center serving as a last mile delivery station for customer's package orders for the eastern end of Long Island at the Suffolk County Gabreski Airport. This will be the fourth building in a series of eight to be constructed at the business park within the Airport. The project size is \$36 million of which \$7.5 million is attributed to the Amazon conveyor system that will be installed in the building. It is estimated that there will be 50 jobs created at an annual salary of \$1.7 million and approximately 100 new construction jobs will be created during construction. In 2010/2013 the Board set a template of proposed benefits for the business park and as each building comes before the Agency the Board would consider the Application. This development is at a County owned facility and it is exempt from property taxes although it is being used for private use and there could be taxes imposed. The Agency can then provide the property tax abatements.

Mr. Catapano introduced Guy Germano, Esq., Germano & Cahill, P.C. and Gregg Rechler, Rechler at Gabreski and Brad Griggs, Senior Manager, Amazon.com Services LLC, to Board Members. Mr. Germano stated this project was originally conceived as a joint project between Suffolk County and the Town of Southampton. It started in 2005, the County and Town wanted to develop the property that was vacant. They came up with a plan for the development, The Rechlers and the County in 2009 agreed on a lease and the Rechlers would lease the property from the County. The Rechlers had to revise the masterplan in order to create a park that was modern and would provide the kinds of buildings that industry would look for. Mr. Germano stated that was accomplished by Rechler and the Town of Southampton in July, 2011. The Rechlers attempted to market the property for approximately a year in a half and they were unable to market the vacant land. They built a spec

building and after building it, were able to lease it up and they built another and leased it. Most of the buildings are leased up now. Mr. Germano indicated building #245 is 90,000 square feet and it is e-commerce and designed to service the east end and provide services to the residences and businesses.

Mr. Germano indicated the first phase of IDA involvement was giving the Rechler's sales tax exemption and an abatement during the construction period. That was put in effect initially and as the buildings were built they would receive an abatement. There are approximately 223 employees in the three buildings built in the business park and there is 28,000 square feet to be leased. The park has been successful. There has been a collaborative effort between the Rechlers, the Town of Southampton and Suffolk County.

Mr. Germano asked Brad Griggs, Senior Manager of Amazon to discuss the operation and site plan of the project. Mr. Griggs stated our project is located at 245 Roger's Way which is a last mile distribution center and delivery station scheduled to service the East end of Long Island. Mr. Griggs stated 10% of the trucks will come in overnight and 90% will come during the daytime between 10 a.m. – 6 p.m. The Amazon employees are a mix of full time, part time and seasonal workers. Mr. Griggs gave Board Members a brief presentation regarding the different shifts of the Amazon delivery drivers. The Company also has Amazon Flex drivers and it uses Uber for packages. The Amazon Flex application if you register and take a safety course the salary is between \$22- \$25 an hour using their own personal vehicles. Mr. Griggs stated the Company anticipates about 50 full time employees with a salary of \$15 hour. Amazon employees will receive from day one, medical, dental, 401k, life insurance and other benefits. Amazon will provide a mix of part-time and seasonal positions. Mr. Giordano asked how many facilities does Amazon have in Suffolk County and Mr. Griggs responded we have one other facility that just recently opened in Shirley, New York. Mr. Slaughter asked how many drivers a day would be coming through the facility. Mr. Griggs said it depends on the time of year during peak season mid-November to the end of December approximately 200 drivers and non-peak would be 120 – 150 drivers. Mr. Griggs said these are rough ball park estimated numbers. Mr. Giordano asked regarding the Shirley property approximately how many employees are there and Mr. Griggs said approximately 70 full time employees and we are starting to ramp up for peak season adding more employees. Mr. Harvey asked Mr. Catapano regarding the abatement schedule currently the property generates no tax revenue, Mr. Catapano responded correct there is a small land tax being paid on the underdeveloped property. It started at 50 acres and they will pull out 18 acres and attribute it to this building, Mr. Harvey said there is little revenue being generated now. Every year during the 15 year term the total amount paid will be under \$750,000 and every year thereafter (years 16,17,18, etc) there will be a full tax payment of \$100,000 plus and Mr. Catapano said that is correct. Mr. Giordano asked do you foresee more jobs opening up in the new facility after two years where do you see the growth being and Mr. Griggs responded we have opened over 150 deliver systems over the past few years. Mr. Griggs said he does not believe job levels to drastically increase but there may be some full time employment opportunities. For right now, we would maintain 50 employees for the long term. Mr. Giordano said you don't see that you would cut back on jobs and Mr. Griggs said no. Ms. Wright stated this project is a long time coming it's been great to see it move forward, it is very beneficial.

After further discussion and;

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

RESOLVED to approve an inducement resolution for a lease transaction in the approximate amount of \$35,910,796 for Rechler at Gabreski, LLC (245 Roger's Way) facility.

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

OLD BUSINESS

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

Mr. Catapano presented Exhibit C. 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.

Mr. Catapano stated the Board considered the full inducement resolution at the September 17, 2020 Meeting. Hartz Mountain Industries was originally approved by the Board in March, 2019 and the project had to go through some land use issues. This location is the former Newsday site, at 235 Pinelawn Road, Melville, NY. The overall project size is \$190 million and they estimate 600-800 jobs to be created by the tenants that lease the building. The public hearing was held October 19, 2020 the hearing was live streamed and there were five individuals that commented. James Ratican, Counsel, Hartz provided a comment along with Legislator Trotta, Legislator Piccirillo, a resident from the construction trade and Ryan Stanton from the Long Island Federation of Labor. Mr. Catapano read Legislator Trotta's comments to Board Members. Mr. Catapano said Legislator Piccirillo mentioned with the financial strain of the pandemic on the municipalities they are losing out on tax revenue. Ryan Stanton mentioned that there was a dust up with the labor trades demolition contract and they used an Orange County, NY based contractor he asked the Board to delay any further action until they have built up more of a track record in the community. The resident that spoke is a construction worker and said he is all for providing tax incentives but wants to make sure all local workers get the jobs. Mr. Catapano said there was also a letter submitted jointly by Kyle Strober, Association for a Better Long Island, Inc. and Mitch Pally, Long Island Builders Institute, Inc., they said this type of project is in an IDA's wheelhouse and the Agency should move forward it will create 600 jobs.

Mr. Catapano stated that James Rhatican, Assistant General Counsel/VP of Land Use & Development of Hartz Mountain is here if anyone has any questions. Mr. Giordano said he listened to the public hearing and local labor was not involved and you brought in another contractor from upstate New York it was conveyed that there would be some discussion. Mr. Giordano asked since the last meeting has there been any discussions to resolve this. Mr. Rhatican said we met with representatives of some local labor and the IDA. Also, we will not be serving as our own general contractor the bids will go out in the next few days. Mr. Rhatican said we fully intend to comply with the Long Island First Policy. When we met with representatives we told them that when we do select a general contractor we would identify the selection and let the labor representative speak with them. Everyone that we have used other than the demolition contractor has been local to Suffolk County. We feel we have been complying and continue to do so. Mr. Rhatican indicated he would like to respond to Legislator Trotta; this is a spec project and the incentives will help to attract tenants. We are not a user we build and lease to third parties and these incentives will benefit the companies that rent space from us, it will not help Hartz Mountain. Mr. Giordano stated at the public hearing there were some labor representatives that were voicing their disapproval who are they and has Mr. Rhatican spoken to them since then. Are there still disapprovals from Unions after he had a meeting with them? Mr. Catapano responded there were representatives from Long Island Federation of Labor and Nassau/Suffolk Building trades, three Agency Board Members, Agency Counsel Bill Wexler, Kelly Morris and myself. Mr. Rhatican said there had been dialogue with the labor trades previously. Everybody seemed to be on the same page and all wanted to continue the dialogue that

was established. Mr. Giordano stated are we not putting the cart before the horse on this; I am asking the labor people on the Board. Mr. Harvey responded what Mr. Catapano said is correct there was no dialogue before the meeting. The only way these situations are going to be resolved is through direct conversation. Mr. Harvey said if there is no dialogue there is no movement, I am happy to hear Mr. Rhatican is going to keep everyone in the loop. Mr. Slaughter stated after the meeting the dialogue is ongoing as Mr. Giordano said putting the cart before the horse is my concern. There will not be an opportunity for dialogue; it's hard to see the progress with this being a final vote we will not be able to have that discussion. I have my reservations about the contractor that was chosen from outside the region when a bid is significantly lower. Mr. Slaughter said I don't know how many contractors could have potentially bid there were only three bids and I would like to know what the process was and the discretionary of the bids. Is there any documentation showing the workforce that they are using local workers I would like to see.

Mr. Rhatican stated the bidding had gone out for demolition there were local firms among the bidders and there were differences in the bids between the company that got the bid. The company that we chose sells the scrap from the job which was helpful in how they were able to come in with a lower bid. There was a dialogue going back a year ago and Mr. Sal Gentile at Hartz met with labor representatives over a year ago. We understand the importance of the Long Island First Policy and it is in our best interest to comply with it. Mr. Rhatican said everyone that Hartz Mountain has used has been a local contractor or service provider other than the demolition firm which was used. If the vote is deferred it would substantially compromise the marketing of this project. We have variances and a planning board meeting in the works. Mr. Giordano stated when you completed your initial application you were aware to use Long Island First, was the board aware they were bringing in outside workers. Mr. Catapano replied it was after the fact. Mr. Giordano said my personal opinion is to see what transpires down the road, I understand it may hurt chances of bringing people in quickly. Mr. Rhatican stated we have hired 8 or 9 local professional service firms and businesses during the development of this project.

Ms. Wright said I think the results of the meeting with the Hartz Mountain team there were two things that were evident as a result of the meeting the agreement of increased communication and insurance of opportunity. The Long Island First is a policy to insure opportunity for local firms to bid on work. I think we came out of the meeting in agreeing. Also informing the Board of the progress that is made, I think the meeting was successful. Mr. Giordano asked the individuals that reached out from the trades did you reach out to them and are they up to speed. Mr. Rhatican responded one of the persons that spoke was at our meeting weeks ago and an individual that we did not reach out to. Mr. Catapano said the individual was Ryan Stanton, with Long Island Federation of Laborer was also at the October 5, 2020 meeting that we had with Hartz. Ms. Cochran asked Mr. Harvey what is your take away from that meeting. Mr. Harvey said there was an effort made from Hartz Mountain to increase their communication with Nassau/Suffolk Building Trades. It is difficult to make a solid decision based on good faith. We want to make sure the Long Island First Policy is adhered to, we have not seen any results yet as to whether people deciding whether we move forward. Ms. Cochran stated this question is for Mr. Harvey and Mr. Catapano; it is my understanding that the same person that was in this meeting voiced his opinion negatively at the hearing. Mr. Catapano responded he asked the Board to defer the vote. Ms. Cochran asked how many organizations does this person speak for and Mr. Harvey responded the Long Island Federation of Labor. Ms. Cochran indicated that is a red flag for me.

Mr. Giordano stated this is all too controversial we are still in a murky area, I would prefer to table this. Ms. Cochran said what we can suggest to the applicant is to try and make it right. Mr. Rhatican asked what is the typical protocol, do you defer votes until a general contractor has been awarded.

Mr. Catapano stated that is the dilemma with IDAs, the Agency lawyers can chime in, that is why there is recapture benefits if the company does not comply. Ms. Cochran said I am not afraid to vote on this you may need a clearer communication with these organizations. Ms. Wright stated in the past we have not evaluated organizations compliance with the Long Island First Policy outside the purview of their application. The purview of application is what we should be considering. If they do not comply we have the recapture policy. Ms. Cochran stated we cannot recapture because of the Long Island First Policy that is one reason why we should try and make peace and move forward. Mr. Slaughter stated Ms. Cochran made a good point, regarding the Long Island First Policy, it's about the jobs if they don't comply. Mr. Slaughter stated I think tabling this project will let all parties feel comfortable. Mr. Wexler indicated I was at the meeting and my take away is that the representatives of Hartz indicated that every other contractor and vendor being used are from Long Island. They used an upstate NY based demolition contractor because the other bids were 50% to 100% more expensive. Additionally they have agreed they will reach out to the IDA if something were to incur. What happens when a particular vendor is 50% less, we can't compel them to use local labor. It would be impossible for Hartz to have all their subs in place. Mr. Rhatican said that was an accurate statement of our intent. It sounds like some of the Board members want to table the vote until they know who the subcontractors are I think it is impractical. Ms. Cochran indicated I want to make it clear my concern is the open dialogue with the people that are having a problem. Mr. Rhatican stated we have done our due diligence and we continue to have an open dialogue. Mr. Harvey stated I asked Hartz if they have a similar IDA type agency in New Jersey. The IDA's in New York are under constant scrutiny we are charged with the duty of watching over the tax-payer money. We have a responsibility to the tax-payer we are going to give you \$16 million over 20 years in tax benefits and we have to answer to the public that their taxes increase every year we are stuck in a difficult situation. Mr. Harvey continued we would appreciate the predicament projects like this put us in we are making a good faith commitment that you comply and use Long Island people and comply with the edicts of the agreement. In the long run your building will be built and we will be left with the consequences if you don't do the right thing. Mr. Rhatican replied as I said the dialogue did continue the head of the Building Trades contacted one of the possible general contractors. In your comments you referred to us as an outside company we don't want to be an outside company we want to be part of the community. We have already purchased another site in Suffolk County we like to have a footprint of more than one building. We hope to not be an outside company we are here to stay in a positive way. Mr. Harvey stated as you arrive on Long Island you past numerous office complexes that are owned by Long Island real estate developers. These real estate developers have used Nassau/Suffolk trades they have become very successful and there is no reason why you can't be successful as well. Mr. Giordano stated you are asking us to make a decision on \$190 million project whatever it takes to figure this out it could create problems for the tax payers of Long Island let's get more opinions and table this for another time.

After further discussion and;

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

RESOLVED to table the Hartz Mountain Industries, Inc. IDA application for consideration of a final approval.

Yes to table – 3 (Anthony Giordano, Josh Slaughter, Gregory Casamento)

No to table – 3 (Natalie Wright, Kevin Harvey, Sondra Cochran)

The motion to table did not carry 3/3. A roll call was taken and the motion to table did not pass with a vote of 3/3.

After further discussion and;

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

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

The motion to approve a final resolution carried 4/2 with Mr. Giordano and Mr. Slaughter voting no. A roll call was taken and it was unanimously carried 4/2.

Ms. Wright stated I appreciate all the conversation, we will continue to engage with Hartz Mountain. The Long Island First Policy is continued communication and continued opportunity to be able to allow Long Island firms the opportunity to bid on work and have access to the work. We will continue to ensure that this moves forward. Mr. Giordano said I respect the decision of the Board and we all worked very hard to try to come to a conclusion. I hope that Mr. Rhatican will honor what he said here today. Ms. Cochran stated I trust that Mr. Rhatican will honor what he said here today to the best of his ability. She added, please talk to your general contractor and let them know how Suffolk County feels about protecting the interest of the taxpayers and also the investors too. It is not a good relationship unless it is good for everyone.

Mr. Rhatican said he would like to thank everyone for the fair, reasonable consideration of the application. I can assure you we will take the Long Island First Policy to heart and comply with it and is already in our bid documents. We are imploring our general contractor to comply whoever it may be. I would like to thank you for your comments and your time.

Minutes

The Minutes of the September 17, 2020 Regular IDA Meeting were accepted by Board Members.

Proposed Budget 2021

Ms. Wright indicated that the Audit & Finance Committee met with regard to the proposed budget prior to the Meeting. All members of the Committee were in attendance and reviewed the proposed budget and recommend it be approved. Ms. Wright stated we reviewed the 2021 budget and would like to make a recommendation to approve the proposed 2021 budget.

Mr. Catapano stated also taking place during the Audit & Finance Committee meeting was to continue to retain Sheehan & Company as our Agency Auditor and to continue to retain Albrecht, Viggiano, Zureck & Co., P.C. (AVZ) as our Agency accounting firm.

After further discussion and;

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

RESOLVED, to approve the 2021 Budget for the Suffolk County Industrial Development Agency.

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

After further discussion and;

Upon a motion by Mr. Slaughter, seconded by Mr. Casamento, 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 3:05 p.m.

The next meeting of the Suffolk County Industrial Development Agency is tentatively scheduled for November 19, 2020.