

June 18, 2021

**Via E-mail and First Class Mail**

Mr. Anthony Catapano  
Executive Director and Chief Executive Officer  
Suffolk County Industrial Development Agency  
H. Lee Dennison Building, 3<sup>rd</sup> Floor  
Hauppauge, New York 11788-0099

Re: Contract Pharmacal Corporation; Lease of 250 Kennedy Drive, Hauppauge

Dear Mr. Catapano:

We are attorneys for Contract Pharmacal Corporation (“CPC”). On May 20, 2021, we appeared before the Suffolk County Industrial Development Agency (“SCIDA”) seeking an inducement resolution for certain benefits associated with CPC’s lease of 250 Kennedy Drive.<sup>1</sup> While the SCIDA Board unanimously approved CPC’s request, a review of the minutes of the hearing demonstrates the existence of certain questions the Board had with regard to CPC’s application. We thought it best to respond to those issues prior to the hearing for the authorizing resolution.

First, questions were raised as to whether CPC should be entitled to additional SCIDA benefits now that it has “established” itself in Suffolk County, and whether CPC’s claims of moving to Florida are just “hollow” claims. It should be noted that the mandate of the SCIDA is not just to bring new business to Suffolk County, but to keep established businesses from leaving and encourage them to create more jobs. Through the assistance of the SCIDA, CPC has grown from a handful of employees to over 1,350 employees – a result that could not have happened but-for the continued assistance of the SCIDA. Each time CPC requests assistance from the SCIDA, it under-promises and over-performs with respect to its job creation numbers. Indeed, the symbiotic relationship of the SCIDA and CPC has been touted as the exact type of success story for which the SCIDA was created.

Additionally, CPC’s statements that operations may be moved to Florida are not hollow. While it is true that it is highly unlikely that CPC would close down its facilities in Hauppauge

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<sup>1</sup> As I was unavailable to attend this hearing, my partner, Jason Stern, Esq., attended in my absence as CPC’s legal representative.

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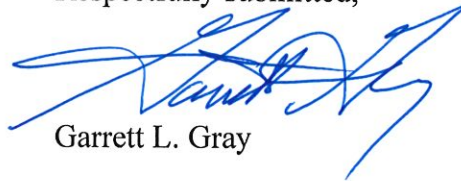
and move everything to Florida, it would not be difficult for CPC to establish its new facilities in Florida, as opposed to the Hauppauge Industrial Park. Indeed, CPC has recently opened two companies in Florida – Florida Pharmaceutical Products, LLC and FPP Holdings LLC. The two founders of CPC – John and Harriet Wolf – both live in Florida, and CPC’s President, Mark Wolf, just purchased a home in Florida. Everything set forth in my letter of need concerning CPC’s possible relocation to Florida is true. Given the relationship CPC has with the SCIDA, there would be no reason for CPC to make hollow threats.

Questions were also raised at the hearing concerning the reasons for the 250 Kennedy landlord raising the rent, the amount of said rent increase and what entity would be realizing the benefit of any potential PILOT agreement awarded by the SCIDA. While it is difficult to opine on the reasons why a landlord would raise the rent, CPC would surmise that it was due to a combination of factors, such as (a) the toll that the COVID pandemic has taken on landlords in New York, both commercial and residential, (b) the recent spike in rents for industrial properties seen on Long Island in the past year, and (c) several recent newspaper articles reporting on the exorbitant prices sellers of industrial buildings are realizing. Whatever the reasons, the landlord increased the rent by approximately 17% -- from approx. \$960,000 to \$1,150,000 annually for this 127,800 sf building. Prior to entering into this new lease, for the past five years CPC had been leasing approx. 40,000 sf from the landlord and subletting the remaining 87,000 sf from one of landlord’s tenants. The new lease will be solely between the landlord and CPC and will incorporate the entire building. CPC is recommitting to this building and its 92 employees, making additional significant investment therein, and hiring additional employees.

Finally, because the new lease is a triple net lease, CPC is responsible for the payment of all real estate taxes. Accordingly, any PILOT benefits awarded by the SCIDA will run directly to CPC, and not the landlord or any other party.

This hopefully addresses some of the questions and concerns that were expressed during the May 20 SCIDA meeting. I look forward to seeing you at the June 24th meeting. If you have any questions or require any additional information, please do not hesitate to contact me at any time.

Respectfully submitted,



Garrett L. Gray

cc: Ms. Kelly Murphy  
Mr. Mark Wolf  
Mr. Eric Antman