



ACCEPTED BY BOARD
MEMBERS 5/20/21

MINUTES
IDA REGULAR MEETING
APRIL 22, 2021

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

Excused Absence: None

Also Present: Anthony Catapano, Executive Director
Kelly Murphy, Deputy Executive Director
Daryl Leonette, Executive Assistant
Regina Halliday, Bookkeeper
William Wexler, Esq., Agency Counsel
Andrew Komaromi, Esq., Harris Beach PLLC, Transaction Counsel
William Dudine, Esq., Katten Muchin Rosenman LLP, Transaction Counsel
William Weir, Esq., Nixon Peabody LLP, Transaction Counsel
Melissa Bennett, Esq., Barclay Damon, LLP, Transaction Counsel
Greg Gordon, ZE Creative Communications
David Chauvin, ZE Creative Communications
Grant Havasy, Managing Partner, BGNV AVE LLC
Daniel Baker, Esq., Counsel to BGNV AVE LLC
Kevin Gremse, National Development Corp. (NDC)
Geoffrey Person, National Development Corp. (NDC)
Ed McAllister, President/CEO, Sterling North America, Inc. (Sterling Digital Print)
Louis Dupere, CEO, D3, LLC
Guy Germano, Esq., Counsel to D3, 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 12:40 p.m. by Natalie Wright, Chair of the IDA.

Ms. Wright stated this is the April 22, 2021 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

BGNYAVE, LLC – Northridge Square: Request for an inducement resolution for a lease transaction.

Mr. Catapano presented Exhibit A. BGNYAVE, LLC is a real estate development company and an affiliate of Blue & Gold Holdings. Ms. Wright indicated that she was not present at the prior meeting although she listened to the meeting and was engaged in some of the conversation surrounding the application. Since last month's meeting, we have had some good discussions regarding questions by Board Members relating to this application. Ms. Wright stated that she felt confident to add this to the Agenda for this meeting. One of the questions from Board Members was with regard to the Suffolk County IDA's authority to provide benefits to multi-family housing developments. Ms. Wright indicated that she would like to state for the record that the IDA is entitled to provide benefits to multi-family housing developments. It is an IDA Board's choice as to should they approve particular developments but it is within their right to provide benefits to that classification of projects. Mr. Slaughter stated at the last meeting he abstained on this project due to questions that were raised, he did not have all the information. Mr. Slaughter indicated that he wasn't clear on the IDA's authority and wanted to take time to look at it all. The back-up information is clear and we do have the authority. One thing Mr. Slaughter did note, he will be supporting the project the jobs being created are not high paying jobs for that reason he will not support the project for the jobs portion of it. However, there are affordable units involved which is critical to support on Long Island. In the future if projects coming before us are low paying jobs Mr. Slaughter may not support them it is important that jobs are created rise to a certain level to get tax benefits. Mr. Beedenbender stated at the last meeting he expressed some reservations about this project and there was a quote in Newsday as to whether the Agency had the authority to do this project. Mr. Beedenbender stated he spent a lot of time reading case briefs provided by Counsel. He believes the Agency does have the authority to approve projects like this. It is a two-part test; does it meet the standard of commercial as the Comptroller and legal opinions have done it and do we think it is a good project. Mr. Beedenbender said he had some questions regarding the finances on this project and Kevin Gremse, NDA spent a lot of time and cleared them up. From a financial perspective this project is a really close call, even with the benefits being proposed that we will vote on today. The financials of this are close to things that banks and investors will be willing to support. Mr. Beedenbender said he thinks affordable housing is a good entity. My questions are not can we, but more should we, not specific for this particular project about the lack of progress at other levels with multi-family rental housing. We are the Agency of last resort, to help solve this problem that the business needs this to survive. Mr. Beedenbender said he hopes that the developer and residents get everything they expect and the people that will work in the retail establishment of the project get everything they expect also. Mr. Beedenbender stated for him individually this project goes beyond the merits. The Agency received a letter without naming my name it suggested a few things. To be clear, he said he understands what every day Long Islander's want and he had a question about should this board be the place. Mr. Beedenbender said he can't vote for this project but not because of its merits. Mr. Beedenbender stated he will not change his vote if it leaves the chance it may be thought that he changed it due to

pressure and the letter. He wished the developer the best and indicated that he didn't want the board members to follow him he feels individually focused on this and wanted to clear it up since there have been several meetings and Newsday articles about where his position is on this and what he meant. Ms. Cochran addressed Mr. Beedenbender, you will have to get used to this being on this Board we have been called (you people) and been accused of taking kickbacks. Don't let that discourage you from doing what you think is right, be prepared and move on. If we let what people say and what is written in the paper influence us, we would be doomed. Mr. Beedenbender thanked Ms. Cochran and said that is good advice. Mr. Giordano stated what made him appreciate this project is the tax revenues that this project is going to produce as opposed to what is received now. The revenue that is created, creates economic development. Mr. Havasy said the current taxes on the vacant property is \$3,600 a year and year one with the PILOT agreement it would be approximately \$21,000 and at year 15 it would be \$85,000 a year. The full tax value is \$85,000 a year one with the PILOT \$21,000 and the current tax is \$3,600 a year. Mr. Giordano stated that this project creates economic development and stimulates the area with the further tax dollars coming in. Ms. Cochran stated can we go one step further, when it comes to housing, affordable housing and not so affordable, in the past we have encouraged companies and builders to increase the amount of affordable housing. When it comes to housing and economic development if a person works for a company and their housing is compromised in any way that can affect them mentally, physically and emotionally they will not be able to do their job to the fullest potential. Ms. Wright said with regard to the tax revenue tagline is we provide temporary benefits for long-term to permanent results. That revenue is going to live well beyond the 15 year pilot and bring revitalization back to the neighborhood and the jobs. The affordable units are well below market, the market rate units are in demand and have a much lower number of rental units on Long Island compared to our neighbors around New York. This is a flexible housing solution it has a low barrier of entry for those that are making less money you need a security deposit versus if you are trying to purchase a home you need hundreds of thousands dollars to purchase something on Long Island. It offers flexible solutions to people that may be of retirement age, divorced or separating, potentially changing jobs, whatever it may be it provides an opportunity for people to reside on Long Island and supports economic development in the region. Mr. Harvey stated having worked in the construction industry for over 45 years and worked with several Long Island developers; Long Island is not only an expensive place to live but it is expensive to develop properties. Having sat on the Long Island Housing Partnership Board for the last 10 years, we try to make affordable housing for young people to stay on Long Island. The fact that developers are willing to take a portion of their project and set it aside for affordable housing for young people to stay here is an integral part of the equation. We can create all the jobs on Long Island but if we can't create opportunities in housing so people can stay here and occupy those jobs then we have lost the battle. The reality is we need to be able to create the jobs through the IDA and then through organizations and developers like this. We need to create housing with a portion being affordable to keep the young people here. Ms. Wright said it is a smaller number of units via this project whether you are doing a development that is large or small you still have the same hurdles and time lines. Ms. Wright said she would like to thank to Mr. Catapano, Ms. Murphy, Mr. Harvey and Counsels everyone that assisted in answering questions, I appreciate everyone's effort and involvement.

After further discussion and,

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

RESOLVED, to approve an inducement resolution for a lease transaction in the approximate amount of \$5,742,800 for BGN YAVE LLC, Northridge Square facility.

The motion carried 6/1/0. A roll call was taken and the motion carried 6/1/0 with Mr. Beedenbender voting no.

Sterling North America, Inc. (Sterling Digital Print): Request for an inducement resolution for a lease transaction.

Mr. Catapano presented Exhibit B. Sterling North America, Inc. (Sterling Digital Print) is a full service commercial printing business including digital printing production & print management services for the financial services industry and the tri-state business community. Mr. Catapano indicated that he met with the Company several years ago and they expressed that they needed to do something at some point in the future whether it be move out of state, consolidate or find something locally. Attending that meeting was the Suffolk County Industrial Development Agency and representatives from the New York State Economic Development Offices. Sterling North America currently operates out of two leased facilities (270 Oser Avenue & 370 Oser Avenue, Hauppauge, NY) totaling 60,000 square feet. They have identified a building at 70 Corporate Drive, Hauppauge, it is 75,000 square feet and currently vacant. The building is available for lease and it is an opportunity for them to consolidate both locations into one. With the space limitations stated in the application, it was mentioned that the Company uses an out of state vendor to outsource work that they cannot do in-house. The Company feels with the additional 15,000 square feet they will be able to bring the work back in-house which will create additional jobs for Long Island. The project is approximately \$3.75 million and includes a small amount of renovations including tenant build-out space and the purchase of manufacturing equipment. They currently have 127 jobs and they are looking to create an additional 30 jobs over 3 to 5 years. The average salary of the jobs is approximately \$65,000.

Mr. Catapano introduced Ed McAllister, President/CEO of Sterling North America, Inc. (Sterling Digital Print) to Board Members. Mr. McAllister stated to give everyone a brief history of Sterling we opened the business in 2007 with two employees and we currently have 127 employees. The Company is continuing to grow we need a larger facility to expand and we are looking for assistance. The building that we are in currently is \$10 a square foot, the new buildings are upwards of \$15 a square foot. To keep competing we need the assistance of organizations like the IDA. Mr. Beedenbender asked what is the length of the lease and Mr. McAllister said 15 years.

After further discussion and;

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

RESOLVED, to approve an inducement resolution for a lease transaction in the approximate amount of \$3,750,000 for Sterling North America, Inc. (Sterling Digital Print) facility.

Unanimously carried 7/0. A roll call was taken and it was unanimously carried 7/0.

D3, LLC: Request for an inducement resolution for a lease transaction.

Mr. Catapano presented Exhibit C. D3, LLC is a manufacturer of retail displays including in-store furniture, cabinets, shelving and digital displays for the travel/retail industry (airport stores), Nordstrom's, Kohl's/Sephora and many luxury retailers. Mr. Catapano stated that D3, LLC was the last company that he met with prior to the shutdown from the Covid-19 Pandemic. The Company was explaining the plans of growth and everything they intended to do. They were impacted severely by the shut down as a result of the Pandemic and the protocols. The Company manufactures in-store displays for the cosmetic industry including department stores, airports and cruise ships. D3, LLC is

a division of a French based company with 2,400 employees overall in 24 different countries. The Company has five buildings, the Americas Division which is based in Melville and is responsible for North America and South America. There are 5 facilities in Melville and Farmingdale, the Board is being asked to consider three of the locations. The three facilities are located at 70 Maxess Road; 75 Marcus Drive; 20 Melville Road in Melville, NY. The project involves the renewal of the three leases and the expansion, renovation and equipping of the three locations totaling 100,000 square feet and the project is approximately \$3.3 million. The Company has a stable full time equivalent (FTE) workforce, they have 191 FTE jobs and an average salary of \$69,000 and intend to create 65 jobs over a two-year period which will bring them to 256 jobs total.

Mr. Catapano introduced Louis Dupere, CEO of D3, LLC and Guy Germano, Esq., Company Counsel to Board Members and Mr. Dupere made a presentation to the Board.

Mr. Harvey indicated on Guy Germano's introduction letter, the second page it states the Company provides all employees with a benefits package. The package includes health, dental, vision care as well as a 401K is that package part of the salary or is it in addition to the salary that you listed for your proposed jobs between \$63,000 - \$64,000. Mr. Dupere replied it is in addition to the salary; we put in 60% of all healthcare we do not pay 100%. Mr. Harvey said the combination of benefits over 10 years is a little under \$1 million is that correct and Mr. Catapano replied yes. If D-3 provides us with 40 jobs the first year it's going to be about \$2.5 million increase in economic development for the County because of the newly created jobs and benefits. The second year they create 25 new jobs and over the lifetime of the package which is 10 years, I estimate between \$40-\$50 million dollars in economic development to Suffolk County for the tax benefit we are giving them which is under \$1 million is that correct. Mr. Dupere replied before the Pandemic/Covid we were a \$100 million company and today we are \$60 million. We went from 190 full time employees without temporary positions to just above 121 employees. Mr. Dupere stated I am not factoring in getting back to the original number where we were. We are very cautious as to how we are going to grow over the next couple of years and very careful to give numbers that we can sign our name to. Mr. Harvey stated the IDA is responsible for the tax-payers dollars personally this is a good investment for a \$1 million tax-abatement over 10 years where you are going to create very much needed and appreciatory long term benefits for economic development and the County. Mr. Giordano asked how much is the tax savings over 10 years and Mr. Catapano replied about \$1 million over 10 years. Mr. Slaughter said the application states you have 191 employees is that accurate you said you have 120. Mr. Dupere replied we have full-time employees and full-time equivalent employees which means we carry 50 – 250 employees as temporary. In this industry we have seasonal displays, just like in the fashion industry. Mr. Beedenbender asked do these properties have a PILOT on them currently and Mr. Catapano replied no. Mr. Beedenbender asked this is a 10 year PILOT and in the documentation it refers to the lease agreement as 5 years with an option to renew for 5 more. If Mr. Dupere decided not to renew for 5 years with 5 years left on the PILOT what happens to this program, if that choice were to be made. Mr. Wexler stated it is a 10 year PILOT they are obligated for 10 years. Mr. Germano said the way the documents will be drawn and the applicant understands if for some reason the leases are not renewed there would be claw-back provision in the PILOT program would be effective. Ms. Cochran the jobs that are proposed are permanent and Mr. Dupere replied yes. Mr. Catapano stated that he wanted to clarify that the jobs are over the 5 facilities in Melville and Farmingdale the IDA incentives that the Board is considering today are only on 3 buildings in the project abstract and in the application. Mr. Catapano stated the Board is not providing incentives for 5 locations only 3 locations and the jobs will be tracked over the 5 buildings. Mr. Germano said that is correct because the employees can move between buildings.

After further discussion and;

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

RESOLVED, to approve an inducement resolution for a lease transaction in the approximate amount of \$3,035,509 for D3, LLC facility.

Unanimously carried 7/0. A roll call was taken and it was unanimously carried 7/0.

OTHER BUSINESS

Minutes

The Minutes of the January 28, 2021 and March 25, 2021 IDA Meetings were accepted by Board Members.

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

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

Unanimously carried 7/0. A roll call was taken and it was unanimously carried 7/0.

The Meeting adjourned at 1:33 p.m.

The next Regular Meeting of the Suffolk County Industrial Development Agency is tentatively scheduled for May 20, 2021.