



ACCEPTED BY BOARD MEMBERS 8/18/21

MINUTES  
IDA REGULAR MEETING  
JULY 22, 2021

Present: Natalie Wright, Chair  
Kevin Harvey, Vice Chair  
Brian Beedenbender, Member  
Gregory Casamento, Member  
Josh Slaughter, Member

Excused Absence: Sondra Cochran, Treasurer  
Anthony Giordano, Secretary

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 Weir, Esq., Nixon Peabody LLP, Transaction Counsel  
Melissa Bennett, Esq., Barclay Damon, LLP, Transaction Counsel  
Greg Gordon, ZE Creative Communications  
Dan Whitson, COO, Edgewise Energy  
Peter Curry, Esq., Farrell Fritz, P.C., Counsel to Edgewise Energy  
Katie Rivas, Director, 104 Lake Avenue South LLC  
Jerry O'Shea, 104 Lake Avenue South LLC  
Suffolk County Legislator Robert Trotta  
Lisa Broughton, S.C. Department of Economic Development & Planning  
Jonathan Keyes, S.C. Department of Economic Development & Planning  
Ashton Saber, S.C. Department of Economic Development & Planning  
Jacqueline McCormack, S.C. Department of Economic Development & Planning  
Augie Ruckdeschel, S.C. Department of Economic Development & Planning

Ms. Wright indicated that the documents for this meeting can be accessed and are posted to the IDA's website at <https://www.suffolkida.org/resources/> under the Board Meetings tab.

The Regular Meeting of the Suffolk County Industrial Development Agency held in the Plaza level of the H. Lee Dennison Building, 100 Veterans Memorial Highway, Hauppauge, NY was called to order at 1:30 p.m. by Ms. Wright, Chair of the IDA.

Members of the public were able to listen and view the Meeting through the Agency's website and will be connected to the Agency's YouTube Channel.

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 beginning with the next IDA Board Meeting we will be paperless and if any Board Members would like to

receive paper copies of the meeting packet and documents for the meeting we will supply them upon request. All of the documents are posted on the Agency's website and are available in advance of the meeting.

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Ms. Wright asked if there was any public comment at this time and Mr. Catapano stated that Legislator Robert Trotta would like to address the Board. Mr. Trotta stated pertaining to the Amazon project on page 11 of their application it reads "is requesting financial assistance necessary to prevent the applicant from moving out of New York State and they checked yes on the application. Mr. Trotta said as you know, it's Amazon's last mile warehouse so unless they are going to Connecticut and flying over with drones there is no way they will go out of State. Mr. Trotta stated that he thinks that counsel should re-examine this and take the \$3 million dollars back that is hurting every downtown, which kills our economy. I would request that legal counsel review this, every downtown that you see with empty stores is because of everyone ordering on Amazon so why are we giving a billionaire company and a billionaire developer tax breaks.

## **NEW BUSINESS**

**104 Lake Avenue South LLC:** Request for an inducement resolution for a lease transaction.

Mr. Catapano presented Exhibit A. O'Shea Properties is a commercial real estate, family-run owner, management and developer of industrial, commercial and office buildings. The Company currently maintains 45 multi-tenant commercial buildings. Mr. Catapano indicated that this is a vacant piece of property in Nesconset in the Town of Smithtown. They plan to construct 3 buildings totaling approximately 60,000 sq. ft. on 4 acres of land. This project is a multi-tenant industrial building to be leased to small businesses and will consist of 27 industrial units of various sizes. All of the units will have external access via a storefront door for office entrance and an overhead garage door for the industrial component. All of the units will be fully finished and tenant-ready upon completion of construction. The project cost is approximately \$8.4 million dollars. They are estimating that the tenants will create approximately 135 jobs once the project is operating. The average salary is in the range of \$40,000 - \$65,000. The company will create approximate 25 construction jobs and the construction phase will be approximately 12-18 months. This property is vacant land and they will continue to pay land taxes of approximately \$3,000 dollars. The property tax abatement will benefit the tenants and if the space is vacant the taxes will be paid by the landlord. Ms. Wright stated people that are familiar with IDA's know this as the parcel is currently vacant and the property taxes that are generated annually is \$3,099 dollars. With the improvements that are envisioned through this project it would go up to \$120,000 a year. The abatement burns off over time and there is a large net revenue gain and the benefits of the ongoing abatement are a savings of future real estate taxes that are not being generated today. There is also a mortgage recording tax abatement and a sales tax exemption; this is to clarify how the benefits are realized for these projects.

Mr. Catapano introduced Katie Rivas, Director, 104 Lake Avenue South LLC to Board Members. Ms. Rivas stated she would like to give Board Members an overview of the company. Ms. Rivas stated they have been in business for 40 years specializing in commercial real estate with over \$1 million in rented space throughout Suffolk County. We are a family-run, manager and developer of industrial and commercial office buildings. Our portfolio consists of 45 multi-tenant commercial buildings with the majority being in the industrial sector. We specialize in ground-up new construction and follow the process through with in-house leasing, operating and the management of all our units. With over 400 tenants, we pride ourselves on a superior tenant experience and actively work along our tenants to maintain a positive landlord/tenant relationship for as long as possible. This specific project is 104 Lake Avenue South LLC located on Lake Avenue in Nesconset, situated on 4.3 acres with a zoning of (L1) which is light industrial in the Town of Smithtown. It will consist of 27 industrial units in three sizes (1,961; 2,738 and 2,405 square feet) with 15 – 40% finished office. The size of the project is approximately 60,000 square feet divided into three identical buildings in a row. All of the units will have external access via a storefront door for the office component and an overhead garage door for the industrial component. All units will be fully finished and tenant-ready upon completion of construction. The design aesthetic of the project is modern and fresh looking with black storefronts, metallic glass panels and clean looking white and green split face block. The development will be complemented by a large amount of high-quality landscaping spread throughout the site to give it an office complex feel. Ms. Rivas stated we have been building these types of buildings for over 40 years our most recent project is located at 46-48 Windsor

Place, Central Islip which began in 2019 and we completed it in the spring of 2020. This project consists of two twin buildings that are very similar to the current project. We brought the Windsor Place project to market

and within three months in the middle of the pandemic they were completed leased. For the Lake Avenue project the target user tenants will be light industrial, research development and service type companies. There is a clear void in the market for this type of work space. Due to high land, raw material and labor costs in New York, the Suffolk County IDA's assistance is necessary to make this project economically feasible. This project upon completion would complete this industrial park in Nesconset. In the event assistance is not granted a multi-tenant industrial complex would not be viable. These static high costs could not be mitigated in any other way but unattainably high rents. Should we be unable to attain assistance, we will not be able to build multi-tenant industrial units for small to medium size industrial users/companies that choose to live and operate their business in Suffolk County. These types of users are the backbone of our local economy and create the dynamic and prosperous economic success small industrial businesses experience in Suffolk County. In terms of job creation we predict to create 54 jobs the first year and 81 in the second year for a total of 135 jobs. Our current portfolio is at 100% occupancy and there are 50 plus businesses on a waiting list for this type of industrial units. Ms. Rivas stated as far as the Long Island First Policy we intend to use 95% of the trades and material suppliers here on Long Island. It is extremely important to us that we support the local economy. As an example our most recent project on Windsor Avenue in Central Islip we employed all trades from Suffolk County with the exception of two that were out of state material suppliers. We intend to apply the same parameters for this project.

In conclusion, Ms. Rivas stated we appreciate your time and consideration on this worthwhile application. We hope to partner with the Suffolk County IDA in a mutually beneficial manner that will ultimately benefit Suffolk County's workforce with their ever-increasing demand for small incubator industrial units to grow their businesses.

Mr. Harvey indicated that the application states job creation of 54 employees the first year and 81 the second year for a total of 135. It also states the annual average salaries, how did you come up with those numbers and Ms. Rivas replied it was an educated guess based on our previous project with very similar units. Mr. Harvey asked do the average salaries include benefits or is it salary based and Ms. Rivas replied it is salary based. Mr. Beedenbender asked when did you purchase the land and Ms. Rivas replied less than a year ago. Mr. Beedenbender indicated his concern from the Board's perspective is there is a limitation to our authority. You are going to develop a building the rents will be high we have no idea what you are going to charge for rent. We don't have the authority to ask what you are going to be charging, the problem is as the Board the reason for the assistance is that rents would be too high. We give you the relief and you charge lower rents we have no idea what is going to happen. Mr. Beedenbender stated that he is not suggesting that anyone is being dishonest; we just have no way of requiring that. Your company is successful, you bought the land without the IDA it is difficult for me to realize that in the end all your money spent on this project is contingent on our approval. I think this gets built and I know we would help but I am not sure how we would help. Ms. Rivas stated this assistance would make the multi-tenant industrial development catering to small businesses growing and thriving in Suffolk County economically feasible. If not, there is a higher better use instead of a multi-tenant industrial building targeting small businesses for this property that could raise rents and would be the alternative for us as a developer. We would like to cater to this sector it is what we know these are a lot of our current tenants but there is a higher use that would attain higher rents such as a single user building for a large company. Mr. Slaughter stated you currently have a million square feet of rented space currently in Suffolk County is it primarily on Long Island and Ms. Rivas replied yes all Suffolk County. Mr. Slaughter said we understand it is a high cost of living here we are working on the honor system we don't have financial information to back up that statement. Ms. Murphy stated one of the things we do in a tenant situation the tenant is going to benefit from the property tax savings through a triple net lease that is passed on to a legal process and that is part of the closing documents that are prepared by our transaction counsel. We are assured that those savings are passed on to the tenants and it is built into our process. Mr. Weir stated under the lease agreement there is a triple net lease and they would pay taxes for their portion of the PILOT payments. There is a tenant agency compliance agreement so that there is a direct contract between the IDA. This IDA has done a large number of spec buildings that have been very successful. Mr. Slaughter said I understand the savings will be passed on to tenants I struggle with not having enough information in front of

me to know that if we didn't apply the benefits you indicated you have 50 businesses on the waiting list. If we didn't assist would they still be able to fill the space we are going on an honor system, I don't know what the market rate rent is for this and we are just going on blind trust. Ms. Rivas replied it would be more economical

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for us to build a larger industrial building and get a national company in there rather than build these small incubator type buildings. Ms. Rivas said Mr. Weir mentioned the agency compliant agreement we sign it and the IDA and the tenant signs it and it is all transparent they are tracking what rents we are charging. In the agreement you will see the rent, and the terms of the lease agreement. Ms. Wright indicated that is an important point Ms. Rivas pointed out building out the individual units versus building one large unit to attract a national company; it does help build up the pipeline of growing home grown business. Having a business stay here is more costly, all the fixtures, mechanical and electrical for every suite rather than one large open space is a good point to mention. Ms. Wright stated the vacancy rate is very low, it is a hot market there is competition so we want to keep the local smaller businesses here and this is one way we can achieve that. Mr. Catapano said when we do the analysis from the National Development Council (NDC) they are done on the apartment developments they have no private sector jobs there are different metrics for those type of projects and all the other information comes into play, sizing the property tax abatement it varies from project to project. This is our usual bread and butter type of projects that we entertain. Mr. Beedenbender stated we have the ability to see the portion of the taxes that this tenant would pay and that's exactly what their paying as a portion of their rent. I know that what I am saying is that the totality of that rent equals one number it's inclusive of the taxes and whatever else but I don't have any idea what the rest of that number is. I don't think I have the credentials to decide if that number is fair or not; Ms. Rivas, is definitely credentialed to figure out if it is fair rent. I think we are speculating which I don't feel is a derogative term, but I feel that's what we are doing and have been doing for some time. I am just trying to figure out if this is the right thing to be doing and not saying that this is bad I am just asking the question. Mr. Weir stated if you look at any of these small businesses coming in none of them can afford it on their own and the only way to help these smaller businesses as an IDA is to help develop a project that has multi-tenants. We encourage small businesses to stay on Long Island and grow you need to help the developers find a way to build a building that can accommodate them. There is a lack of buildings for smaller companies. This is a way that the IDA can help small businesses so they can stay on Long Island. Mr. Casamento asked Ms. Rivas can you give us an example of some of the tenants that have applied for this space and Ms. Rivas replied yes, service contractors, electricians, plumbers, research and development, internet based companies, machine shops, light industrial users, storage only users. Mr. Casamento asked are there any companies that you can tell us about that have been a success and Ms. Rivas stated we have had some smaller defense contractor companies start in these smaller facilities and move on to major contracts with the government. Mr. Casamento asked is this the smallest that you have developed and Ms. Rivas replied yes this is considered small, less than 3,000 sq. ft. we could go down to 1,200 – 1,600 square feet the way the land topography was they would be too long and narrow so 1,900 was the smallest we could go with fitting a garage door and small office component. Mr. Casamento asked what is the total number of spaces and Ms. Rivas replied 27 units, three buildings 9 per building. The parking and access is a long rectangular site we had to bring it up into three buildings which is a lot more costly. We would have liked to build one larger building. Mr. Casamento asked do you have an idea of the companies on your wait list and Ms. Rivas replied mostly small companies. Ms. Wright said I would hope that these small users that come into these spaces will be successful and become future IDA applicants. We have had this discussion about other industries as well, food incubation starting in kitchens you go into an incubator but where do you go from there. Mr. Harvey said in support of what Ms. Rivas said and in response to Mr. Casamento's questions, as a former electrician with the IBEW, he indicated that he worked for a small contractor with 5-10 employees that went on to grow to 127 employees. Mr. Harvey asked Ms. Rivas is this your first application with the Suffolk County IDA and Ms. Rivas replied yes. How did you come about making contact with us and Ms. Rivas replied from the Town of Islip IDA. Mr. Slaughter asked you are operating for over 40 years with 1 million square feet of properties is there a reason you started to seek tax incentives. Ms. Rivas replied the cost of land, real estate taxes increasing dramatically every year, the cost of labor and raw materials. Mr. Slaughter stated in the application it indicates that you have not been seeking space out of state, but then you answered the question of if you are in jeopardy of leaving the State and Ms. Rivas replied I was referring to this particular project the whole company would not leave the State. Mr. Slaughter asked are you using local contractors and Ms. Rivas said they are all local; I referenced a construction ledger for the last job we did that was very similar and every contractor was based out of Suffolk County. Ms. Rivas said there

were two materials that we could not be sourced on Long Island and was a very small percentage of the construction budget. Mr. Slaughter asked if in the future with these types of projects that we can request more information, obviously you know what rent you will be charging and with our assistance it will bring the rent

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down. Ms. Rivas said it will make it feasible for these types of companies. Mr. Slaughter stated it would be helpful if we knew what the rental numbers are. If a taxpayer asks me why did you support this project it impacts us, etc. I would like to be able to say this was needed. With the information in front of me I just have to trust what you are telling me. Ms. Rivas said this parcel has been vacant, it is viable to continue these multi-tenant industrial buildings. Another developer could have come in 5 or 10 years ago and developed it. Mr. Catapano stated realistically the rents that are going to be charged are likely market rents but the tenants can benefit from the property tax savings. Mr. Slaughter said the applicant says they would be forced to charge too high of a rent, Mr. Catapano said the project would not be feasible no one would rent it if a prospective tenant could find a less expensive space. Mr. Slaughter stated that may be true but I don't have the numbers in front of me to see that. Mr. Harvey stated over a 15 year package we would benefit by \$350,000 when you subtract the pluses and minuses of both. However, once it becomes the abatement ends thereafter it will be generating over a \$100,000 property tax versus what it's paying now the benefit is not as large on the front end as it is on the back end. Ms. Wright said 27 units of small to medium size businesses that are looking to stay here, build their ties here and grow here. Ms. Wright said that it is very important and we should not lose sight of that. Mr. Beedenbender said I am not trying to be difficult, we need more places like this I am just saying I am not sure that this is the threshold, 27 units \$900,000 over 15 years is that really the benefit it is perfectly legally allowable in accordance of what we have done in the past. I am asking should this be the type of thing we do, I know we have, I have not been here for that. Mr. Catapano said this is the type of projects that IDAs assists and Mr. Beedenbender said he understands. Mr. Beedenbender said I know what we have done in the past it is not always the reason to do it again. Ms. Wright stated I think that conversation might be out of scope of this meeting, a philosophical question which I think we can have at a different time, maybe I will make a motion to table this for now as there is still a lot of discussion. Mr. Slaughter stated it has nothing to do with this specific project, I am talking more in general terms when projects like this come before us. Would you be comfortable as an applicant providing more information to the Board and Ms. Rivas replied yes. Mr. Slaughter said you could supply us with what rents would or would not be feasible and show us financially as opposed to getting the help this is what makes it affordable. Mr. Slaughter addressed Ms. Rivas you must have numbers that you are working with Ms. Rivas said yes projecting into the future what we think we can get. Mr. Slaughter indicated that he does not know what the market rate is it is not his background. Mr. Wexler suggested to Mr. Slaughter to put together a list and the applicant can view it and decide if they can provide the information publicly this could become a model list on projects like this. Ms. Wright stated it is an important reminder that this is an inducement resolution so there is still an opportunity for a second vote. Mr. Beedenbender said if we ask for additional information we have another opportunity to vote, I would be in favor of this. Ms. Wright said she will withdraw her motion to table.

After further discussion and;

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

RESOLVED, to approve an inducement resolution for a lease transaction in the approximate amount of \$8,415,520 for 104 Lake Avenue South LLC Facility.

Unanimously carried 5/0.

**575 Broadhollow Energy LLC:** Request for a final resolution for a lease transaction.

Mr. Catapano presented Exhibit B. Generate is the parent company of 575 Broadhollow Energy LLC. Generate is a leading, diversified, sustainable infrastructure company. The Company owns, builds, operates and finances affordable and reliable infrastructure solutions for clean energy, water waste and transportation. Generate has collaborated with Edgewise Energy, a Long Island based clean energy developer. Edgewise Energy will oversee the construction and subscription of a 7.6 megawatt community distributed generation (CDG) project. The power produced by the project will be delivered to the PSEG Long Island electric grid, providing benefits for all ratepayers and the host community. Ms. Wright stated that Mr. Peter Curry, Esq.,

Farrell Fritz, Counsel to Edgewise Energy and Mr. Dan Whitson, COO, Edgewise Energy are present if anyone has any questions.

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Mr. Catapano stated this project was approved at the June 24, 2021 IDA Meeting. A public hearing was held on July 19, 2021 and no comments were received and the hearing was livestreamed. Mr. Dan Whitson, COO, of Edgewise Energy and the Regional Council of Carpenters Union Local 90 members and retired members were present to support the project. The public comment period was open until July 21, 2021 at 3:00 p.m. The applicant stated that they are creating 15 construction jobs. Mr. Catapano indicated the project is ready for final approval from the Board today. Mr. Catapano stated just a reminder that Mr. Slaughter recused himself on the initial approval for this project at the last Board Meeting. Mr. Curry stated he is here to answer questions anyone may have.

After further discussion and;

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

RESOLVED, to approve a final resolution for a lease transaction in the approximate amount of \$56,678,562 for 575 Broadhollow Energy LLC Facility.

The motion carried 4/0 with Mr. Slaughter recusing from the vote (not voting).

### **OLD BUSINESS**

**Nissequogue Cogen/Calpine at SBU:** Request for a final resolution to extend the lease.

Mr. Catapano presented Exhibit C. Nissequogue Cogen Partners is a 40 megawatt power plant on the campus of Stony Brook University. The Suffolk County IDA issued a \$79 million tax-exempt 30-year bond in 1993 and the plant became operational in 1995. In 1998 they refinanced, it is called a refunding bond and the amount was the outstanding principal balance of \$74,200,000. The bond matures in two years, January 2023 and underneath the bond there are a series of IDA documents; a lease agreement and we have had companies terminate the bond prior to maturity but stayed with the IDA as an active IDA project under a lease agreement. Nissequogue Cogen through their parent company Calpine Corporation is requesting that the Agency extend the lease for seven years. This will give Stony Brook University the ability to continue to receive all the power they need from this cogeneration power plant of electric and steam and it will insure that the property remains exempt from taxes as the facility is on New York State land. With the continuation of the seven year lease it will give Stony Brook an opportunity to explore green renewable energy sources. The Letter of Intent and the documents that Stony Brook and Calpine are currently drafting for the lease extension allows Stony Brook to explore and install renewable energy sources on the main campus.

The extension of the lease for seven additional years was not contemplated originally and is beyond the existing lease term which is why the Board needed to consider and approve it as they did at the last Meeting. The public hearing was held on July 15, 2021 and no comments were received. The public comment period was open until July 21, 2021 at 2:00 p.m. and no comments were received.

After further discussion and;

Upon a motion by Mr. Slaughter, seconded by Mr. Harvey it was,

RESOLVED, to approve the final resolution to extend the lease for seven years for Nissequogue Cogen/Calpine at Stony Brook University (SBU) Facility.

Unanimously carried 5/0.

### **Minutes**

The Minutes of the June 24, 2021 were accepted by Board Members.

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**Accounting Services & Audit Services:** the two Requests for Qualifications (RFQs) for accounting services and audit services will be undertaken jointly by the IDA and EDC.

Mr. Catapano stated when the Board Members reviewed the financial statements earlier this year it was mentioned both the EDC and IDA will be undertaking the RFQ process for accounting and auditing services. The contracts are usually done every 3 – 5 years. Both the EDC and IDA will be doing the two RFQs jointly. Agency Counsel had previously said this does not require a vote but we just want to inform the Board that we will be starting the process.

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

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

Unanimously carried 5/0.

The Meeting adjourned at 1:20 p.m.

The next Regular Meeting of the Suffolk County Industrial Development Agency is tentatively scheduled for August 19, 2021 which was a scheduling change from the previous schedule. However, due to the County administering the COVID-19 vaccines on Thursdays at the Dennison Building we may have to schedule the Board Meetings on a different day.