



ACCEPTED BY BOARD MEMBERS
4/28/22

MINUTES
IDA REGULAR MEETING
MARCH 31, 2022

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

Excused Absence: Sondra Cochran, Treasurer

Also Present: Anthony Catapano, Executive Director
Kelly Murphy, Deputy Executive Director
Daryl Leonette, Executive Assistant
Regina Halliday, Bookkeeper
Lori LaPonte, Agency Accountant
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
Carolyn Trespasz, Esq., Barclay Damon, LLP, Transaction Counsel
Greg Gordon, ZE Creative Communications
James Madore, Newsday
Lisa Broughton, Suffolk County Department of Economic Development & Planning
Stephanie Handel, CPA, CFE Principal, Sheehan & Company PC, CPA, Agency Auditors
Brian Petersen, Partner, PKF O'Connor Davies, LLP, Agency Accountants
Brian McDonagh, V.P., Venture One Acquisitions, LLC
Garrett Gray, Esq., Weber Law Group LLP, Counsel to Venture One Acquisitions, LLC

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 Arthur Kunz Memorial Planning Library Conference Room located on the 2nd Floor of the H. Lee Dennison Building, 100 Veterans Memorial Highway, Hauppauge, NY was called to order at 12:30 p.m. by Ms. Wright, Chair of the IDA.

This is the March 31, 2022 Regular Board Meeting of the Suffolk County Industrial Development Agency and for the record, we do have a quorum present. The Meeting is being held both as an in-person Meeting and remotely pursuant to "Chapter 1 of the Laws of 2022 of New York State, permitting any public body to hold public meetings by telephone and video conference and/or similar device".

The Meeting is also being live streamed. Members of the public may listen and view the Meeting via the Agency's website www.suffolkida.org. Watch Meeting menu option, and will be linked to the Agency's YouTube Channel.

Mr. Catapano proceeded with a roll call one Board Member Natalie Wright is present attending in-person and Mr. Casamento, Mr. Slaughter, Mr. Harvey and Mr. Beedenbender are attending remotely and Ms. Cochran is absent.

PUBLIC COMMENT

Ms. Wright asked if there are any public comments and Ms. Murphy replied not at this time.

NEW BUSINESS

Venture One Acquisitions, LLC: Request for an inducement resolution for a lease transaction.

Mr. Catapano presented Exhibit A. Venture One Acquisitions, LLC is a real estate private equity fund manager, developer of industrial type properties that the Company manages. The project involves the demolition of an existing vacant 90,702 square foot office building. The Company plans to construct a new 123,970 square foot industrial warehouse facility for lease to one or more tenants.

Mr. Catapano stated Venture One Acquisitions, LLC received approval from the Islip IDA for two properties located in the Town of Islip in Ronkonkoma and Bohemia. The Company is interested in developing a property located at 49 Wireless Blvd., Hauppauge, NY. It is an existing 90,702 sq. ft. office building that was once used by a manufacturer and it was purchased by an entity that developed it as a multi-tenant office building. The project is approximately \$44 million dollars and they anticipate adding 30 jobs at the site, it could be more jobs according to who the tenant is. The average salary is approximately \$40,000 for the factory positions.

Mr. Catapano introduced Garrett Gray, Esq., Weber Law Group, Counsel to Venture One Acquisitions, LLC and Brian McDonagh, V.P. Northeast Region, Venture One Acquisitions, LLC to Board Members.

Mr. Gray stated Venture One is an industrial developer with warehouses in many states. The Company realizes the demand on Long Island and decided to develop here in the Town of Islip, their first two projects in New York. Mr. Gray introduced Brian McDonagh, V.P. Northeast Region, Venture One Acquisitions, LLC. Mr. McDonagh stated the Company is an industrial developer based in Chicago, IL focusing on industrial sales. Mr. McDonagh stated the Company has been in business for 20 years and the tenants are considered high quality. Mr. Beedenbender asked the current taxes on the vacant building are \$302,000 and Mr. Catapano said correct. Mr. Beedenbender asked Mr. Wexler he expressed reservations about projects like this where we are working with people that are building a warehouse space without understanding who it is going to go to. We have discussed having a report about understanding what our ability is to do that and think about the tenant and it is applicable here. Are we prepared to discuss that at this point? Mr. Wexler replied no, you brought this up in the past and it slipped by, if you have any particular questions please ask me now and I will make sure we meet with Mr. Catapano and Ms. Murphy and put together something for the next meeting. Mr. Wexler stated we don't have a program set up for today. Mr. Beedenbender said he has general questions as opposed to specific objections to the project you are suggesting. There have been suggestions by other people that have come before the Board during public comment about the Boards ability to examine who the tenants are and whether or not the Board has an obligation or legal authority to actually consider that. The applicant has been very clear that this would not be feasible without the abatement. Mr. Beedenbender stated he agrees with those that have suggested if the end user is somebody that doesn't need financial assistance we are in a difficult spot. I don't know what our legal authority is to ask that question of an applicant and I know they have a limited ability to answer that question in most cases because they don't have signed tenants.

Mr. Wexler asked Mr. Beedenbender if he had specific questions and Mr. Beedenbender said he will put together specific questions and share them with Mr. Wexler and Board Members. Mr. Wexler said we can forward your questions to the applicants counsel so they can research and give us answers. Mr. Harvey stated he is in support of Mr. Beedenbender's questions they are well founded and we should look at them before the next meeting. Mr. Harvey asked the applicant if they are based in Chicago and Mr. McDonagh replied yes we are headquartered in Rosemont, IL. Mr. Harvey asked is this your first foray into the northeast development and Mr. McDonagh said no, we have a facility in New Jersey and two within the Town of Islip this will be our third project on Long Island. Mr. Harvey asked Mr. McDonagh if he has done business with IDA's before and Mr. McDonagh replied yes we have worked with the Islip IDA twice. Mr. Harvey asked how did you hear about the Suffolk IDA and Mr. McDonagh said from the Islip IDA and through our Counsel, Garrett Gray. Mr. Slaughter indicated he is also in line with Mr. Beedenbender's thoughts. This is not the first time he has raised his concerns about projects that come before us where an applicant tells us that the financial need is there otherwise they would not do the project. There is not a lot of financial back-up provided to support the projects and he feels we have to go on an honor system. Mr. Slaughter agrees with Mr. Beedenbender regarding the use is dependent upon the location you are not going to build a last mile distribution center in New Jersey to service Long Island. The applicant acknowledges that there is a need on Long Island for these types of facilities. The only reason given from the applicant is that they could relocate elsewhere because it is cheaper that is not overly compelling. Mr. Beedenbender stated he would like to see some type of financial background to support those statements and to make an informed decision. Mr. Beedenbender asked the applicant about the two other projects with the Islip IDA are they completed. Mr. McDonagh replied we have received full entitlements for 2950 Veterans Memorial Highway which is the first of the two projects. We are on our way to receiving entitlements for the second project that is across the street, the ground will be broken late this summer. Mr. Slaughter stated in the application it states you will use local business and vendors the agency recently updated the Long Island First Policy to try to focus on creating as much local economic activity as possible. Mr. Slaughter asked for the two projects in Town of Islip have you had any outreach or tried to insure that local businesses are aware of the projects and have the opportunity to participate. Mr. McDonagh replied we are bringing on board Racanelli Construction for our current two projects and they use local subcontractors, as well as purchasing local materials for the project we are discussing today. Mr. Slaughter stated we have had similar projects and they provided economic studies to show that they would not have competitive rental rates, etc. to attract tenants to the facility. There was not any of this information provided for this application. Mr. Slaughter asked the applicant if they have done any economic impact studies that you would be able to provide to us. Mr. McDonagh said we do have some data that we can share with the Board. We have seen over the last twelve months as construction prices continue to rise specifically in industrial buildings it has become more difficult to make the math work for a lot of these companies specifically on Long Island. The construction costs are about 30 – 40% higher than in New Jersey we can provide more information on that. Mr. Harvey stated to the applicant this is not to be taken as a query or a concern about their particular project. He wants them to understand as a public agency the IDA comes under tremendous scrutiny from the public regarding spec projects where we don't know where the cards will fall on the prospective tenants. Once we make the decision to grant the award and it goes down another road we sometimes suffer the heat for it. The questions are not geared towards questioning their judgement it's about what could happen later on. Mr. Gray stated he understands and appreciates that. Mr. Gray suggested going on their website: ventureonere.com to look at some of the buildings they have designed and the types of tenants that occupy them. This is not a fly by night operation, they seek out and find class A tenants. Mr. Beedenbender stated Kevin Gremse does economic studies on some of our projects and he feels much more supported with his studies, although he usually does not do these types of projects. Mr. Gremse's reports of comps and analysis in other areas are very helpful. Mr. Beedenbender stated we need more context to understand, he is not a real estate expert or amateur so having that understanding is helpful for him. Ms. Wright stated she agrees having the context is helpful and she assumes there is a demand not only on Long Island but in the rest of the nation for industrial space. Mr. Slaughter made a good point about the Long Island First Policy it is unique to the Suffolk County IDA please familiarize yourself with it. Mr. Slaughter said this is company that has a lot of experience with these types of projects and you are not going to come here and purchase property without knowing what your margins are and what you need to do to make the project work. There must be some information that you have a general idea of what you need to make this a marketable building and make the numbers work.

After further discussion and;

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

RESOLVED, to approve an inducement resolution for a lease transaction in the approximate amount of \$44,290,000 for Venture One Acquisitions, LLC facility.

Unanimously carried 5/0. A roll call was taken for the vote.

OTHER BUSINESS

Minutes

The Minutes of the February 17, 2022 were accepted by Board Members.

2021 Draft Financial Report

Ms. Wright indicated that the report was reviewed in the Audit & Finance Committee and it was approved for recommendation for approval by the full board. Mr. Brian Petersen, Partner, PKF O'Connor Davies, LLP, Agency Accountants gave a brief presentation to Board Members.

After further discussion and;

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

RESOLVED, to approve the 2021 Draft Financial Report.

Unanimously carried 5/0. A roll call was taken for the vote.

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 5/0. A roll call was taken for the vote.

The Meeting adjourned at 1:05 p.m.

The next Regular Meeting of the Suffolk County Industrial Development Agency is tentatively scheduled for April 28, 2022.