

# SUFFOLK COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Steve Levy  
Suffolk County Executive

H. Lee Dennison Building; 3rd Fl.  
100 Veterans Memorial Highway  
P.O. Box 6100  
Hauppauge, NY 11788-0099  
(631) 853-4802 Fax: (631) 853-8351

ACCEPTED BY THE BOARD 11/17/11

## MINUTES IDA REGULAR MEETING OCTOBER 20, 2011

### PRESENT

Jim Morgo, Chairman  
David Rosenberg, Vice Chairman  
Peter Zarcone, Treasurer  
Steve Rossetti, Secretary  
Elizabeth Custodio, Member  
Yves Michel, Member

### EXCUSED ABSENCE

Alan Ehl, Member

### ALSO PRESENT

Bruce E. Ferguson, Executive Director  
Anthony J. Catapano, Deputy Executive Director  
Daryl Leonette, Secretary  
Regina Halliday, Bookkeeper  
William Wexler, Esq., Agency Counsel  
William Weir, Esq., Bond Counsel  
Wayne Horsley, Suffolk County Legislator  
James T. Madore, Sr. Business Writer/Economy, Newsday

The Regular Meeting of the Suffolk County Industrial Development Agency held in the Conference Room of the Agency, 100 Veterans Memorial Highway, H. Lee Dennison Building, 3<sup>rd</sup>. Floor, Hauppauge, NY was called to order at 12:40 p.m.

Intergenerational Strategies: Request for grant support of the Social Entrepreneurship Center of Long Island.

Mr. Ferguson presented Exhibit A. Mr. Ferguson indicated that the purpose of Intergenerational Strategies grant request is to assist Suffolk County nonprofit agencies to create new nonprofit and for-profit earned revenue enterprises that produce additional revenue as well as job opportunities for the unemployed and under-employed. Mr. Ferguson stated that the Authorities Budget Office (ABO) did a review of 29 IDAs pertaining to grants that were given to public and private entities. Mr. Ferguson indicated the ABO feels that some of those grants were inappropriate and that each IDA should review their grant funding policies. Mr. Morgo felt that the Board should table this request due to the Authorities Budget Office (ABO) review. Mr. Rossetti asked if this was something the LDC could do. Mr. Weir responded that it was. Mr. Rossetti suggested that Intergenerational Strategies be invited to apply to the LDC.

Upon a motion by Mr. Rossetti, seconded by Mr. Zarcone, it was:

RESOLVED, to table the request from Intergenerational Strategies.

Unanimously carried 6/0.

Mr. Morgo noted that the ABO report doesn't question the motives of the Boards of Directors approving the grants but suggests that IDAs review their grant making policies. Mr. Ferguson indicated that NYSEDC is responding to this and that it is a big concern for IDA's all across the State. Mr. Weir indicated that almost all the grants could have been restructured to make them have economic development purposes. Mr. Horsley was very concerned that this be resolved quickly so that IDA's can continue to provide much needed economic development grants. Mr. Rossetti felt this seems to be another step by New York State to centralize economic development.

### Minutes

Mr. Zarcone asked to make a correction to the September 27, 2011 Minutes under County Land at Yaphank. Mr. Zarcone indicated that it should read that he is on the Town of Brookhaven Planning Board and the Planning Board is looking at a lot line change at this site. The Minutes were approved as amended.

Mr. Morgo indicated that he would recuse himself from the discussion of SMSC and Mr. Morgo left the Meeting at 1:00 p.m.

SMSC Corp.: Request for Agency consent to sale lease back and continuation of PILOT benefits.

Mr. Ferguson presented Exhibit B. Mr. Ferguson indicated that SMSC proposes to sell it's Hauppauge building to Rechler Associates. The building is 200,000 square feet and SMSC proposes to occupy 120,000 square feet after the sale with the remaining 80,000 feet for

lease. Mr. Ferguson indicated SMSC is also requesting a continuation of the PILOT which has 5 years remaining. SMSC has a significant amount of unused space in the building and

the sale will benefit SMSC by providing additional capital. SMSC feels the sale will enable them to stay on Long Island and retain their current employees. Mr. Michel asked if the Agency has done this before and Mr. Ferguson indicated that the Agency has approved similar requests in the past and that this should be viewed as a retention project. Mr. Rosenberg, Vice Chairman introduced Mr. Gary Hisiger, Esq., Counsel for SMSC and Mr. Walter Siegel, Esq., SMSC to the Board Members. Mr. Siegel indicated the company wants to do a sale leaseback in order to retain the jobs and that currently they have extra space. We plan on selling the building to Rechler Associates and signing a 15 year lease. Mr. Siegel stated that SMSC has 300 employees with an annual payroll of \$44 million. Mr. Rossetti asked if there are any potential tenants for the remaining space. Mr. Hisiger indicated that Rechler Associates is currently looking for tenants for the building. Mr. Siegel noted that the majority of SMSC's employees are engineers.

Upon a motion by Mr. Michel, seconded by Mr. Zarcone, it was:

RESOLVED, to approve Agency consent to a sale lease back and the continuation of PILOT benefits for the SMSC Corp. facility.

Unanimously carried 5/0.

Mr. Morgo returned to the Meeting at 1:18 p.m.

OSI Pharmaceuticals/Astellas: Request for full inducement and final resolution.

Mr. Ferguson presented Exhibit C. Mr. Ferguson indicated that the Board approved an inducement resolution for this project at the August 25, 2011 Meeting and that the Public Hearing has been held with no comments received.

Upon a motion by Mr. Rosenberg, seconded by Mr. Rossetti, it was:

RESOLVED, to approve a full inducement and final resolution for an approximately \$20,000,000 lease transaction for Astellas/OSI Pharmaceuticals LLC facility.

Unanimously carried 6/0.

Marchon Eyewear: Request for full inducement and final resolution.

Mr. Ferguson presented Exhibit D. Mr. Ferguson indicated that the Board approved a proposed PILOT structure for this project at the September 27, 2011 Meeting. Mr. Morgo indicated that Marchon is seeking final approval which includes a PILOT that deviates from our current UTEP. Mr. Catapano indicated that the Public Hearing was held and no comments were received. Mr. Morgo noted that Mr. Ferguson and Mr. Catapano have worked on the structure of the PILOT.

Upon a motion by Mr. Michel, seconded by Mr. Rosenberg, it was:

RESOLVED, to approve a full inducement and final resolution for an approximately \$27,540,000 lease transaction for Marchon Eyewear facility.

Mr. Michel wanted to applaud the IDA staff for being proactive creative and diligent in working to retain Marchon Eyewear.

Unanimously carried 6/0.

Mr. Zarcone indicated that Audit and Finance Committee Meetings for both the IDA and EDC were held prior to the Board Meetings. Mr. Zarcone provided the Board with an update. Mr. Zarcone noted that there will be an increase in the projected income in 2011 since we have two or three more projects closing by year end. There has been an increase in document processing fees received and this means the IDA will have a surplus by year end. Mr. Zarcone stated that in the 2012 budget fees for Agency Counsel have been increased as per our contract but it appears we could have a surplus at the end of 2012. Mr. Rosenberg inquired about the Agency's insurance costs which he said seemed high. Mr. Ferguson responded that since we are separate from the County we cannot be insured by them so we tried to get the best rates. Mr. Rosenberg suggested that staff review insurance coverage and seek better rates. Mr. Zarcone, Chairman of the Finance Committee indicated that the Committee reviewed the proposed IDA 2012 budget and recommends approval by the full Board.

Upon a motion by Mr. Rossetti, seconded by Ms. Custodio, it was:

RESOLVED, to adopt the proposed IDA 2012 Agency Budget.

Unanimously carried 6/0.

Mr. Rosenberg wanted to thank the IDA for their participation in the 50 around 50 event at which he will be honored tonight.

Upon a motion by Mr. Michel, seconded Ms. Custodio, it was:

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

Unanimously carried 6/0.

The Meeting adjourned at 1:30 p.m.

The next Regular Meeting of the Suffolk County Industrial Development Agency is tentatively scheduled for November 17, 2011.

**Funding Request to the  
Suffolk County Industrial Revenue Agency  
From  
Intergenerational Strategies**

Project Title: The Social Entrepreneurship Center of Long Island

Grant Request Amount: \$5,000

Economic Development Purpose: In 2010, Long Island's nonprofit sector, consisting of 2,200 (non-governmental) organizations, supports more than 221,000 Long Island jobs in health, social assistance, and education. These jobs generate annual payrolls of approximately \$6.78 billion. The nonprofit sector accounted for 12.4 percent of bi-county jobs in 2000 and 14.1 percent of the 2010 total (New York State Department of Labor).

Long Island nonprofit organizations do an incredible job of making the world a better place providing services and programs to people of all ages regardless of socio-economic status, protecting our environment, and enriching our lives with art and culture.

At the same time, many of these organizations are facing, and will continue to face, increased financial challenges, funding stress and instability, and thus, their ability to meet the well-documented growing demand for community services into the foreseeable future.

The challenges facing Long Island's nonprofit organizations are well-documented. According to Cerini & Associates' annual Nonprofit Survey 2010, 72% of Long Island nonprofit organizations rely on government, contributions, and fund raising for their funding while 64% believe the recession resulted in more demand for services and 24% don't believe they'll have the resources necessary to meet the demand. In addition, 46% of the surveyed organizations have gross revenues of less than \$1M, relying heavily on government support. They are not likely to be able to leverage their limited resources to meet the documented increased demand for their services.

Additionally, Pearl Kamer, Chief Economist of the Long Island Association, author of *"Long Island's Not-for-Profit Sector: Doing More with Less During a Period of Economic Change (June 2011)"*, indicates that "the funding and operational constraints that confront the nonprofit community are likely to intensify in

coming years." She goes on to say that "Long Island's nonprofits must adjust to a "new normal" created by a combination of resource scarcity and the need to do more with less."

Too often, nonprofit organizational leadership focuses its attention on its program needs and accomplishments, neglecting the fact that a nonprofit is a business. As a result, leadership links its survival to government funding, the continued generosity of individual donors, and sponsoring fund raising events (primarily gala dinners and golf outings) in a very competitive environment. It is likely that some of these organizations will cease their operations in the next three years.

For the purpose of determining the likely interest of Long Island nonprofits in the proposed project, an e-mail survey was sent to 100 organizations. A total of 20 organizations responded to the survey representing a cross-section of different sizes and types of organizations operating in both Nassau and Suffolk Counties. In summary, the survey reveals that:

- 39% feel that there's a "definite" need for the Center and 61% report that there "might be" a need for the Center on Long Island.
- 17% report that the described services would either "definitely" or "likely" address issues within their organization and 50% report the services "might" address issues within their organizations.
- 33% indicate they would either "definitely" or "likely" apply for the project services while 39% indicate that they "might" apply.
- Lastly, when asked what the likelihood is that the organization would apply knowing about the project's required \$750 fee, 20% of respondents indicate that they would either "definitely" or "likely" apply. Another 35% indicate that they "might" apply.

The Project's purpose is to assist Suffolk County nonprofit agencies to create new nonprofit and for-profit earned revenue enterprises that produce job opportunities for the unemployed and under-employed. (See attached Profile-Sampling of Earned Revenue Projects).

In addition, the project enables successful nonprofit organizations to create new revenue streams that enable them to expand their services to meet the documented growing demand for these services on Long Island. In some cases, agencies will be

able to absorb weaker organizations whose services are also in demand. The expansion of nonprofit services assists employed individuals to be reliable and productive employees and, thus, has positive economic implications.

The Project has two components: A coursework component and a technical assistance component. The Project's coursework encompasses training in the following business practices: Target marketing; market research; the tailoring of products and or services to meet customer demand and wants; a focus on core competencies; the elimination of products or services that aren't successful and fall outside of what is done well; the establishment of an information flow to monitor operations and metrics to understand the impact of management decisions in a timely manner; a focus on customer satisfaction; the monitoring of competitors and their operations; and planning before embarking into new ventures or the expansion of existing operations.

The classwork/training phase consists of a four month cycle in the Winter/Spring of 2012 followed by the technical assistance phase that continues for eight months. Participants are assisted to identify an earned revenue project and prepare a brief business plan. Students will conduct oral presentations of these plans to the class as well as a panel of talented reviewers that will review and critique the presentations. The organization that presents the best business concept and plan will be awarded a cash award.

Prior to the implementation of the coursework/training phase, a no-obligations project orientation session is offered to prospective organizational participants. The event is publicized through: The Health and Welfare Council of Long Island; The Long Island Community Foundation; The United Way of Long Island; the Adelphi Center for Nonprofit Leadership; and other organizations.

Through coursework and consultative services, The Social Entrepreneurship Center's programs familiarize organizations with the resources they need, such as institutional and business expertise, financing (money, and lending that they need, including multi-year cash grants, low-interest loans, loan guarantees, and program-related investments that permit individual and group investors to invest in projects that generate new revenue to expand a nonprofit's services and strengthen their organization). The Center incorporates guest

speakers and skilled, well-vetted consultants to provide expert assistance customized to the needs of its client organizations.

**Organizational Structure:** The Center is governed by Intergenerational Strategies' Board of Directors that governs the Center with the advice of a project advisory committee described below. Intergenerational Strategies is a 501 (c)(3) charitable, nonprofit organization established in 2002. Its mission is to promote intergenerational policies, programs, and issues. Its core funding, during its initial three years, was provided by The Long Island Community Foundation.

Since its inception, the organization has provided technical assistance to numerous Long Island nonprofit organizations and conducted educational conferences and workshops for the nonprofit community. Among its most significant credits are the establishment of HomeShare Long Island, a program sponsored by Family Service League and Family and Children's Association; the Center for Intergenerational Policy and Practice at Dowling College; Hofstra University's Continuing Education's Nonprofit Series of Courses; and the Suffolk County Executive's Commission on Creative Retirement. It has worked collaboratively with Generations United's Seniors4Kids, a senior citizen advocacy project to advocate legislatively for quality early care and education.

As a matter of policy, the organization has chosen not to directly operate direct service programs. Therefore, its annual budgets have never exceeded \$65,000. While this has been, and continues to be the case, the organization's President/CEO and board members have extensive experience directing and managing much larger organizations.

The Social Entrepreneurship Center will benefit from Intergenerational Strategies' positive relationships with leaders in the business and philanthropic communities which will be essential to assure project sustainability through private sector support.

**Financial Information:** Intergenerational Strategies functions through special grant funding with a minimum of overhead. It currently has no paid staff. Its President/CEO is compensated on a project-by-project basis and employs consultants as needed. Funding from the Industrial Revenue Agency is sought for the project's first year only. During this period, alternate sources of project support will be sought. Current efforts to secure funding include: The Long Island Community Foundation, Bank of

America, Citibank, and The Rauch Foundation. A copy of the projected first-year budget is attached.

During the Social Entrepreneurship Center's first year, the project coordinators will be Paul Arfin, Ken Cerini, CPA, and Patrick Duggan. Mr. Arfin is a social entrepreneur and President/CEO of Intergenerational Strategies and Ken Cerini, CPA, is the managing partner of Cerini Associates, LLP, an accounting firm that specializes in working with nonprofit organizations. Mr. Arfin has been a social entrepreneur on Long Island for over forty years. His experience has included the establishment of numerous for-profit and nonprofit earned revenue projects including the YMCA's Family Services, the Community Programs Center, HomeShare Long Island, and Dowling College's Center for Intergenerational Policies and Practices. Mr. Cerini's firm, Cerini & Associates, provides comprehensive financial services to numerous Long Island nonprofit organizations many of which operate earned income projects. Mr. Duggan is a consultant to Criterion Ventures and is the former Deputy County Executive for Economic Development in Nassau County.

The Project Coordinators and Project Advisory Committee (see attached list of members) will make direct appeals for financial support for the Center from a variety of public and private sources including banks and other financial institutions and businesses, the Social Innovation Fund, other national and regional foundations, and individual social investors. In collaboration with the New York City Chapter of the Social Enterprise Alliance (SEA), steps will be taken to establish a Long Island Chapter of The Social Enterprise Alliance. The chapter has expressed interest in working with The Center for this purpose.

Nationally, many individual philanthropists, corporations, and foundations are making contributions and program related investments to strong nonprofits not as traditional charitable gifts but, rather, as social "investments," where a percent of discretionary charitable portfolios are utilized to maximize social impact. The pool of wealth holders with entrepreneurial experience at young ages and with so much future time is substantial. This group tends to be optimistic, energetic, and problem-solvers. These donors may respond to convincing cases to achieve greater social impact.

It is felt that the Project Coordinators and Project Advisory Committee, with their strong knowledge of Long Island, can

identify high net worth individuals to support the Center's work to assist strong nonprofits that want to reduce barriers to educational, social, and economic opportunities, thus enabling people to become self-sufficient.

It is felt that some donors and funders will support such efforts because they promise to increase the odds of an organization's sustainability over the long term, rather than "bailing them out" or, simply, funding an otherwise-worthy program which isn't likely to contribute to the financial sustainability of the organization or the ability to serve additional people in need.

In other cases, the appeal for support of the Center will be due to its potential to "scale-up" the organization's current operations by absorbing successful-but-threatened, smaller organizations, or, towards the expansion of an existing earned revenue project. By so doing, the organization assures the continuance of much-needed services to Long Island's needy and at-risk populations.

#### **Measures of Success and Reporting:**

##### Process:

- Participants average at least 80% attendance in the project's coursework and complete the course assignment.
- At least 75% of participants report positive written evaluations of the project.
- At least 75% of program participants report having a greater understanding of their organization's financial picture and feel more empowered to effectuate change.
- Project services are provided during a one-year time span to 20 Long Island nonprofit organizations. Project services include 24-hours of coursework provided over a four-month period followed by 180 hours of technical assistance over an eight-month period to the twenty organizations after the completion of the coursework.

##### Outcome:

Within two years of completion of the initial project, at least 50% of funded organizations have either added new revenue streams or effected cost savings or efficiencies that are

directly attributed to their program participation. These changes have enabled the expansion of services consistent with their missions and the employment of, at least, forty (40) individuals. These 40 new jobs created by the project in two years will have an average salary of \$40,000

## Profile-Sampling of Earned Revenue Projects

### on Long Island

- The Long Island Association for Children with Learning Disabilities (ACL D) operates a gift basket business.
- Habitat for Humanity operates ReStore, a business selling new and slightly-used building materials at greatly reduced prices.
- Independent Group Homes for Living (IGHL) operates a retail store selling plants and flowers.
- Community Mainstream Associates established Community Mainstream Enterprises operates The Sweet Comfort Bakery & Café.
- Big Brothers/Big Sisters of Long Island operates an international used clothing business.
- Family Residences & Essential Enterprises (FREE) provides back office services and transportation services.
- Goodwill Industries operates a business that provides temporary staffing services.

### Off Long Island

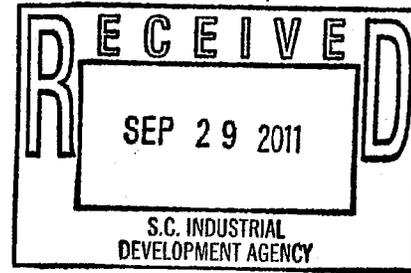
- A sheltered workshop that formed a for-profit company that provides asbestos abatement services producing well-paying jobs.
- A Latino-community serving organization provides various training programs including welding and metal fabrication, auto repair, customer service, commercial printing and graphic arts.
- A food program produces a catalogue, both printed and online) that describes the products offered by local farmers and food production businesses.
- A youth service organization helping homeless and runaway young people expanded their programs from one center to ten and added a GED program and a job development program.
- Housing Works Thrift Shops, a division of Housing Works, Inc., sells first- and secondhand designer clothing, houseware, art, antiques, books, and records. All items are donated by the public with all proceeds directed to providing housing and support services to homeless and formerly homeless people living with AIDS.
- The Works, the catering division of Housing Works Food Services, provides meals for three Adult Day Health Care Programs. The Works uses excess capacity to produce catered fare, from continental breakfast buffets to seated dinners. The Works also hosts events at the Housing Works Used Book Café.
- Springboard NYC, a program of Musical Theater Works, is a two-week intensive summer program designed to give aspiring young actors, singers, technicians, and designers a strong foothold in the theater industry.
- Per Scolas Computer Recycling, a program of Per Scolas, an environmentally responsible nonprofit organization committed to breaking the cycle of poverty, operates a recycling center with the capacity to process dead monitors, CPUs and printers, converting end-of-life computer equipment into reusable raw materials in an environmentally responsible manner and away from landfills.

- New Horizon Courier Service, a project of Lenox Hill Neighborhood House, provides reliable same-day deliveries throughout Manhattan and parts of other boroughs at a competitive rate. The business employs 20 people, all of whom are homeless or formerly homeless.
- Project Venture Catering, a program of Project Reach Youth, Inc., is a small gourmet catering business that gives youth participants intensive culinary arts and career readiness training from a professional chef and youth development staff. The experience provides them with both culinary skills and knowledge of social entrepreneurship.
- Shout Out Productions/Youth Enterprise Services, a program of the Center for Alternative Sentencing and Employment Services, encourages youth entrepreneurship through youth management of Shout Out Productions, a greeting card and T-shirt company. Youth are involved in the design, marketing, and sales of the products.
- Recycle-A-Bicycle East Village Shop, is a project of Recycle-A-Bicycle, Inc., provides affordable and environmentally sustainable transportation. These shops collect and refurbish donated bicycles for resale, repair bicycles at reasonable prices, and rent bicycles to tourists. The business trains youth for positions as bicycle mechanics and salespeople, while familiarizing them with basic business concepts.
- Community Childcare Assurance (CCA), a program of Seedco, represents a unique approach to providing quality, affordable back-up childcare to working families when their primary childcare arrangements are disrupted. The program helps families cope with regular childcare interruptions without incurring unscheduled absences from work. A Seedco social purpose business, CCA draws on the strengths of community-based organizations and builds the long-term sustainability of childcare providers.
- Imprint Cartridge Works (Imprint) is a social purpose business venture of Work 101 Development Corporation, which helps economically disadvantaged New Yorkers move into the workforce by providing transitional employment in a supportive setting. Imprint remanufactures laser printer toner cartridges and distributes them to businesses and consumers in the New York City area.

### The Center's Advisory Committee (in formation)

**The Center's Advisory Committee (in formation)** The Center has assembled a distinguished advisory committee to provide advice and assistance in its development. Its members possess extensive for-profit and nonprofit business expertise. They include: **Cynthia Massarsky**, President, Social Returns and a national leader of the Social Impact Exchange; **Jerr Boschee**, Executive Director of The Institute for Social Entrepreneurs and an internationally-recognized leader in the social enterprise field; **Bruce Newman**, Pipeline, LLC, a serial entrepreneur and venture capitalist and President of the Brookhaven Small Business Advisory Council; **Joseph Campolo**, Esq. is Managing Partner at Campolo, Middleton & McCormick. with extensive nonprofit experience; **Reverend Patrick Duggan**, Senior Pastor, Congregational Church of South Hempstead, former Deputy County Executive in Nassau County for Economic Development, and Director, Church as an Economic Being at Centurion Ventures; **Robert O'Connell**, director of the National Executive Service Corps (NESC) on Long Island; **José Avila**, President, Fusion Marketing and leader in the Latino community; **Warren Wartell**, an independent business consultant and Director of Administrative Services and Director of Human Resources, Faculty Student Association of Stony Brook University; **Richard Dina**, former CEO of Family and Children's Association; **Diana O'Neill**, Executive Director of the Long Island Volunteer Center; **Rick Van Dyke**, former CEO of Family Service League; and **Tom Williams**, former Executive Director of Cornell Cooperative Extension of Suffolk County.

Name of Organization: Intergenerational Strategies			Detailed Budget	
Item	Details	Timeframe	Amount	
<b>Expenses</b>				
Program Coordinators (Arfin and Cerini)	24 hours of class time (8 sessions x 3 hours per session) plus 24 hours of planning and prep time 48 hours at \$100/hour 2 coordinators	Spring 2012	\$ 9,600	
Guest Speakers (Massarsky, Guthman, and others noted in course outline)	Guest speakers during eight session-training phase 10 speakers \$500-\$1000 each depending on their fees	Spring - Fall 2012	\$ 7,000	
Business Consultants (TBA)	Consultation to 20 organizations for 8 months for a total of 234 hours at the rate of \$100/hour	Spring - Fall 2012	\$ 23,400	
Miscellaneous	Supplies, reproduction, phone, travel, secretarial assistance, refreshments		\$ 5,000	
<b>Total Expenses</b>			<b>\$ 45,000</b>	
<b>Income</b>				
	Request from Long Island Community Foundation,		\$ 29,346	
	Request from Suffolk County Industrial Revenue Agency		\$ 5,000	
	Fees from ten participating organizations at the rate of \$750 for attendance of Executive Director and one board member.		\$ 7,500	
	Corporate, other foundation, and Individual Support		\$ 3,154	
<b>Total Income</b>			<b>\$ 45,000</b>	
<b>Notes:</b>				
1. To date, requests for support have been made to Bank of America, Citibank, Capital One, and the Rauch Foundation. We have begun to identify high net worth individuals who are interested in nontraditional giving because they seek to effect greater social impact. In addition, we have begun the process of establishing a chapter of The Social Enterprise Alliance and its connections to high-impact donors.				
2. Inkind support includes project marketing and accounting, donated by Cerini & Associates.				



Gary C. Hisiger  
Partner  
Email: ghisiger@moritthock.com

September 28, 2011

**VIA FEDERAL EXPRESS**

Bruce Ferguson  
Suffolk County Industrial Development Agency  
H. Lee Dennison Building  
100 Veterans Memorial Highway  
Hauppauge, New York 11788

Re: 80 Arkay Drive, Hauppauge, New York

Dear Bruce:

As a follow up to your email of September 16, 2011 and Anthony Catapano's email of the same date, and supplementing my prior letter of September 12, 2011, please be advised as follows:

The agreement between SMSC and Rechler is subject to, and contingent upon, the approval of the Suffolk County Industrial Development Agency.

The current number of jobs at the facility is approximately 300 full time employees. The current payroll for these employees is approximately \$43,500,000 per annum. The number of employees has declined since 2009 and 2010 because of a voluntary retirement program, layoffs, and relocation of the Company's test floor, all of which occurred following the significant economic downturn in 2008 and 2009. The reduction in employees associated with the test floor relocation took place in calendar years 2009 and 2010, with approximately two thirds of the reduction (32 employees) in calendar year 2010. The fluctuation in number of contract employees was largely due to a significant "SAP" project that involved extensive use of consultants.

As stated in my September 12, 2011 letter, employment levels are not expected to change as a result of this transaction. Although the square footage utilized by SMSC will decline, employment levels are not expected to be effected due to SMSC currently having excess and/or underutilized space.

257607v1



Bruce Ferguson  
Suffolk County Industrial Development Agency  
September 28, 2011  
Page 2

SMSC's operations at the facility include research and development, light manufacturing, warehouse/distribution and executive offices. As stated above, this is expected to continue in a similar fashion after closing of the transaction. SMSC currently has 13 other facilities (both domestically and internationally) ranging in size from approximately 63,000 square feet in Austin, Texas to 4,000 square feet in Amsterdam, The Netherlands.

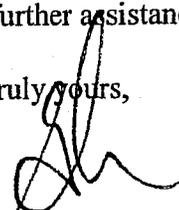
SMSC is selling the building since it has the excess/underutilized space and is not in the business of being a landlord. Thus it can receive value for this space and deploy the funds for general corporate purposes. Note that SMSC is initially holding the mortgage on the property so the cash proceeds at closing will be less than \$2,000,000 (before closing costs and expenses).

The request is to retain the benefits for the entire building. For the first 6 months post closing, SMSC will be leasing the entire building. Thereafter, Rechler will be leasing it to other businesses for occupancy by those businesses.

We would respectfully request that you place this matter on the agenda for the October meeting of the Suffolk County Industrial Development Agency Board of Directors so that it may be considered for approval. If you require any further information, please let me know so that we may provide same to you.

Do not hesitate to contact me if I can be of further assistance.

Very truly yours,

  
GARY C. HISIGER

GCH:eas

cc: Walter Siegel, Esq. (via e-mail)  
Guy Germano, Esq. (via e-mail)  
Anthony Catapano (via federal express) ✓

SCIDA PROJECT ABSTRACT

MEETING DATE: August 25, 2011

CONTACT: Stephen Knowles, Treasurer  
PHONE #: (847) 317-8862APPLICANT NAME: OSI Pharmaceuticals LLC  
AND ADDRESS One Bioscience Park Drive  
Farmingdale, NY 11735

PRINCIPALS: Astellas US Holding, Inc./Astellas Pharma US Inc. Japan

PRODUCT/SERVICES: Pharmaceutical research &amp; development related to cancer/oncology drugs

PRESENT FACILITIES: Own \_\_\_\_\_ Lease X Acreage 20 Sq. Ft. 56,000

NEW LOCATION/TAX MAP #: 1 &amp; 3 Bioscience Park Drive, Farmingdale

PROJECT DESCRIPTION: To renovate and equip remaining 6,000 sq. ft. in One Bioscience Park Drive and 40,000 sq. ft. of Three Bioscience Park Drive for expanded research and development, vivarium and support services.

PROJECT COSTS:

AUTHORIZATION SOUGHT: \$20,000,000 Lease Transaction

## LAND

## EXISTING BUILDING

REHAB. OF EXISTING BUILDING 13,000,000

## CONSTRUCTION NEW BUILDING

## ADDITION OR EXPANSION

ENGINEERING &amp; ARCHITECTURAL FEES 1,500,000

EQUIPMENT 2,500,000

LEGAL FEES (BANK, BOND &amp; COMPANY) 200,000

## FINANCE CHARGES

OTHER FEES/CHARGES 2,800,000 Permits; management fees; moving, etc.

RESERVE (DEBT SERVICE &amp; OPERATING)

TOTAL PROJECT COSTS \$20,000,000

EMPLOYMENT:

	<u># OF EMPLOYEES</u>	<u>ANNUAL PAYROLL</u>	<u>AVERAGE SALARY</u>
PRESENT (All Facilities) Worldwide	15,000		
PRESENT (Suffolk County Only)	113	12,709,434	112,473
PROPOSED 1ST. YEAR	125	14,729,434	117,835
2ND. YEAR	137	16,589,434	121,091

COMMENTS: 8/25/11 – Inducement resolution approved for an approximate \$20,000,000 lease transaction.

Voting: 6 (JM,DR,PZ,SR,EC,AE) – 0. Absent: YM.

10/18/11 - Public hearing held.

# COUNTY OF SUFFOLK



STEVE LEVY  
SUFFOLK COUNTY EXECUTIVE

DEPARTMENT OF PLANNING

SARAH LANSDALE, A.I.C.P.  
DIRECTOR OF PLANNING

## MEMORANDUM

TO: Bruce Ferguson, Administrative Director

FROM: Michael Mulé, Environmental Projects Coordinator mm

DATE: October 18, 2011

RE: I.D.A SEQRA Evaluation – OSI Pharmaceuticals, LLC

---

I have reviewed the environmental record for the above referenced project. It involves the interior renovation and build-out of two existing structures for research and development of new pharmaceutical products. This project should be classified at the October 20, 2011 meeting of the Suffolk County Industrial Development Agency as a Type II Action under SEQRA pursuant to Title 6 NYCRR Part 617.5(c)(1), (2), (20) & (25) since it involves continuing agency administration for the purchase of equipment or supplies relating to the interior maintenance, repair, replacement, rehabilitation or reconstruction of a structure or facility, in kind on the same site within the footprint of the existing building. Once the proposed project is appropriately classified by the Lead Agency no further action under SEQRA is required.

LOCATION  
H. LEE DENNISON BLDG. – 4<sup>TH</sup> FLOOR  
100 VETERANS MEMORIAL HIGHWAY

MAILING ADDRESS  
P.O. BOX 6100  
HAUPPAUGE, NY 11788-0099

(831) 853-5191  
fax (831) 853-4044

SCIDA PROJECT ABSTRACT

MEETING DATE: August 25, 2011

CONTACT: Erie Tower, Sr. Director Oper.  
PHONE #: (631) 755-2020APPLICANT NAME: Marchon Eyewear, Inc.  
AND ADDRESS 201 Old Country Road  
Melville, NY 11747

PRINCIPALS: VSP Holding Co., Inc.

PRODUCT/SERVICES: Worldwide manufacturer and distribution of eyewear

PRESENT FACILITIES: Own 2 Lease 1 Acreage 27.7 Sq. Ft. 203,520

NEW LOCATION/TAX MAP #: 201 Old Country Road; 35 Hub Drive &amp; 50 Hub Drive, Melville

PROJECT DESCRIPTION: Project involves the renovation and equipping of 201 Old Country Road, 35 Hub Drive and 50 Hub Drive in Melville. 201 Old Country Road (62,000 sq. ft.) will be used as the global corporate headquarters; 35 Hub Drive (101,800 sq. ft.) will be used as an ophthalmologic lab, warehouse and distribution; 50 Hub Drive (39,720 sq. ft.) will be used for warehouse and distribution.

PROJECT COSTS: AUTHORIZATION SOUGHT: \$27,540,000

LEASE PAYMENTS (11 YEARS)	16,800,000
REHAB. OF EXISTING BUILDINGS	5,490,000
CONSTRUCTION NEW BUILDING	
ADDITION OR EXPANSION	
ENGINEERING & ARCHITECTURAL FEES	
EQUIPMENT	5,250,000
LEGAL FEES (BANK, BOND & COMPANY)	
FINANCE CHARGES	
OTHER FEES/CHARGES	
RESERVE (DEBT SERVICE & OPERATING)	
<b>TOTAL PROJECT COSTS</b>	<b>\$27,540,000</b>

EMPLOYMENT:

	<u># OF EMPLOYEES</u>	<u>ANNUAL PAYROLL</u>	<u>AVERAGE SALARY</u>
PRESENT (All Facilities) Worldwide	1,790		
PRESENT (Suffolk County Only)	528	32,000,000	60,606
PROPOSED 1ST. YEAR	538	32,500,000	60,401
2ND. YEAR	553	33,000,000	59,675

COMMENTS: 8/25/11: Preliminary inducement resolution approved for an approximately \$27,540,000 lease transaction for Marchon Eyewear, Inc. facility. Voting: 6 (JM,DR,PZ,SR,EC,AE) 0 Absent: YM  
10/18/11: Public hearing held.

# COUNTY OF SUFFOLK



STEVE LEVY  
SUFFOLK COUNTY EXECUTIVE

DEPARTMENT OF PLANNING

SARAH LANSDALE, A.I.C.P.  
DIRECTOR OF PLANNING

## MEMORANDUM

TO: Bruce Ferguson, Administrative Director

FROM: Michael Mulé, Environmental Projects Coordinator 

DATE: October 18, 2011

RE: I.D.A SEQRA Evaluation – Marchon Eyewear, Inc.

---

I have reviewed the environmental record for the above referenced project. It involves the rehabilitation and equipping of three existing facilities for the manufacturing and distribution of eyewear. This project should be classified at the October 20, 2011 meeting of the Suffolk County Industrial Development Agency as an Unlisted Action under SEQRA pursuant to Title 6 NYCRR Part 617. The proposal does not appear to involve any major expansion of the building footprint or substantial increases in traffic, water usage, sewage or solid waste. Therefore, no significant environmental impact is expected. As such, it is recommended that a determination of non-significance be issued by the Suffolk County Industrial Development Agency. Please be advised that permit approvals from other County and Town entities may be required and would be subject to SEQRA review by the appropriate agencies at that time.

LOCATION  
H. LEE DENNISON BLDG. – 4<sup>TH</sup> FLOOR  
100 VETERANS MEMORIAL HIGHWAY

MAILING ADDRESS  
P.O. BOX 6100  
HAUPPAUGE, NY 11788-0099

(831) 853-5191  
fax (831) 853-4044