

# THE BIGGEST ECONOMIC DEVELOPMENT DEAL IN SUFFOLK COUNTY HISTORY

## How Suffolk snagged CA

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As Marty Cantor remembers it, the biggest deal in Suffolk County history started at an April 1988 networker at a [Holiday Inn](#).

Cantor, commissioner of economic development in the doe-eyed administration of Suffolk County Executive [Patrick Halpin](#), had run into Paul Amoruso, a broker with Jericho-based [Oxford & Simpson](#). Amoruso had a big corporate player teed up that might consider Suffolk.

Was the county interested?

Interested would have been significant understatement. Cantor's boss had already been tagged High-Tax Halpin for a budget plan that doubled property taxes in some parts of the county, and the administration was eager to dispel growing sentiment that it was soft on capitalism.

Fairchild had closed, Grumman had begun its cutbacks and regional officials were scrambling to come up with plans for a post-defense economy as a recession raged.

"I absolutely jumped at it," Cantor said.

The Holiday Inn meeting would kick off almost a year of intense bargaining and corporate brinkmanship that jumped back and forth between counties, involved more than two dozen potential sites and would lead to the richest incentives package in local history.

At the end of it all, and after another two years of construction, [Computer Associates](#) would have a global headquarters that still ranks as a model workspace and a model for public-private partnership.

## **Outgrowing Garden City**

[Columbia University](#) colleagues Charles Wang and Russell Artzt founded their computer company in the mid-1970s, just as IBM, under threats from the Justice Department, began unbundling its computer sales and software services. Although the pair planned to sell software of their own design, their first big break was landing the North American distribution rights to a program called CA Sort, which helped mainframe computers manipulate data more efficiently.

Developed by a Swiss firm called Computer Associates International, the program was a hit in Europe but had never really taken off in the United States. Wang changed that, quickly pushing sales to \$5 million by touting the product's superior performance and modest price.

Next came a series of storage management and job control utilities that worked seamlessly with CA Sort, giving users the benefits of a new thing called "synergy." Again, sales surged.

By the time of the Cantor-Amoruso meet-up, Wang's firm had merged with the Swiss company, gone public and acquired more than two dozen competitors, making it the second software company, after Microsoft, to hit \$1 billion in sales.

By then, Computer Associates' Long Island headquarters boasted 900 employees spread over three buildings in Garden City, but with no room to grow.

CA set out to find a single site that could handle the company's burgeoning staff, which was expected to triple in size in the coming decade. The company figured the total price tag of a new campus could reach \$250 million, and it was willing to spend as much as \$1 million an acre on land alone.

At the start, the CA search included a modest list of sites on Long Island and in Queens, Connecticut and New Jersey. But the list ballooned to more than 30 as news of the potential deal spread and local brokers and developers lined up, hoping to get a share of what could amount to millions in commissions and fees.



### **The hunt begins**

Amoruso's first offer was 40 acres near MacArthur Airport, but the site was ultimately deemed too long a commute for CA workers. Ditto a property owned by [Ron Parr](#) near the [NYIT](#) campus in Central Islip; ditto again for an array of parcels in Brookhaven, including sites in Setauket and near Bald Hill.

Also working against Suffolk: A landmark law, passed over Halpin's veto, that sought to protect workers from radiation by limiting the number of computer screens – or video display terminals, as they were called then – at any company. Almost all of CA's 900 workers used them.

While Suffolk officials pushed their properties, Nassau County was doing what it could to keep the firm there, and with similar success.

The Doubleday & Co. complex in Garden City was rejected as too small, and the Roosevelt Raceway was passed over because of lingering legal claims. Grumman offered part of 200 acres near its headquarters in Bethpage, but dropped the offer because of CA's aggressive development plan, which called for a finished building by 1992.

A long-term lease of county property was discussed but abandoned because of the controversy surrounding Nassau's below-market deals at Mitchel Field.

The Tilles family also proposed swapping environmentally sensitive land it owned in Jericho for the right to build the headquarters on county land in Plainview, but the deal drew tepid support from town officials in Oyster Bay and was dropped.

While economic development officials scrambled to find additional sites, CA began quietly meeting with a Glen Cove company called AQN Associates Inc., headed by community newspaper publisher Karl Anton and veteran developer Jack Quinn.

AQN had never actually built anything – it's biggest other deal was a proposed, but never built, Yaphank housing development – but the company had an agreement to buy a 63-acre tract that fronted the Long Island Expressway in Islandia, and the property quickly moved up the CA list.

“The site was basically a white appliance dump,” said Bruce Ferguson, the executive director of the Suffolk County Industrial Development Agency and one of the architects of the benefits

package ultimately awarded CA. “As you drove along the LIE you could see where people had dumped old refrigerators and stoves and dishwashers. There were also dirt bike and ATV trails all through there.

“There had been lots of different proposals for the property, to build mixed-use development or spec office. We’d probably still be waiting for the approvals. In that sense, CA turned out to be the best thing that could have happened there.”

Halpin had also begun meeting with CA officials, usually following impromptu, have-to-see-you-now calls, one of which pulled the county executive out of the annual Long Island Association luncheon.

“This was before they had speakers like Colin Powell,” Halpin said. “Back then, they would have Henny Youngman up there telling jokes. And it was not a young Henny Youngman.”

“It was a kind of test, really. They wanted to know they had a partner in this who would be responsive. They wanted to know what we could do and what we could do to expedite it.”

### **Crafting a deal**

The deal gathered speed when Related Companies Inc., the now-giant Manhattan real estate concern, signed on, ultimately buying out AQN, and Cantor and Ferguson began putting together an incentives package that would meet CA’s demands.

And the demands were considerable. CA wanted 100 percent abatement on new property taxes for 10 years, many times larger than the benefit traditionally awarded in relocation deals. That was a political nonstarter, given the furor over the Halpin tax hike, so county officials countered with a deal that offered 100 percent in year one, with the remainder phased in over the remaining nine years of the deal.

The final offer totaled about \$13 million, the most generous package in county history, plus low-cost IDA financing, sales tax breaks, state power discounts and road work. The county even agreed to move high-voltage power lines that ran through the property, according to Amoruso, who had helped bring Related into the deal and ended up brokering the land sale.

“There were lots of dark horses in the deal, lots of tough horses,” Amoruso said. “But this really needed to happen. It was the biggest needs-based deal the county had ever seen.”

The incentives package brought immediate hue and cry from Republicans in the Suffolk Legislature. In Islandia, which stood to lose an estimated 5 percent of the abated taxes, village officials complained they had been stabbed in the back.

But Cantor continued to push the merits of the deal, pointing to an estimated 2,000 construction jobs, thousands of permanent positions and millions of dollars in new economic activity. By Cantor’s math, the abatements worked out to a tiny 80 cents per county household.

The county executive did his own stumping, calling CA “the sun around which (will) revolve a constellation of small businesses” that would significantly increase economic activity in Suffolk. And CA would still pay as much as \$90,000 in property taxes in the deal’s first year, he noted, with much more to come.

“You would have thought the Republicans would have been tripping over themselves trying to endorse a deal that was so good for business,” Halpin said, “but they really gave me a hard time.”

IDA package in hand, with promised state help on roads and power – and a court ruling that vacated the VDT law – Halpin joined Wang at a February 1989 news conference announcing the move to Suffolk. Islandia was to be CA’s new home.

And what a home. Designed by Michael Harris Spector, the original 675,000-square-foot building embraced the spirit of feng shui – Spector’s idea, not Wang’s, according to the architect – and featured amenities most Suffolk County workers had only read about.

Enlarged to almost 800,000 square feet in 1998, the main building sports a six-story atrium designed to force interaction between workers, a fully equipped gym, racquetball courts, a basketball court and food-court-styled cafeteria. Workers also enjoy a Montessori-styled child care center, plus tennis courts, a softball field and jogging track.

“The design elements are common now, but it was really very innovative back then,” said Marc Spector, son of the retired Michael and who now runs the firm with his brother, Scott. “If you drive by it today, it’s really stood the test of time. It’s architecture that’s not dated at all.”

### **Happy two-oh**

The building’s 20th birthday was celebrated modestly last month with the planting of an anniversary tree and free soft-serve ice cream for the company’s 1,477 local employees, down from almost 3,500 a decade ago.

The company, now called CA Technologies, sold the campus in 2006 in a \$200 million sale-lease back.

“The whole plan never fully happened,” Cantor conceded. “Part of what was meant to be built here went to Europe and Asia. What changed was the onset of the global economy – we didn’t know it then; we couldn’t get our arms around it but that’s what it was.

“But they earned their incentive. They gave us a long-term buy-in and created jobs and what is now billions of dollars in economic activity. They earned every nickel.”

Halpin sees additional value:

“I think the deal was critical to changing the perception of Suffolk County as a suburban bedroom to New York City – we really proved we could house major high-tech companies here,” he said.

“It was an extraordinarily big deal. And it still is.”