

Operations and Accomplishments - 2014

The Suffolk County Industrial Development Agency (IDA) is a public benefit corporation of the State of New York created in 1975, pursuant to Article 18A of the General Municipal Law. The purpose of the Agency is to promote economic development in Suffolk County by assisting in the “acquiring, constructing, reconstructing and equipping of manufacturing, warehousing, research, commercial or industrial projects.”

Mission

The mission of the Suffolk County Industrial Development Agency is to promote the economic welfare, employment opportunities and quality of life of the residents of Suffolk County.

Program Objectives

Provide employment opportunities for the residents of Suffolk County by assisting businesses to remain, expand and/or relocate in the County.

Expand the tax base and maintain a healthy economy by providing assistance to businesses.

Encourage environmentally compatible projects and uses particularly through the reuse and redevelopment of existing facilities.

Balance the needs of both the business community and the taxpayers through the judicious and prudent use of incentives.

Work cooperatively with all other economic development entities and local officials to insure that appropriate and desirable projects are dealt with smoothly and efficiently.

Conduct all activities of the Agency in a professional and ethical manner.

IDA Financial Assistance

In order to promote economic development the IDA provides financial assistance through the issuance of tax-exempt or taxable bonds or in the form of a straight lease transaction. The Agency provides this assistance for businesses that either wish to locate or expand their operations in Suffolk County. Typical projects eligible for financing include the purchase and rehabilitation of existing buildings, the construction of new buildings, or the construction of additions to existing facilities. Machinery and equipment may also be financed through the IDA.

There are five types of financial assistance available through the IDA:

1. Tax-Exempt Bonds: Manufacturing facilities can be financed with tax-exempt bonds.
2. Taxable Bonds: Commercial non-manufacturing projects qualify for taxable bonds. In addition manufacturing projects which would not ordinarily qualify for tax-exempt bonds may be eligible for taxable bonds.
3. Tax-Exempt and Taxable Bonds: A combination of tax-exempt and taxable bonds can be issued for projects that include both manufacturing and non-manufacturing activities.
4. Refunding Bonds: Projects which were previously assisted with tax-exempt bonds are allowed to repay/refund the outstanding principal amount of the "old" bonds with new tax-exempt refunding bonds bearing a lower interest rate but only for the same term remaining on the original tax-exempt issue.
5. Straight Lease Transactions: Nominal title or a lease to the facility is placed in the IDA and the IDA in turn leases the facility back to the applicant company. Conventional or other sources of financing can be used for this type of transaction.

IDA Benefits

1. Real Property Tax Abatements: An abatement on property taxes can be provided for projects.
2. Sales Tax Exemption: Full or partial sales tax exemption on materials and/or equipment included in the project.
3. Exemption from Mortgage Recording Tax: If a mortgage is used to finance the project it is exempt from mortgage recording tax.

In addition, the interest on a tax-exempt bond is wholly or partially exempt from federal, state and local income taxes, while the interest on a taxable bond is exempt from New York State personal income tax only.

IDA Application/Project Process

1. Initial inquiry - discuss project; eligibility; application process, etc. Hand out application packet.
2. Review draft application with applicant to insure it is complete.
3. Completed application submitted to IDA. Application distributed to IDA Bond Counsel, Agency Counsel, Board Members, and Planning Department for environmental review and IDA staff for internal review and preparation of project abstract.
4. Presentation of application to the IDA Board for consideration. Board approves, tables or disapproves. An inducement resolution is issued for approved applications.
5. Public Hearing for all IDA projects as required by Federal and State law. Current New York State law requires a 10 day notice for Public Hearings. For tax-exempt bonds, federal tax requires a 14 day notice period. Note: In some cases it may be possible to schedule Public Hearing prior to Inducement.
6. Processing of documentation begins; Inducement Agreement sent to applicant; Engagement letter from Bond Counsel; etc.
7. Applicant submits fully executed bank commitment letter to the IDA indicating that the required financing is in place.
8. Induced project is again presented to the IDA Board for the adoption of the Bond Resolution for bonds or a Final Resolution for straight lease projects.
9. Applicable elected representative approves the project, i.e. that all requirements of environmental review, public hearing, etc. have been compiled with. This approval is required under TEFRA 1982 for tax-exempt bonds.

2014 IDA Closed Projects

The Suffolk County IDA closed eighteen projects in 2014. In addition, the Agency supported and serviced approximately 113 existing bond and/or lease projects. The 2014 projects resulted in the investment of over \$ 79,774,199 million into Suffolk County by these businesses. Employment at these eighteen projects will total almost 2,134 people with a total annual payroll of approximately \$100,022,882 million after approximately two years of operation.

Summary of 2014 IDA Projects

Contract Pharmacal Corporation \$8,250,000 lease transaction.

The project involves the purchase, renovation and equipping of an existing 70,000 sq. ft. building to be used for packaging of the Company's pharmaceutical products.

Work Market, Inc. \$200,000 lease transaction.

To lease, renovate & build out 3,120 sq. ft. of existing space for company operations – a software company that gives businesses access to an on-demand scalable workforce via the internet.

Rochem International, Inc. \$5,054,500 lease transaction.

To purchase, renovate and equip an existing 60,061 sq. ft. building for distribution of pharmaceutical, food and nutritional ingredients throughout North America and Europe.

Flexible Business Systems, Inc. \$3,297,000 lease transaction.

Purchase, renovate and equip an existing vacant 20,000 sq. ft. building for company operations in information technology services and programming.

Wenner Bread Products, Inc. \$1,000,000 lease transaction.

Renovate, equip and renew the lease for a 72,000 sq. ft. building the Company leases for manufacturing.

Click It, Inc. \$2,715,000 lease transaction.

Purchase, renovate and equip an existing 10,400 sq. ft. building for development, engineering, R&D of analytic digital video security systems for retail and other business industries.

MTC Industries, Inc. \$2,253,000 lease transaction.

Purchase, renovate and equip an existing vacant 18,000 sq. ft building to be used to manufacture synthetic and natural ingredients for human health & well-being.

Intelligent Product Solutions, Inc. \$200,000 lease transaction.

Lease and equip 14,000 sq. ft. of space for company operations in design, engineering and product development services.

Command Direct \$2,700,000 lease transaction.

Purchase, renovate and equip an existing 22,000 sq. ft. building for printing, mailing, marketing, design and communication services.

Peconic Recycling & Transfer Corp. \$7,115,000 lease transaction.
Construction and equipping of a 34,200 sq. ft. building for recycling of construction, demolition household and commercial debris.

BioRestorative Therapies, Inc. \$973,000 lease transaction.
Lease, renovate and equip 6,800 sq. ft. of space for research laboratories.

Bio-Botanica, Inc. \$2,386,254 lease transaction.
Renovate, equip and construction of a 3,000 sq. ft. and 10,000 sq. ft. additions at the company's two buildings used to manufacture herbal and botanical products for the food, pharmaceutical, nutritional & cosmetic industries.

Two One Two New York, Inc. \$1,440,000 lease transaction.
Lease, renovate and equip an existing vacant 60,000 sq. ft. building to design, manufacture and distribute women's sweater knit garments.

Jobin Organization, Inc. \$3,500,000 lease transaction.
Purchase, renovate and equip an existing 25,000 sq. ft. building to manufacture/fabricate and engineer wall panel systems, and related products.

A & Z Pharmaceutical, Inc. \$21,600,000 lease transaction.
Purchase, renovate and equip an existing 118,000 sq. ft. building to manufacture and export pharmaceutical products.

A & Z Pharmaceutical, Inc. \$9,930,445 lease transaction.
Renovate & equip 30,093 sq. ft. of leased space to manufacture the Company's pharmaceutical products for export in bulk to China and European markets.

A G Food Products Corporation \$5,660,000 lease transaction.
Purchase, renovate and equip an existing 45,600 sq. ft. building and construction of a 7,500 sq. ft. addition into a state of the art food processing facility.

Air Industries Group (Welding Metallurgy, Inc.) \$1,500,000 lease transaction.
Renewal of lease for 10 years in order to retain existing manufacturing jobs in the aerospace and defense industry.

Board Members and Staff

The Agency is governed by a seven member Board of Directors. The following individuals are members of the Board and Officers (if applicable):

Joanne Minieri, Chair
Peter Zarcone, Treasurer
Gregory Casamento, Member
Sondra Cochran, Member
Anthony Giordano, Member
Kevin Harvey, Member
Grant Hendricks, Member

The Board has the following Committees:

Audit Committee

Vacant, Chairman
Grant Hendricks
Anthony Giordano

Finance Committee

Peter E. Zarcone, Jr., Chairman
Joanne Minieri
Grant Hendricks

Governance Committee

Vacant, Chairman
Joanne Minieri
Kevin Harvey

Members of the Board of Directors serve as volunteers and receive no compensation pursuant to NYS law. The Agency has three staff members at the present time consisting of two full time and one part time employee. Current titles for staff are Executive Director/CEO (vacant), Deputy Executive Director/CFO, Secretary, Marketing Associate (vacant) and Bookkeeper. The Board of Directors determines and sets the compensation for Agency staff members. Historically, the Board has followed the County's grade and title system for Agency staff in order to determine similar duties and responsibilities. In addition the Board has historically used the Association of Municipal Employees (AME) contract to determine compensation levels for staff members. Agency staff takes direction and carries out the policies of the Board of Directors. The following staff members are considered having management positions with the Agency:

Vacant - Executive Director and Chief Executive Officer

Anthony J. Catapano, Deputy Executive Director and Chief Financial Officer

Mr. Catapano has been with the Agency since 1984 starting in the position of Operations Assistant. Mr. Catapano began as a college intern at the Agency. Mr. Catapano holds BA, MA in Public Affairs and MS in Industrial Management degrees. Mr. Catapano is a graduate of the National Development Council's Professional Certification Program.

No Agency Outstanding Debt

The Agency does not have any debt of its own including bonds, notes or loans. All of the IDA Bonds are conduit debt obligations where the respective business or not-for-profit organization is responsible for the repayment of its IDA bond to the bank/bondholder. The Agency is not liable for any of these conduit debt obligations.

No Agency Real Property

The Agency does not have any real property of its own. The Agency is not the beneficial owner of any of the real property it holds nominal title to for purposes of providing IDA assistance to businesses. The Agency cannot sell, encumber, or dispose of any of real property it holds in nominal title. In addition, the Agency cannot depreciate on its books and records nominal title property because the Agency is not the beneficial owner. The Agency does not have any liability with respect to nominal title property.

Assessment of the Effectiveness of Internal Controls

The Audit Committee and Agency staff periodically review the system of internal controls to determine its effectiveness and to make any improvements.