



Steven Bellone
Suffolk County Executive

Operations and Accomplishments - 2015

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.

2015 IDA Closed Projects

The Suffolk County IDA closed thirteen projects in 2015. In addition, the Agency supported and serviced approximately 117 existing bond and/or lease projects. The 2015 projects resulted in the investment of over \$ 149,421,440 into Suffolk County by these businesses. Employment at these thirteen projects will total almost 1,778 people with a total annual payroll of approximately \$100,945,657 million after approximately two years of operation.

Summary of 2015 IDA Projects

Steel Forest, LLC \$52,250,000 lease transaction.

Purchase and renovate an existing 420,000 sq. ft. building. Convert the building from a single-tenant building to a multi-tenant facility involving multi-use, office, manufacturing, technology and warehouse operations.

Croker Fire Drill Corporation \$2,936,000 lease transaction.

Purchase, renovate and equip an existing 13,526 sq. ft. building to be used for corporate and administrative offices including employee training center.

Hi-Lume Corporation \$7,503,000 lease transaction.

Purchase, renovate and equip an existing 57,500 sq. ft. building and construction of an approximately 17,500 sq. ft. addition on 5 acres. Consolidate three buildings to be used as corporate headquarters and warehouse facilities.

Aventura Technologies, Inc. \$2,845,000 lease transaction.

Purchase, renovate and equip an existing 19,533 sq. ft. building to be used for research, development, manufacturing, warehousing and storage.

Aladdin Packaging LLC \$4,782,440 lease transaction.

Purchase, renovate and equip an existing 41,954 sq. ft. building for warehousing and manufacturing of the Company's products.

Health Level One Inc. \$2,400,000 lease transaction.

Purchase, renovate and equip an approximately 21,000 sq. ft. building for laboratory use and company operations.

Citation Clinical Labeling Systems (Citation Business Forms, Inc.) \$1,900,000 lease transaction.

Lease, renovate and equip an existing 36,000 sq. ft. building for manufacturing and office use.

Ropack USA, Inc. \$31,250,000 lease transaction.

Purchase, renovate and equip an existing 103,530 sq. ft. building and 110,186 sq. ft. building for pharmaceutical manufacturing and packaging, including development and lab testing; also clinical solid dosage manufacturing and packaging.

Trophy Depot, Inc. \$12,000,000 lease transaction.

Purchase, renovate, equip an existing 105,000 sq. ft. building including a 17,000 sq. ft. mezzanine for a total of 122,000 sq. ft. on 7.14 acres for assembly engraving, printing and distribution of awards and trophies for schools, sporting leagues and other competitive organizations and business/corporate awards.

Certified Laboratories, Inc. \$11,150,000 lease transaction.

Purchase, renovate and equip an existing vacant 60,000 sq. ft. building creating laboratory, office and storage space.

Bactolac Pharmaceutical Inc./Sciegen Pharmaceuticals, Inc. \$17,500,000 lease transaction.

Purchase, renovate and expansion of an existing 92,000 sq. ft. building and construction of a 50,000 sq. ft. addition. Expansion will assist in the storage of raw materials for both facilities and assist in increased manufacturing operations.

Siena Village Project/Siena Investors LLC. \$9,000,000 lease transaction.

Renovation of an existing 39.5 acre low income senior apartment complex consisting of 20 buildings with 299 apartment units.

Spagnoli West LLC \$2,133,000 lease transaction.

Purchase a Town-owned parcel for the construction of an 8,900 sq. ft. addition to an existing 43,560 sq. ft. building.

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

Grant Hendricks, Chair
Sondra Cochran
Anthony Giordano

Finance Committee

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

Governance Committee

Kevin Harvey, Chair
Gregory T. Casamento
Joanne Minieri

Members of the Board of Directors serve as volunteers and receive no compensation pursuant to NYS law. The Agency has five staff members at the present time consisting of four full time and one part time employee. Current titles for staff are Executive Director/CEO, Deputy Executive Director/CFO, Associate Director Marketing & Outreach, Secretary, 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:

Anthony J. Catapano, Executive Director and Chief Executive Officer

Karen Kelly Morris, Deputy Executive Director and Chief Financial Officer

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.