

Operations and Accomplishments - 2016

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.

2016 IDA Closed Projects

The Suffolk County IDA closed twenty-five projects in 2016. In addition, the Agency supported and serviced approximately 113 existing bond and/or lease projects. The 2016 projects resulted in the investment of over \$231,693,329 into Suffolk County by these businesses. Employment at these twenty-five projects will total almost 2,779 people with a total annual payroll of approximately \$167,420,776 million after approximately two years of operation.

Summary of 2016 IDA Projects

Aircraft Lighting International, Inc./Michelin Group Holdings LLC \$2,184,500 lease transaction. Purchase, renovate and update an 18,000 sq. ft. building and purchase both manufacturing and non-manufacturing equipment to be used for manufacturing and distribution of the company's product.

Harvest Bakery, Inc. \$3,132,500 lease transaction. Purchase, extensive renovations and equip an existing 24,000 sq. ft. building on 5 acres to be used for manufacturing, food preparation and product storage.

WindowRama Enterprises, Inc. \$1,175,000 lease transaction. Renew lease, renovate and construction of sales training facility of an approximately 130,000 sq. ft. building for warehousing, manufacturing assembly shop, distribution and corporate headquarters.

Fonar Corporation \$1,117,300 lease transaction. Renewal of lease for 10 years to continue as corporate headquarters, manufacturing, sales and service of magnetic resonance imaging scanners (MRI) equipment.

J. Anthony Enterprises, Inc. \$2,100,000 lease transaction. Purchase, renovate and equip an existing 20,100 sq. ft. building. The Company will occupy the entire space for its operations consisting of general construction offices, design offices, staging, equipment and material storage.

201 W. Broadway PJ, LLC c/o Tritec Real Estate Company \$42,840,000 lease transaction. Purchase former Heritage Inn Motel site on 3.35 acres and construction, equipping of 112 residential rental apartments together with 168 sub-surface and 10 surface parking spaces. The current motel site has been vacant for approximately 10 years.

Home Bay Trading Corporation \$8,870,000 lease transaction. Renovations to an existing 80,000 sq. ft. building for merchandise distribution, wholesaler of school and office supplies; home and kitchen housewares and seasonal products.

Powertech Controls Co., Inc. \$2,397,500 lease transaction. Purchase and renovate an existing 20,000 sq. ft. building for warehouse and office space for distribution of electrical and electronic automation controls and components for manufacturing.

Contract Pharmacal Corporation (CPC)/Wolf Family LLC \$2,500,000 lease transaction. Renovate, equip and construct a 15,000 sq. ft. interior mezzanine used for packaging of the company's products (pharmaceuticals, over-the-counter drugs and dietary supplements).

Spagnoli II LLC/The Boys Melville LLC \$820,000 lease transaction. Renovate and equip an existing 43,560 sq. ft. building to be leased with option to purchase beginning in year two. Facility to be used for corporate office and administrative operations for its online e-commerce plumbing supply business.

Amber Court of Smithtown Realty, LLC \$28,250,000 lease transaction.

Construct a 90,000 sq. ft. senior citizen assisted living facility on 6.73 acres for the development and management of assisted living dwellings.

Entourage Commerce, LLC \$25,100,000 lease transaction.

Renovations to an existing vacant 140,000 sq. ft. building to be leased by the company and purchase of equipment to be used for National distribution of health and beauty items.

Matchbook Distilling Company LLC \$2,724,000 lease transaction.

Purchase of four existing buildings totaling 35,779 sq. ft., interior renovations and equipment to be used as a distillery using local agricultural products.

Premier Care Industries \$7,941,000 lease transaction.

Purchase and renovate an existing 81,000 sq. ft. building for manufacturing, warehouse and corporate administrative operations for the distribution of personal care products.

OK Petroleum Distribution \$6,600,000 lease transaction.

Construction and equipping of a 63,449 sq. ft. building on 5 acres to be used for corporate, administrative functions and warehouse distribution of automotive products.

Vox International Corporation \$4,000,000 lease transaction.

Renovate, equip and construction of a 15,000 sq. ft. addition to an existing 40,000 sq. ft. building to relocate its international shared services/administration functions and consolidation of the engineering lab operations into the facility.

Beyer Graphics \$3,740,000 lease transaction.

Purchase and renovate an existing 33,000 sq. ft. building the company currently leases for the design, printing and manufacturing of packaging products for the pharmaceutical and cosmetics industries.

Evaric Pharmaceutical c/o Garder Realty Holdings Inc. \$15,700,000 lease transaction.

Purchase of an existing 107,000 sq. ft. building, interior renovations and equipment for manufacturing, packaging and distribution of generic pharmaceuticals.

Stewart Avenue Ventures LLC \$5,776,529 lease transaction.

Demolition of a 3,649 sq. ft. dilapidated building and construction of a new 19,177 building for 12 rental apartment units housing and commercial/retail space.

Benchmark Senior Living – Whisper Landing \$44,895,000 lease transaction.

Purchase, construct and equip a 90,000 sq. ft. building on approximately 12.39 acres to be used as an assisted living facility consisting of 103 units.

Ecoclean Solutions, Inc. \$2,465,000 lease transaction.

Acquisition, renovation and equipping of two existing buildings totaling 29,690 sq. ft. for company operations and warehouse and distribution.

Karp Associates, Inc. \$5,900,000 lease transaction.

Construct and equip an approximately 35,618 sq. ft. addition to the existing 155,000 sq. ft. building on 9.6 acres. The new addition will be used for additional manufacturing of access doors and commercial restroom/toilet partitions.

IDP Consulting LLC \$315,000 lease transaction.

Renovate, equip and lease approximately 6,200 sq. ft. of space in 55,000 sq. ft. building for technology and consulting services.

United Biomedical, Inc. \$7,070,000 lease transaction.

Purchase and renovation of an existing 43,000 sq. ft. building the Company currently leases and is used for manufacturing and R & D.

Summit Apparel, Inc. d/b/a Royal Apparel \$4,580,000 lease transaction.

Purchase, renovate and equip an existing 24,244 sq. ft. facility and construction of a 12,000 sq. ft. addition for a total of 36,244 sq. ft. to be used for manufacturing and distribution of knit apparel and garments.

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):

Grant Hendricks, Vice Chairman

Peter Zarcone, Treasurer

Anthony Giordano, Secretary

Gregory Casamento, Member

Sondra Cochran, Member

Kevin Harvey, Member

Theresa Ward, Member

The Board has the following Committees:

Audit & Finance Committee

Grant Hendricks, Chair

Anthony Giordano

Peter Zarcone

Vacant

Governance Committee

Kevin Harvey, Chair

Gregory T. Casamento

Sondra Cochran

Vacant

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, Executive Assistant 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
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.