

# **SUFFOLK COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

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Steven Bellone  
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

## **Operations and Accomplishments - 2012**

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.

### **2012 IDA Closed Projects**

The Suffolk County IDA closed eight projects in 2012. In addition, the Agency supported and serviced approximately 125 existing bond and/or lease projects. The 2012 projects resulted in the investment of over \$72.5 million into Suffolk County by these businesses. Employment at these eight projects will total almost 2,940 people with a total annual payroll of approximately \$129 million after approximately two years of operation.

## **Summary of 2012 IDA Projects**

Marchon Eyewear, Inc. \$27,540,000 lease transaction.

The project involves the renovation & equipping of three facilities totaling 203,520 sq. ft. of space used for corporate headquarters, lab and warehouse/distribution.

Karp Associates, Inc./Flush Metal Partitions, LLC \$10,500,000 lease transaction.

Purchase, renovate & equip a 155,000 sq. ft. facility to manufacture access doors (Karp) and commercial restroom/toilet partitions(Flush).

Widex USA, Inc. \$8,700,000 lease transaction.

Purchase, renovate & equip a 65,937 sq. ft. facility to manufacture hearing aid devices including distribution, customer service and R&D. Also, the facility will be used for corporate headquarters & a training center for its national sales force.

Caro Properties, LLC \$2,480,000 lease transaction.

Purchase, renovate, equip and convert a vacant lumber yard into 28,200 sq. ft. of office space for administrative use & training facilities for three owned companies (security, nursing and home healthcare).

GSE Dynamics, Inc. \$5,314,028 lease transaction.

Purchase, renovate & equip an existing 57,000 sq. ft. building to be used for composite manufacturing. Also, renovations to the Company's existing owned manufacturing building.

LNK International, Inc. \$13,500,000 lease transaction.

Purchase and renovate an existing vacant 110,000 sq. ft. building to support the manufacturing of pharmaceutical products & purchase a vacant lot for future growth.

Suffolk Industrial Recovery Corp. (PK Metals) \$4,449,106 lease transaction.

Purchase, renovate & equip a 56,173 sq. ft. building to be used for recycling of e-waste and industrial plastic.

Work Market, Inc. \$110,000 lease transaction.

To lease, renovate & build out 2,200 sq. ft. of existing vacant space for company operations – a software company that gives businesses access to an on-demand scalable workforce via the internet.

## **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):

David I. Rosenberg, Vice Chairman (Acting Chair)  
Peter E. Zarcone, Jr., Treasurer  
Steven Rossetti, Secretary  
Elizabeth Custodio, Member  
Kevin Harvey, Member  
Grant Hendricks, Member  
Joanne Minieri, Member

The Board has the following Committees:

### **Audit Committee**

David I. Rosenberg, Chairman  
Grant Hendricks  
Joanne Minieri

### **Finance Committee**

Peter E. Zarcone, Jr., Chairman  
Grant Hendricks  
David I. Rosenberg

### **Governance Committee**

Steven Rossetti, Chairman  
Elizabeth Custodio  
Kevin Harvey

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

Mr. Manetta joined the Agency in June 2012. Mr. Manetta started his career as an entrepreneur where he led a successful corporate advisory and public affairs firm. Prior to joining the IDA, Mr. Manetta worked in finance as an executive at a boutique corporate turnaround firm. Mr. Manetta holds a BBA in Accounting and an MBA in Corporate Finance.

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.