

SUFFOLK COUNTY INDUSTRIAL DEVELOPMENT AGENCY

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Suffolk County Executive

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Operations and Accomplishments - 2013

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.

2013 IDA Closed Projects

The Suffolk County IDA closed twenty-four projects in 2013. In addition, the Agency supported and serviced approximately 109 existing bond and/or lease projects. The 2013 projects resulted in the investment of over \$232,811,484 million into Suffolk County by these businesses. Employment at these twenty-four projects will total almost 5,778 people with a total annual payroll of approximately \$319,869,472 million after approximately two years of operation.

Summary of 2013 IDA Projects

Walt Whitman Mall, LLC \$39,900,000 lease transaction.

The project involved the renovation and expansion of an existing 1 million sq. ft. mall by 68,000 sq. ft. façade with lighting and landscaping improvements.

DRI Relays, Inc. \$5,500,000 lease transaction.

The project manufactures electro-mechanical relays for aerospace, military, rail and space industries.

Select Products Holdings LLC \$1,498,000 lease transaction.

To lease approximately 65,000 sq. ft. of space to set up a new manufacturing operation for facial tissue, napkins, towels and wipes, etc.

VLI North America, Inc. \$122,000 lease transaction.

Purchase equipment for company operations and growth – software technology cloud based online business platform.

Spellman High Voltage Electronics Corporation \$3,450,000 tax-exempt bond and lease.

Refunding of an existing IDA bond, purchase of mfg./capital equipment & renovations to two buildings.

Champion Metal & Glass, Inc. \$4,335,000 lease transaction.

Purchase, renovate and equip an existing vacant 40,000 sq. ft. building to manufacture architectural, ornamental metal & glass fabrication and installation.

Greenstone Tire Corp. \$185,000 lease transaction.

Leasehold improvements and purchase additional equipment to manufacture retreaded tires using recycled casings.

KLD Labs, Inc. \$3,000,000 lease transaction.

Purchase, renovate and equip an existing 28,000 sq. ft. building for R & D, manufacturing of electro-optical measurement systems for transportation/industrial sectors.

Wilshire Rental Properties, LLC \$7,045,000 lease transaction.

Construct a new warehouse/light manufacturing building for lease.

Long Island Industrial Partners \$35,000,000 lease transaction.

Bi-County project to rehabilitate and make energy efficient 23 industrial and commercial buildings in Suffolk.

D'Addario & Company, Inc. \$2,030,000 lease transaction.

Restructure operations, extend lease and construct a 20,000 sq. ft. addition.

Sciegen Pharmaceuticals, Inc. \$8,215,000 lease transaction.

Purchase, renovate and equip an existing building for full scale manufacturing of prescription generics.

Autronic Plastics, Inc. (API) \$6,150,000 lease transaction.

Purchase, renovate and equip an existing vacant building to manufacture plastic injection molding products and manufacture LED & other work light products.

U.S. Nonwovens Corp. \$14,650,000 lease transaction.

Purchase, renovate and equip an existing building to manufacture over the counter products, household, cleaning, pet & auto products.

Photonics Industries International, Inc. \$5,800,000 lease transaction.

Purchase, renovate and equip an existing building to manufacture high tech lasers.

Broadridge Investor Communication Solutions, Inc. \$77,000,000 lease transaction.

Equip and renovate two existing buildings the Company occupies.

Rechler at Gabreski, LLC \$1,632,000 lease transaction.

Infrastructure and site work (roads, drainage & utilities) to develop approximately 50 acres at the County owned Gabreski Airport into a business park. The overall project is to develop approximately 50 acres into 470,000-510,000 sq. ft. of technology, industrial and office space.

Rechler at Gabreski Bldg. #4 \$5,783,334 lease transaction.

Construction of a multi-tenant R & D industrial warehouse building.

Mobile Fleet, Inc. \$3,663,150 lease transaction.

Purchase, renovate and equip an existing building to manufacture, distribute and market public safety and commercial equipment.

Vehicle Tracking Solutions, LLC \$2,360,000 lease transaction.

Purchase, renovate and equip a vacant building for company headquarters.

Peconic Bay Health Systems, Inc. \$4,962,000 lease transaction.

Construct three buildings that Company will lease for delivery of healthcare services.

Sensaras, LLC \$105,000 lease transaction.

Purchase of equipment for company operations and growth.

Vitamix Laboratories \$186,000 lease transaction.

Lease, renovate and equip space to manufacture dietary supplements and products.

Group Gifting.com, Inc. & NuClique LLC Accelerator Space \$240,000 lease transaction.

Lease, renovate and equip 8,522 sq. ft. of vacant space for software development and as a collaborative accelerator tech environment for tech startup companies to share space.

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
Steve Rossetti, Secretary
Anthony Giordano, Member
Kevin Harvey, Member
Grant Hendricks, Member
David Rosenberg, 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.