

**Village of Newark – 2012 Community Development Block Grant Program Award
Economic Development Grant for IEC Electronics Corp.
Second Public Hearing**

Summary of Accomplishments

Amount of Community Development Block Grant (CDBG) funds made available: \$750,000

Activities undertaken with CDBG funds: Economic development assistance to IEC Electronics Corp. to enable the company to purchase equipment to expand its operations and create new jobs.

Amount of CDBG funds made available for activities that benefit the Low and Moderate Income (LMI) National Objective: \$698,428

Displacement resulting from the implementation of this project: None

Progress towards the program goals and objectives as identified in the original application:

In 2012, the Village was awarded a \$750,000 CDBG in 2012 to assist IEC electronics with a \$2,134,216 construction project to expand their plant in the Village of Newark. Following approval of the CDBG grant award the company elected to complete the construction project without the use of CDBG funding. The actual cost of these improvements was \$2,060,000. As a result of the expansion of the plant facilities funded with company dollars, new jobs were created.

As part of the company expansion project, IEC identified additional equipment funding needs that would generate up to an additional 50 new jobs. Specifically, IEC proposed to purchase two pieces of high tech equipment for \$2,002,857 to satisfy current and future customer needs. One machine is an automatic pick and place machine and the other is an X-ray machine, both specialized pieces of equipment for the electronics industry.

The Village submitted modifications for the grant to the Office of Community Renewal in early November 2013 to utilize the CDBG funding for the purchase equipment rather than construction. The proposed modification would eliminate the use of \$750,000 CDBG funding for the construction project, including the associated soft costs, and reallocate the \$750,000 in CDBG funding to assist with the purchase of the \$2,002,857 in equipment.

The project modification was approved by NYS Office of Community Renewal (OCR) and established a goal to create 50 new jobs related to the new equipment. The Village completed the environmental review of the project and executed a grant agreement with IEC Electronics Corp. The company completed the purchase and installation of the equipment at a cost of \$1,746,074. The company has received \$698,428 in CDBG funding for the equipment and has expended \$1,047,646 in corporate resources to complete the project.

Through December 2014, IEC has created 70 new jobs as a direct result of the expansion related to the equipment purchases. The close out report was submitted to the NYS Office of Community Renewal in January 2015. The balance of the CDBG funding available for the project (\$51,572) was recaptured by OCR for use on other projects.

The project met the LMI National Objective, based on job data provided by IEC Electronics, which determined that 54 of the 70 jobs created (77.1 percent) were filled by persons with low or moderate incomes.

Project changes: As discussed above, IEC Electronics originally requested \$750,000 in CDBG assistance to provide a portion of the funding for a \$2.1 Million construction project to expand the company's plant in Newark. Following approval of the CDBG grant award, the company elected to complete the construction project without the use of the CDBG funding. The actual cost for the construction of the improvements was \$2.06 Million. Originally, the company projected that the expansion would result in the creation of up to 90 new jobs.

As the CDBG funds were not needed for construction activities, the company modified its plans to allocate the CDBG funding for the purchase of equipment. The company has completed the purchase and installation of the equipment and received \$698,428 of the \$750,000 in available CDBG funding for the project. The company exceeded the revised job creation goal for the project, with the creation of 70 new jobs through December 2014.