

Cayuga County Industrial Development Agency

Annual Operations and Accomplishments Report FY 2013

Introduction

The Cayuga County Industrial Development Agency (“CCIDA”) is a public benefit corporation created under Title I of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 688 of the Laws of 1970 of the State of New York (collectively referred to as the “Act”), with the authority and power to promote, develop, encourage and assist in acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing industrial, manufacturing, warehousing, commercial, civic, research, and recreational facilities as authorized by the Act, in connection therewith to issue its revenue bonds, enter into straight lease transactions and provide other forms of financial assistance on behalf of client enterprises to coordinate County, Federal, New York State and Municipal programs to insure that each client has access to the full range of development incentives and assistance available to firms locating or expanding in Cayuga County.

The Office of the Agency is located at 2 State Street, Auburn, NY, 13021.

This document is being presented as the Annual Operations and Accomplishments (“Annual”) Report for the Cayuga County Industrial Development Agency’s (“CCIDA” or the “Agency”) Fiscal Year ending 12/31/2013 in full compliance with the New York State Public Authorities Law (“PAL”) Section 2824-a, the 2005 NYS Public Authorities Accountability Act (“PAAA”) and the 2009 PARA. The goal of this report is to provide a written assessment and summary review of CCIDA’s operations and accomplishments during FY2013. In some cases, this report will refer to and identify the publicly available (and posted) location of supporting reports or materials that provide the information cited. Collectively, this report and the cited materials include the following areas of concern:

1. Overview of CCIDA Operations and Accomplishments in FY13
2. Revenues & Expenditures in FY13
3. Assets & Liabilities in FY13
4. CCIDA Compensation Policy
5. Overview of Projects undertaken by the Agency in FY13
6. Real Property Owned and/or Disposed of by the Agency in FY13
7. The CCIDA Adopted Code of Ethics
8. Assessment of the Effectiveness of CCIDA Internal Controls in FY13
9. CCIDA Investment Report for FY13

I. Overview of Operations & Accomplishments

The CCIDA continued to operate under its authority in FY2013 with a full Board of Directors. Through September 3, 2013 staff was provided through the Cayuga County Department of Planning & Economic Development. Administrative services were taken over by the Cayuga Economic Development Agency (CEDA) as per a contract dated July 1, 2013. A transition period began July 1, 2013 during which time staffing and administrative services were provided by both Cayuga County Department of Planning & Economic Development and CEDA, with CEDA becoming the sole administrative support entity as of September 3, 2013. The Board conducted one (1) annual and thirteen (13) monthly meetings and conducted an Independent Financial Audit for FY2013 as required by statute. The CCIDA monthly Board meetings were public meetings and were posted as such and each meeting included a Treasurer's Report and a review and approval of previous meeting minutes (some months with two sets of meetings did not adopt minutes if they were not yet prepared). The full minutes of the Board meetings of FY2013 are available online for review at: <http://www.cayugacountyida.com/ida-documents-and-policies/#ida2013> and are also available for review at the CCIDA offices at 2 State Street, Auburn, NY 13021.

During FY2013 the CCIDA continued its particular focus on two primary economic development initiatives:

- **CEDA.** In FY2013 CCIDA provided support for, and coordination with, the Cayuga Economic Development Agency ("CEDA"), the County's private-sector economic development agency formed in 2009 and active since 2010. This Agency was developed to provide full-time, private sector driven economic development coordination and collaboration between the existing Industrial Development Agencies and organizations operating within Cayuga County while implementing a structured and effective Business Retention and Expansion Program.
 - The CCIDA Board played an instrumental role in supporting the organizational development of the CEDA organization in FY10 and continued that support through FY13, including but not limited to:
 - Executing an administrative services contract with CEDA, officially bringing the CCIDA into the "one stop" economic development model;
 - Technical assistance with overall economic development initiatives and project development; and
 - Community Outreach and Networking.
- **CCIDA Industrial Park Infrastructure Development.** CCIDA continued to work on bringing the Agency-owned Aurelius Industrial Park to "shovel ready" status and to position this asset for targeted value-added agricultural business development. Specific activities included, but were not limited to:
 - Continued Construction of over 1400 LF+/- of new roadway, sewer and water lines;

- Installation of a 34.5KV electric line;
- Assisting Cayuga County with the construction of a Lift Station for use by all future park tenants;
- Continued support and assistance related to the financing and construction of comprehensive roadway and utility infrastructure within the Park in order to advance the development of the \$100M Cayuga Milk Ingredients (“CMI”) Fluid Milk Processing Plant and enhancement attraction capabilities.

In addition to these focus areas, the CCIDA also worked to market CCIDA services and available incentives and benefits to existing business enterprises and to seek opportunities for new business development. A number of proposals were developed in response to business attraction opportunities and these were pursued by the CCIDA using the CEDA staff. The following CCIDA projects were closed and deployed in FY2013 as described briefly below:

Cayuga Milk Ingredients Project - Aurelius, NY. The CCIDA and CAYUGA MILK INGREDIENTS, LLC (CMI) finalized project details, including the sale of 23.5 acres of land within the Aurelius Industrial Park to CMI and construction of a nearly \$100M, 106k square foot milk processing facility. The facility will produce milk protein concentrates and isolates and milk powders for the global food and nutrition industries. CMI will purchase all fluid milk used in production from local farmer-owners, transforming local dairy resources into value-added agricultural products for export. This will likely result in over \$85M of payments to local farmers and will generate approximately \$110M in annual revenues.

In support of the project, which provides significant real property and sales tax revenue to the local municipalities, including the Union Springs School District and the Town of Aurelius, the Agency will designate the Company as its agent for the purpose of acquiring, constructing and equipping the Project, and provided the Company a sales and use tax exemption for purchases and rentals related to the Project. In addition, the Agency provided the Company with a mortgage recording tax exemption for financings related to the Project, issuance of a \$30M bond, and a twenty (20) year PILOT agreement.

Abbott House (Inns of Aurora) Project – Aurora, NY. ABBOTT HOUSE, the newest addition to Pleasant T. Rowland’s investments in Aurora and the Inns of Aurora, is the reconstruction of an approximately 10,000 square foot mansion on Cayuga Lake for the purpose of a high-end inn and meeting center. The renovated space will include ten guest rooms with private baths, an Innkeeper room, a 20-seat conference room, an 18-seat private dining room, and a 150-seat outdoor lakefront special event patio. There is also a newly renovated dock on the property to provide access to the lake. The project is expected to create over 100 full-time jobs (direct and indirect). Abbott House, along with the other Inns of Aurora facilities, will attract a significant number of visitors from outside of the region and state.

In support of the project, which provides significant real property and sales tax revenue to the local municipalities, including the Southern Cayuga School District, Village of Aurora and the Town of Ledyard, the Agency will designate the Company as its agent for the purpose of acquiring, constructing and equipping the Project, and provided the Company a sales and use

tax exemption for purchases and rentals related to the Project. In addition, the Agency executed a ten (10) year PILOT agreement.

II. CCIDA REVENUES AND EXPENSES FY2013

The CCIDA has conducted an independent financial audit of the fiscal year ended 12/31/2013. The full audit, including an analysis and overview of the CCIDA Revenues and Expenses for the fiscal year, is available both online at the CCIDA website (<http://www.cayugacountyida.com/ida-documents-and-policies/>) and at the CCIDA offices, 2 State Street, Auburn, NY 13021.

III. CCIDA ASSETS AND LIABILITIES FY2013

As stated above, the CCIDA independent financial audit of the fiscal year ended 12/31/2013 also includes an analysis and overview of the CCIDA Assets and Liabilities for the fiscal year, which is also available both online at the CCIDA website (<http://www.cayugacountyida.com/ida-documents-and-policies/#ida2013>) and at the CCIDA offices, 2 State Street, Auburn, NY 13021.

IV. CCIDA CORPORATION COMPENSATION

The CCIDA was located at the Cayuga County Office Building in Auburn, NY and operated with staff support provided by Cayuga County through September 3, 2013. The primary staff members working with the CCIDA on daily operation and administration through that date were the CCIDA Executive Director -who is also the Director of the Cayuga County Office of Planning & Economic Development, and the CCIDA Secretary/Treasurer who is also the Administrative Assistant for the Cayuga County Office of Planning & Economic Development. The CCIDA is now located at 2 State Street, Auburn, NY 13021 and operates with administrative support provided by the Cayuga Economic Development Agency (CEDA). The primary CEDA staff members working with the CCIDA on daily operation and administration as of September 3, 2013 are the CEDA's Executive Director acting as CCIDA Executive Director, CEDA's Office Manager acting as CCIDA Secretary, and CEDA's Economic Development Technical Specialist acting as CCIDA CFO/Treasurer.

None of the above CCIDA officers/staff receive any compensation by the CCIDA and is paid fully by Cayuga Strategic Solutions, CEDA's staffing agency. The CCIDA staff are only reimbursed for expenses incurred in the performance of their duties to the CCIDA such as mileage, supplies purchases, etc.

As per an administrative services contract, CEDA received \$10,000 in 2013 for services rendered to the CCIDA.

In addition to these primary positions, the CCIDA receives technical assistance from time to time through Cayuga County and CEDA. This support assistance is provided at no cost to the CCIDA.

V. PROJECTS UNDERTAKEN BY THE CCIDA IN FY2013

As listed previously, the two primary projects undertaken by the CCIDA in 2013 were those of Cayuga Milk Ingredients (CMI), which purchased land within the Aurelius Industrial Park and commenced construction of an approximately \$100M facility, and Abbott House, a roughly 10,000 square foot inn and meeting center. Both of these projects have the potential to provide significant benefits to the local economy.

In addition to these activities, the CCIDA, working cooperatively with the Cayuga Economic Development Agency (CEDA), pursued a number of industrial development prospects. Some of these prospects are still in negotiation, while others have not developed beyond the initial inquiry stage.

In addition to these projects, the CCIDA also engaged in the following economic development activities:

- Continued implementation of the CCIDA Aurelius Industrial Park infrastructure project, including the installation of a 34.5KV electric line;
- Coordination with the CEDA organization on Strategic Economic Development Planning;
- Reorganization of the Cayuga County Development Corporation;
- Participation and discussion with Clarity Connect Broadband Project, which would bring wireless broadband services to southern Cayuga County;
- Execution of an Administrative Services Contract with CEDA in order to further the "One Stop" economic development model;
- Coordination and interaction with the Cayuga County Public Utilities Service Agency regarding potential alternative energy projects within the county;
- Participation in New York State Economic Development Council (NYSEDC) ongoing seminars and conferences on economic development best practices;
- Outreach to small business assistance organizations and developers and coordination of developer seminars in concert with CEDA and the Auburn IDA.

VI. CCIDA PROPERTY OWNED AND/OR DISPOSED OF FY2013

The CCIDA owns twelve (12) parcels in the Town of Aurelius, within or adjacent to the CCIDA-owned Aurelius Industrial Park (the Park). Information on these parcels is provided in the table shown below. The CCIDA did sell real property in FY2013 to Cayuga Milk Ingredients, in support of the construction of a \$100M milk processing facility. Parcels disposed of included TMID Nos. 114.00-3-2 and 114.00-3-3, as well as a portion of TMID Nos. 114.00-3-6 and 114.00-3-7. Transfer of the parcels was made for the cost of \$290,000. The Agency did not acquire any new real property in FY2013.

CAYUGA COUNTY TAX ID #	APPROXIMATE ACREAGE	CURRENT FAIR MARKET VALUE	FMV DETERMINED BY:	DATE OF ACQUISITION
114-2-27.6	1.71 Acres	\$513,000.00	Independent Appraisal	1992
114-2-27.71	2.11 Acres	\$42,200.00*	Independent Appraisal	1992
114-2-27.81	2.69 Acres	\$53,800.00*	Independent Appraisal	1992
114-3-1	10.08 Acres	\$201,600.00	Independent Appraisal	1992
114-3-4	10.32 Acres	\$206,400.00	Independent Appraisal	1992
114-3-5	5.08 Acres	\$101,600.00	Independent Appraisal	1992
114-3-6.1	5.6 Acres	\$112,000.00*	Independent Appraisal	1992
114-3-7.1	6.63 Acres	\$132,600.00*	Independent Appraisal	1992
114-3-8	9.89 Acres	\$197,800.00	Independent Appraisal	1992
114-3-9	9.82 Acres	\$196,400.00	Independent Appraisal	1992
114-3-10	9.82 Acres	\$196,400.00	Independent Appraisal	1992
114-3-11	11.10 Acres	\$222,000.00	Independent Appraisal	1992

* Parcel was split after portion transferred to another entity, new FMV determined based on appraisal of \$20,000 per acre

In addition to the above twelve parcels, there is also a thirteenth parcel within the park (114-2-27.91) that is 2.45 acres and will potentially be used for a roadway. Based on the Appraisal for the above parcels, fair market price for this parcel is likely \$49,000.

VII. CCIDA Code of Ethics

The CCIDA has adopted a Code of Ethics on October 17, 2006 that established a high level of ethical conduct the Board of Directors, staff and associates the Agency adhere to. This adopted Code of Ethics is reviewed annually by the Board of Directors and is posted online at the CCIDA website: <http://www.cayugacountyida.com/ida-documents-and-policies/>, and is available at the CCIDA offices. **A copy of the adopted Code of Ethics is provided below:**

The members of the board (the "Board") of the Cayuga County Industrial Development Agency (the "Agency"), a duly established public benefit corporation of the State of New York (the "State"), along with the officers and staff of the Agency, shall comply with and adhere to the provisions of Article 18 of the General Municipal Law of the State.

Further, no director, officer, or employee of the Agency shall (1) accept other employment which will impair his or her independence of judgment in the exercise of his or her official duties; (2) accept employment or engage in any business or professional activity which will require him or her to disclose confidential information which he or she has gained by reason of his or her official position of authority; (3) disclose confidential information acquired by him or her in the course of his or her official duties nor use such information to further his or her personal interests; (4) use or attempt to use his or her official position to secure unwarranted privileges or exemptions for himself, herself or others; (5) engage in any transaction as a representative or agent of Agency with any business entity in which he or she has a direct or indirect financial interest that might reasonably tend to conflict with proper discharge of his or her official duties; (6) not, by his or her conduct, give reasonable basis for the impression that any person can improperly influence him or her or unduly enjoy his or her favor in the performance of his or her official duties, or that he or she is affected by the kinship, rank, position or influence of any party or person; (7) abstain from making personal investments in enterprises which he or she has reason to believe may be directly involved in decisions to be made by him or her or which will otherwise create substantial conflict between his or her duty in the public interest and his or her private interest; and (8) endeavor to pursue a course of conduct which will not raise suspicion among the public that he or she is likely to be engaged in acts that are in violation of his or her trust.

VIII. Assessment of the Effectiveness of CCIDA Internal Controls

The CCIDA FY2013 Independent Financial Audit and Financial Statements are the responsibility of CCIDA management and the Board of Directors. These statements were prepared in accordance with accounting principles generally accepted in the United States of America. Financial information contained in this report and in the related, cited materials at the CCIDA offices and online at the CCIDA website is consistent with the FY2013 financial statements.

CCIDA has established an Internal Control Structure and the CCIDA Board of Directors conducts an annual review and assessment of its Internal Controls. The objectives of the CCIDA Internal Controls and Structure is to provide reasonable assurance as to the protection of and accountability for assets, compliance with applicable laws and regulations, proper authorization and recording of transactions and the reliability of financial records for preparing financial statements. The Internal Control Structure is subject to periodic review by CCIDA independent auditors in addition to the review by the CCIDA Board and Officers/management.

The CCIDA Board and management are committed to an ongoing assessment of the control structure and are focused on the following continuous improvements:

- Timely compliance with PAAA and PARA throughout the fiscal year, including communication with CCIDA independent auditors and general counsel to bring the Agency in to a structured review and audit schedule ensuring full and timely compliance with statutory compliance, public reporting and transparency;
- Cross training of Agency staff on PAAA/PARA and financial reporting requirements to establish checks and balances for meeting full compliance with scheduled reporting.

IX. CCIDA INVESTMENT REPORT

Deposits and Investments

State statutes govern the Agency's investment policies. In addition, the Agency adopted its own written Investment Policy on October 17, 2006. Agency monies must be deposited in FDIC insured commercial banks or trust companies located within the State. The CCIDA Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and obligations of New York State and its localities.

Collateral is required for demand deposits and certificates of deposit at 105% of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and school districts.

Total bank balances of the CCIDA of \$619,771 at December 31, 2013 are covered by FDIC insurance up to the limits, with the remaining amounts collateralized with securities held by the Agency's financial institution pledged in the name of the Cayuga County Industrial Development Agency. The carrying value of deposits at December 31, 2013 totaled \$619,771. Included in these balances is a 3-month certificate of deposit in the amount of \$139,743 at an interest rate of .5%.