

Cayuga County Industrial Development Agency Annual Operations and Accomplishments Report FY 2012

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 the Cayuga County Office Building, situated at 160 Genesee Street, 5th Floor, 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 12/31/2012 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 FY2012. 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 FY12
2. Revenues & Expenditures in FY12
3. Assets & Liabilities in FY12
4. CCIDA Compensation Policy
5. Overview of Projects undertaken by the Agency in FY12
6. Real Property Owned and/or Disposed of by the Agency in FY12
7. The CCIDA Adopted Code of Ethics
8. Assessment of the Effectiveness of CCIDA Internal Controls in FY12
9. CCIDA Investment Report for FY12.

I. Overview of Operations & Accomplishments

The CCIDA continued to operate under its authority in FY2012 with a full Board of Directors and staff provided through the Cayuga County Department of Planning & Economic Development and the Cayuga County Office of the County Treasurer. The Board conducted one (1) annual and (16) monthly meetings and conducted an Independent Financial Audit for FY2012 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 FY2012 are available online for review at: <http://www.cayugacountyida.com/ida-documents-and-policies/#ida2012> and are also available for review at the CCIDA offices at the Cayuga County Office Building, 160 Genesee Street, 5th Floor, Auburn, NY 13021. The CCIDA Offices are within the Department of Planning & Economic Development at that location.

During FY2012 the CCIDA continued its particular focus on two primary economic development initiatives:

- **CEDA**. In FY2012 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 and staff played an instrumental role in supporting the organizational development of the CEDA organization in FY10 and continued that support through FY12, including but not limited to:
 - Technical assistance with overall economic development initiatives and project development;
 - Development of a Countywide Strategic Economic Development Strategy;
 - Community Outreach and Networking; and
 - Establishment of the Synchronist Software BRE program.
- **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;

- Working with the Cayuga County Legislature to approve County funding for comprehensive roadway and utility infrastructure within the Park in order to advance the development of the \$90M Cayuga Milk Ingredients ("CMI") Fluid Milk Processing Plant, including:
 - Preparation of Infrastructure Project Bid Documents for use by Cayuga County to solicit competitive bids;
 - Transfer of certain roadway parcels within the Cayuga County Industrial Park from CCIDA ownership to County ownership, so that the County could move forward with this project-critical infrastructure in ownership of the roadways and infrastructure corridors;
 - Working with the Town of Aurelius on the engineering and development of certain sewer system improvements associated with the Industrial Park to ensure adequate capacity for the CMI Milk Plant processing needs and reserve capacity for future food- and agricultural-processing facilities; and
 - Working to resolve certain natural gas well, wetland and other Industrial Park site issues in order to advance the CMI Milk Plant project.
- Working with the Town of Aurelius on streamlining site permitting and provision of adequate water and sewer services and utility infrastructure including the framing of bulk water and sewer rates for projects within the CCIDA Industrial Park and the execution of a Memorandum of Agreement securing same.

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. Although these particular projects did not locate in Cayuga County, a small CCIDA project was closed and deployed in FY2012 as described briefly below:

Gillespie Motors Expansion Project – Union Springs, NY. GILLESPIE MOTORS, INC submitted an application to the Agency requesting that the Agency consider undertaking a Project consisting of the acquisition of /by the Agency of a leasehold interest in an approximately 3.0 acres of real property located at 128 Cayuga Street, Union Springs, Cayuga County, New York, including the existing approximately 7,400 square feet of existing building structures and improvements utilized as a car dealership and showroom, together with the construction of an approximately 3,200 square-foot building addition and related improvements as well as the acquisition and installation of certain machinery, equipment and other items of tangible personal property.

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 Village of Union Springs, the Agency will designate the Company as its agent for the purpose of acquiring,

reconstructing, renovating 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.

II. CCIDA REVENUES AND EXPENSES FY2012

The CCIDA has conducted an independent financial audit of the fiscal year ended 12/31/2012. 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, Cayuga County Office Building, 160 Genesee Street, 5th Floor, Auburn, NY 13021.

III. CCIDA ASSETS AND LIABILITIES FY2012

As stated above, the CCIDA independent financial audit of the fiscal year ended 12/31/2012 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/#ida2012>) and at the CCIDA offices, Cayuga County Office Building, 160 Genesee Street, 5th Floor, Auburn, NY 13021.

IV. CCIDA CORPORATION COMPENSATION

The CCIDA is located at the Cayuga County Office Building in Auburn, NY and operates with staff support provided by Cayuga County. The primary staff members working with the CCIDA on daily operation and administration in FY2012 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 Cayuga County Deputy Treasurer.

The CCIDA Executive Director does not receive any compensation by the CCIDA and is paid fully by Cayuga County as Director of Planning & Economic Development. The Executive Director is only reimbursed for expenses incurred in the performance of his duties to the CCIDA such as mileage, etc.

The CCIDA Secretary/Treasurer received an annual \$10,000.00 payment, through Cayuga County, for services rendered to the CCIDA.

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

V. PROJECTS UNDERTAKEN BY THE CCIDA IN FY2012

As stated earlier, the primary work of the CCIDA in FY2012 was related to securing the \$90M Cayuga Milk Ingredients (CMI) Milk Processing Plant at the CCIDA Industrial Park. This complex project required significant staff time and resources, especially with regard to matters related to Industrial Park site development, readiness and related water and sewer agreements for development.

In addition to these activities, the CCIDA, working cooperatively with the Cayuga Economic Development Agency (CEDA), pursued a number of industrial development prospects. Although these prospects did develop within the region, they did not become CCIDA projects.

The CCIDA did undertake a small retail project in FY2012 - the Gillespie Chevrolet Expansion Project, which was discussed under Section I, Overview of Operations & Accomplishments. In addition to these projects, the CCIDA also engaged in the following economic development activities:

- An review of CCIDA Insurance Coverage under the County NYMIR Insurance and an overall assessment of Insurance Needs;
- Continued implementation of the CCIDA Aurelius Industrial Park infrastructure project;
- Board review, analysis and discussion of the Agency's Uniform Tax Exemption Policy ("UTEP");
- Coordination with the CEDA organization on Strategic Economic Development Planning;
- Coordination and interaction with the Cayuga-Cortland Workforce Investment Board and overall workforce development initiatives;
- Review and Assessment of CCIDA Internal Controls;
- Review and Assessment of CCIDA infrastructure needs, including the establishment of bulk water and sewer rates, at the Aurelius Industrial Park;
- Participation in New York State Economic Development Council (NYSEDC) ongoing seminars and conferences on economic development best practices;
- Outreach to Central New York Higher Education institutions to promote technology transfer and commercialization including support for the development of certificate programs in Plastics Technology at the Cayuga Community College (with significant CCC grant awards in 2012);
- Exploration of underutilized industrial lands within Cayuga County and outreach for redevelopment of industrial assets;

- Coordination and networking with Cayuga County agricultural producers, especially in the dairy industry for development of value-added agricultural manufacturing;
- Coordination and networking with the Port of Oswego Port Authority; and
- 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 FY2012

The CCIDA owns fourteen (14) 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 transfer real property in FY2012 from the CCIDA to Cayuga County, in support of the Cayuga County Industrial Park roadway infrastructure project. The transfer was needed to allow the County to undertake funding of certain access roads within the Industrial Park serving CCIDA development parcels. Transfer of these minor "roadway" parcels was made for the nominal cost of \$1.00. The Agency did not acquire any new real property in FY2012.

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
114-2-27.7	2.46 Acres	\$49,200.00	Independent Appraisal	1992
114-2-27.8	2.75 Acres	\$55,000.00	Independent Appraisal	1992
114-3-1	10.08 Acres	\$201,600.00	Independent Appraisal	1992
114-3-2	8.46 Acres	\$169,200.00	Independent Appraisal	1992
114-3-3	10.26 Acres	\$205,200.00	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	8.44 Acres	\$168,800.00	Independent Appraisal	1992
114-3-7	9.95 Acres	\$199,000.00	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

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 FY2012 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 FY2012 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 \$341,551 at December 31, 2012 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, 2012 totaled \$257,483. Included in these balances is a 3-month certificate of deposit in the amount of \$90,776 at an interest rate of .5%.