

Cayuga County Industrial Development Agency

Annual Operations and Accomplishments Report FY 2015

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 12/31/2014 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 FY2014. 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 FY15
2. Revenues & Expenditures, Assets & Liabilities in FY15
3. CCIDA Compensation Policy
4. Overview of Projects undertaken by the Agency in FY15
5. Real Property Owned and/or Disposed of by the Agency in FY15
6. Assessment of the Effectiveness of CCIDA Internal Controls in FY15
7. CCIDA Investment Report for FY15

I. Overview of Operations & Accomplishments

The CCIDA continued to operate under its authority in FY2015 with a full Board of Directors and administrative services provided through the Cayuga Economic Development Agency. The Board conducted one (1) annual and twelve (12) monthly meetings and conducted an Independent Financial Audit for FY2015 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. The full minutes of the Board meetings of FY2015 are available online for review at:

<http://cayugacountyida.org/documents/> and are also available for review at the CCIDA offices at 2 State Street, Auburn, NY 13021.

During FY2015 the CCIDA continued its focus on the development of infrastructure at the Aurelius Industrial Park. 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:

- Sale of land and approval of tax abatements to Grober Nutrition, a company that will use a byproduct of Cayuga Milk Ingredients' process to produce feed for baby mammals. Grober will invest over \$12 million in the construction and equipping of a new facility located in close proximity to Cayuga Milk Ingredients.
- Completion of Phase 1A and 1B Cultural Resources Investigations and SHPO clearance on all remaining undeveloped parcels in the park.

In addition to this 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 expansion and attraction opportunities and these were pursued by the CCIDA using the CEDA staff. The following CCIDA projects were closed and deployed in FY2015 as described briefly below:

Grober Nutrition, LLC – Aurelius, NY. Grober is constructing and operating an ingredient drying facility and feed blending facility. The project includes the construction of a new 60,000 square foot facility, including production, warehouse, office, lab, and worker welfare areas. Constructing and equipping the facility will require an investment of over \$12 million. Product lines will include a full line of calf milk replacers, some niche market milk replacers, and some dry fat powder commonly called 7/60. Production will utilize the permeate from nearby Cayuga Milk Ingredients (CMI), which is a byproduct of CMI's process that is currently being shipped out of the Industrial Park and disposed. This partnership will significantly reduce waste. Due to the various benefits this project creates, the project was approved for a twelve-year PILOT agreement and sales and use tax exemption on up to \$8.4 million of purchases (up to \$672,000 in sales and use tax exemption).

A1 Pumping & Repair Plus – Sennett, NY. A1 Pumping, which is already in a PILOT agreement, completed a 2,000 square foot expansion to their existing facility to house a customer waiting area and additional storage. The expansion required an investment of

approximately \$292,500. The project was approved for a sales and use tax exemption on up to \$250,000 of purchases (up to \$20,000 in sales and use tax exemption) and a mortgage recording tax exemption.

D&W Diesel- Aurelius, NY. D&W Diesel, also an existing PILOT client, completed a \$350,000, 2,200 square foot expansion to their existing facility. After considerable growth of the company and employment, the expansion provided much needed administrative and worker break areas. The project was approved for a sales and use tax exemption on up to \$250,000 of purchases (up to \$20,000 in sales and use tax exemption).

Owasco Marine- Owasco, NY. Owasco Marine (Auburn Marine Sales & Services) completed the construction of two boat storage facilities to improve the attractiveness of the marina and Owasco Lake to both local and non-local boaters. The project required an investment of approximately \$352,500 and was approved for a sales and use tax exemption on up to \$250,000 of purchases (up to \$20,000 in sales and use tax exemption).

In addition to these approved projects, the CCIDA has been participating with five other IDAs to renegotiate the existing Finger Lakes Railway PILOT, which had a ten-year renewal term come due for consideration. Rather than approving the existing terms, the six IDAs, along with the railway and legal counsel, have negotiated new terms that are anticipated to increase revenues to the taxing jurisdictions and improve the process for crossings and easements. It is expected that the renegotiated PILOT term will be finalized and closed in the first half of 2016.

II. CCIDA REVENUES AND EXPENSES, ASSETS AND LIABILITIES FY2015

The CCIDA has conducted an independent financial audit of the fiscal year ended 12/31/2015. The full audit, including an analysis and overview of the CCIDA Revenues and Expenses and Assets and Liabilities for the fiscal year, is available both at the CCIDA website (<http://cayugacountyida.org/documents/>) and at t CCIDA offices, 2 State Street, Auburn, NY 13021.

III. CCIDA CORPORATION COMPENSATION

The CCIDA is located at 2 State Street, Auburn, NY 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 in FY2015 were CEDA's Executive Director acting as CCIDA Executive Director, CEDA's Office Manager acting as CCIDA Acting Secretary, and CEDA's Economic Development Technical Specialist acting as CCIDA CFO/Treasurer.

None of the above CCIDA officers received any compensation by the CCIDA and are paid fully by Cayuga Strategic Solutions, CEDA's staffing entity. These CCIDA officers are reimbursed by CEDA for expenses incurred in the performance of their duties to the CCIDA such as mileage, supplies purchases, etc. CEDA is reimbursed by CCIDA for these expenses in addition to the contracted amount for administrative services.

As per an administrative services contract, CEDA received \$20,000 in 2015 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.

IV. PROJECTS UNDERTAKEN BY THE CCIDA IN FY2015

As listed previously, the five primary projects undertaken by the CCIDA in 2015 were those of Grober Nutrition, which is building a new 60,000 sq. ft. facility; A1 Pumping, which expanded their existing facility; D&W Diesel, which expanded its existing facility; and Owasco Marine, which built two boat storage facilities to expand their offerings. Furthermore, CCIDA has been in the process of renegotiating the existing Finger Lakes Railway PILOT. All of these projects have the potential to provide significant benefits to the local economy, including job creation, additional tax revenue, and, in the case of Owasco Marine, increased lake-based tourism.

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;
- Joint committee meetings with the Auburn Industrial Development Authority (AIDA) to discuss organizational collaboration and joint efforts, such as a joint internal audit of the two organizations.
- 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 in concert with CEDA and the AIDA.

V. CCIDA PROPERTY OWNED AND/OR DISPOSED OF FY2015

The CCIDA owns eleven (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 sold one parcel but did not acquire real property in FY2015.

CAYUGA COUNTY TAX ID #	APPROXIMATE ACREAGE	CURRENT FAIR MARKET VALUE**	FMV DETERMINED BY:	DATE OF ACQUISITION
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114.00-2-27.6	1.71 Acres	\$513,000	Independent Appraisal	1992
114.00-2-27.71	2.11 Acres	\$42,200*	Independent Appraisal	1992
114.00-2-27.81	2.69 Acres	\$53,800*	Independent Appraisal	1992
114.00-3-1	10.08 Acres	\$252,000	Independent Appraisal	1992
114.00-3-4	10.32 Acres	\$258,000	Independent Appraisal	1992
114.00-3-5	5.08 Acres	\$127,000	Independent Appraisal	1992
114.00-3-6.1	5.6 Acres	\$140,000*	Independent Appraisal	1992
114.00-3-7.1	6.63 Acres	\$167,750*	Independent Appraisal	1992
114.00-3-9	9.82 Acres	\$245,500	Independent Appraisal	1992
114.00-3-10	9.85 Acres	\$246,250	Independent Appraisal	1992
114.00-3-11	11.10 Acres	\$277,500	Independent Appraisal	1992

* Parcel was split after portion transferred to another entity

**Fair Market Value based on 2011 appraisal plus conservative consideration for new infrastructure.

In addition to the above eleven parcels, there is also a thirteenth parcel within the park (114.00-2-27.91) that is 2.45 acres and will potentially be used for a roadway. Based on the Appraisal for the above parcels, fair market value for this parcel is likely \$49,000.

CCIDA sold one parcel of land in FY2015 to Grober Nutrition as part of the project incentive package:

TAX ID #	ACREAGE	CURRENT FMV	SALE PRICE	DATE OF DISPOSITION
114.00-3-8	9.897 Acres	\$247,425	\$247,425	October 27, 2015

VI. Assessment of the Effectiveness of CCIDA Internal Controls

The CCIDA FY2015 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 are consistent with the FY2015 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.

VII. 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 were \$965,582.00 on December 31, 2015. All balances were either covered under FDIC insurance or collateralized by appropriate obligations. The carrying value of deposits at December 31, 2015 totaled \$965,582.00. Included in these balances is \$38,098.23 restricted for the Clarity Connect broadband project. These funds were granted by local municipalities and will be disbursed to Clarity Connect upon submitted a request with appropriate documentation of expenditures.