

Cayuga County Industrial Development Agency

Annual Operations and Accomplishments Report FY 2016

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 12/31/2016 in full compliance with the New York State Public Authorities Law (“PAL”) Section 2824-a, the 2005 NYS Public Authorities Accountability Act (“PAAA”), the 2009 PARA, and Chapter 563 of the Laws of 2015. The goal of this report is to provide a written assessment and summary review of CCIDA’s operations and accomplishments during FY2016. 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 FY16
2. Revenues & Expenditures, Assets & Liabilities in FY16
3. CCIDA Compensation Policy
4. Overview of Projects undertaken by the Agency in FY16
5. Real Property Owned and/or Disposed of by the Agency in FY16
6. Assessment of the Effectiveness of CCIDA Internal Controls in FY16
7. CCIDA Investment Report for FY16

I. Overview of Operations & Accomplishments

The CCIDA continued to operate under its authority in FY2016 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 three (3) special meetings and conducted an Independent Financial Audit for FY2016 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 FY2016 are available online for review at: <http://cayugacountyida.org/documents/> and at the CCIDA offices, 2 State Street, Auburn, NY 13021.

During FY2016 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 by completing a Wetland Delineation report for the undeveloped parcels.

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 FY2016 as described briefly below:

A1 Pumping & Repair Plus – Sennett, NY. A1 Pumping, which is already in a PILOT agreement, and is receiving Sales and Use Tax exemptions to assist with the construction of a 2000 square foot expansion to their facility, completed the purchase of two new trucks to meet the requirements of a four-year \$3 million contract. This purchase required an investment of \$1.2 million. The project was approved for a sales and use tax exemption on up to \$1.2 million of purchases (\$96,000 in sales and use tax exemption).

Aurora Shoe – Aurora, NY. Aurora Shoe is constructing a 5,000 square foot expansion to their existing facility to allow for additional manufacturing, warehouse and retail space. This expansion will require a \$505,000 investment. The project was approved for a sales and use tax exemption on up to \$305,500 in purchases (up to \$24,440 in sales and use tax exemptions).

Carubba Collision – Auburn, NY. Carubba Collision, completed the acquisition of Real Property and facility improvements to allow the property to be utilized as an automotive body collision shop. The improvements included the build-out and remodeling of the office spaces, and the installation of paint booths, automotive lifts, and equipment. This project required an investment of \$1,120,000 and was approved for a sales and use tax exemption on up to \$460,000 in purchases (up to \$36,800 in sales and use tax exemptions).

In addition to these approved projects, the CCIDA, participating with five other IDAs, completed the renegotiation of the existing Finger Lakes Railway PILOT, which had a ten-year renewal term come due for consideration in FY2015. Rather than approving the existing terms,

the six IDAs, along with the railway and legal counsel, negotiated new terms that will increase revenues to the taxing jurisdictions and improve the process for crossings and easements.

II. CCIDA REVENUES AND EXPENSES, ASSETS AND LIABILITIES FY2016

The CCIDA has conducted an independent financial audit of the fiscal year ended 12/31/2016. 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 the 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 FY2016 were CEDA's Executive Director acting as CCIDA Executive Director, and CEDA's Economic Development Technical Specialist acting as CCIDA Acting Secretary and 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 2016 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 FY2016

As listed previously, the primary projects undertaken by the CCIDA in 2016 were those of A1 Pumping, which purchased new equipment and expanded their facility; Carubba Collision, which purchased a facility and made improvements; and Aurora Shoe, which expanded its existing facility. Furthermore, CCIDA completed the renegotiating of the existing Finger Lakes Railway PILOT. All of these projects have the potential to provide significant benefits to the local economy, including job creation, and additional tax revenue.

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;
- 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.
- Conducted studies and explored the purchase of additional lands to assist a manufacturer locate their business into the area.

V. CCIDA PROPERTY OWNED AND/OR DISPOSED OF FY2016

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 did not acquire nor sell any real property in FY2016.

CAYUGA COUNTY TAX ID #	APPROXIMATE ACREAGE	CURRENT FAIR MARKET VALUE**	FMV DETERMINED BY:	DATE OF ACQUISITION
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 twelfth 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.

VI. Assessment of the Effectiveness of CCIDA Internal Controls

The CCIDA FY2016 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 FY2016 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 \$938,263.81 on December 31, 2016. All balances were either covered under FDIC insurance or collateralized by appropriate obligations. The carrying

value of deposits at December 31, 2016 totaled \$938,263.81. Included in these balances is restricted funds totaling \$56,721.73. The restricted funds include \$46,721.53 collected as a part of the Ontario Realty project, a portion of which will be disbursed to municipalities and \$10,000.23 for the Clarity Connect broadband project. The funds tied to the Clarity Connect project were granted by local municipalities and will be disbursed to Clarity Connect upon the receipt of a submitted request with appropriate documentation of expenditures.