

ANNUAL REPORT

2014

PLANTING
THE SEEDS
FOR GROWTH



OTSEGO **now**



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MESSAGE FROM THE CHAIRMAN

Without a doubt, 2014 was a year of transition for the Otsego IDA. Once under the aegis of Otsego County, sharing space, staff, a website, services, and equipment, the IDA became a financially self-sustaining entity in 2014. Like any transition, this one had plenty of challenges, but it ultimately allowed us to revisit all of our assumptions, policies, and procedures, not to mention our priorities; as a result, we're a stronger organization with a broader reach and an even more actively engaged and hard-working Board.

Throughout 2014, we laid the foundation for economic growth. We have strived to make our current sites shovel-ready, and have identified and gained control of new, promising sites. We have worked shoulder to shoulder with Otsego County's existing businesses, providing everything from tax incentives and investment to counsel and support. We have created a Center for Workforce Development that will enfranchise our residents and build a community of workers with 21st-century skills. We have begun to address the County's infrastructure needs, particularly through spearheading a countywide broadband initiative and beginning an analysis of our rail yards and their potential. We have developed a new brand, Otsego Now, that speaks to the urgency we feel to create economic opportunity; with that, we've created a

completely new website that will serve to market our region's assets. We spent the year establishing the roots that will be critical for our long-term success.

2014 was also a year of investment, not just of time and effort, but of money as well. Between hiring staff and leasing office space, our operating costs increased; as we undertook larger projects and more significant initiatives, our spending on professional services increased as well. I've learned that the work of economic development requires patience, investing in the right strategies and projects, and nurturing them to maturity. The large payoffs we expect to enjoy may still be five years down the road—this process is a marathon, not a sprint.

Fortunately, our region has pulled together to make our vision an

eventuality. A large part of what ensures our success is the network of alliances that we have throughout our region.

I want to recognize the many public, private, legislative, non-profit, and academic partners who have joined with us to create job opportunities and investment in our County. Our success is only possible together.

Our mission has never been more important. In 2015, the IDA will continue to focus on projects within targeted industries to bring wealth creation to our community and better resources to our residents. We have a long road in front of us, but with the help of our partners and the dedication and creativity of our staff, I know that we are building a brighter and more prosperous future for all of the citizens of Otsego County.



ROBERT HANFT, CHAIRMAN

MESSAGE FROM THE CEO

What a great experience it has been to work with the many fine people and the business community of Otsego County. When I started in January 2014 as part of the significant transition from a government-based economic development approach to a more private-sector way of doing business, I never anticipated such positive progress.

As a new start-up, we took the opportunity to aggressively improve the procedures governing regulatory compliance, financial oversight, and loan/grant monitoring. Our report to the ABO was filed on time, a first in recent years. The importance of the leadership on the IDA Board of Directors to these significant strides cannot be overstated.

A great team has been assembled, with Elizabeth Horvath as our COO and Dawn Rivers as Director of Workforce Development. It's a small staff, with outstanding talent and high productivity. The Otsego IDA Board of Directors has seized the opportunity to drive the overall economic development mission with strong and decisive leadership and with needed resources. No taxpayer dollars have been utilized to support this new strategic approach. The momentum gained is real and, in time, will produce positive results.

Our strategy has been simple, starting with the four legs of our economic development stool: strong leadership, efficient structure, development of



SANDY MATHES, CEO

"shovel-ready" sites, and implementation of a workforce pipeline. Working with our governmental and community leaders, we have moved the ball in all these critical areas with proactive planning and an aggressive action agenda.

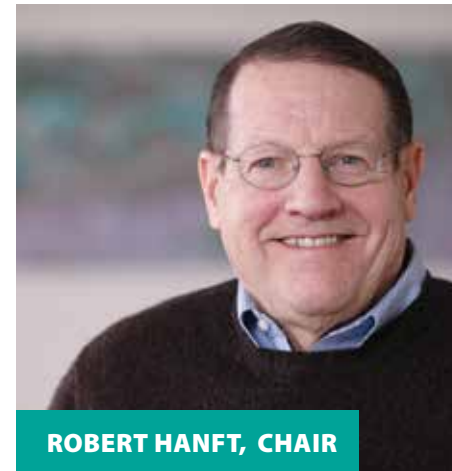
Important projects initiated include the Broadband Coverage Project; identification and proactive initiation of pre-approvals for "shovel-ready" sites at Pony Farms Business Park and the Oneonta Rail Yards along with an updated Comprehensive Plan and new commerce park in Richfield and Richfield Springs; the Market Street Food HUB and related Craft Beer and Culinary Institute; the overall support to engage communities with comprehensive planning; and the Cooperstown Downtown Revitalization Plan. All are positive steps and

progress toward our ultimate goal of growing the local economy.

In closing, we must continue to manage expectations, as our projects will take time to bring across the finish line. We must continue the slow and steady progress and maintain the perseverance required for success.

Ultimately, our goal is to continue the drive toward the desired and effective "single point of contact and coordination." This will be an important achievement as we work toward Otsego County gaining relevance to the outside site-selector community and businesses looking for vibrant locations and a predictable local process.

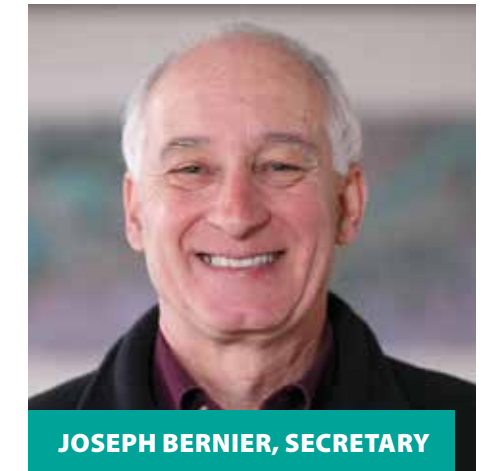
2014 was a nice start. 2015 will move our agenda forward, working closely with our many valued partners toward our one simple goal: jobs!



ROBERT HANFT, CHAIR



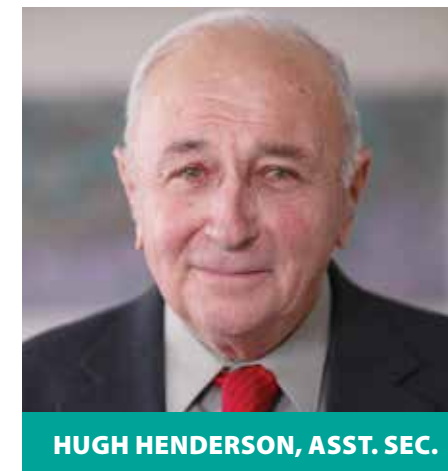
JAMES JORDAN, VICE CHAIR



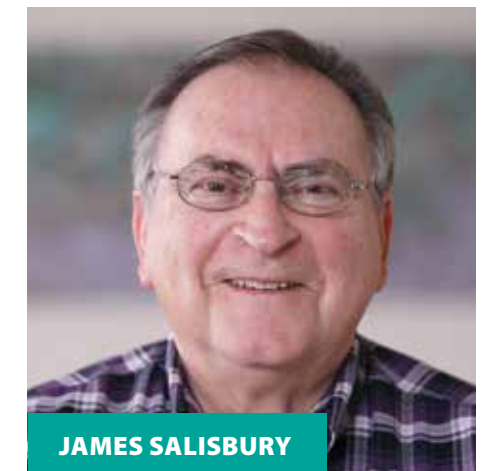
JOSEPH BERNIER, SECRETARY



JEFFREY LORD, TREASURER



HUGH HENDERSON, ASST. SEC.



JAMES SALISBURY



LEONARD MARSH



CRAIG GELBSMAN



DEVIN MORGAN

Committee and membership information can be viewed on our website: OtsegoNow.com

BOARD OF DIRECTORS 2014

STAFF AND COUNSEL

AGENCY STAFF

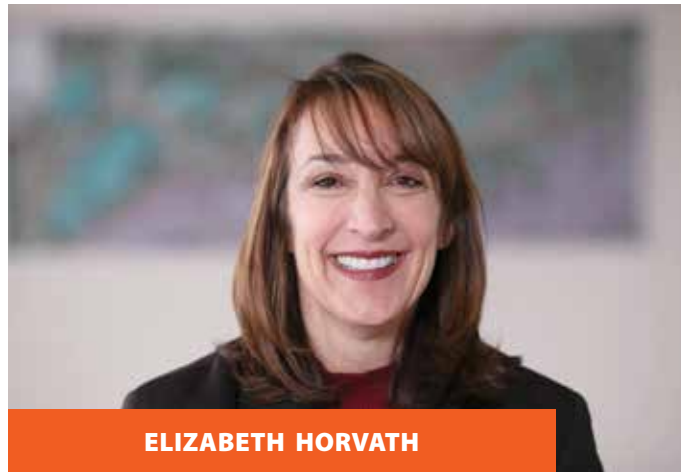
ALEXANDER "SANDY" MATHES, JR.
CHIEF EXECUTIVE OFFICER

ELIZABETH HORVATH
CHIEF OPERATING OFFICER

DAWN RIVERS
DIRECTOR



ALEXANDER "SANDY" MATHES, JR.

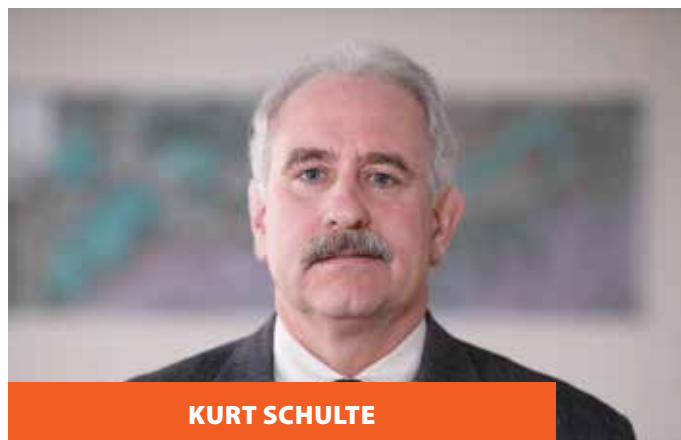


ELIZABETH HORVATH



DAWN RIVERS

COUNSEL



KURT SCHULTE



A. JOSEPH SCOTT III

AGENCY SUMMARY

A nine-member Board appointed by the Otsego County legislature governs the Agency.

An independent certified public accounting firm performs the annual financial audit of the Agency. The report is available annually, after March 31st of the following year, at OtsegoNow.com.

The Agency's auditors are Mostert, Manzanero, and Scott, of Oneonta, New York.

The Agency's counsels are Mr. A. Joseph Scott of Hodgson Russ, Albany, New York, and Mr. Kurt Schulte, Oneonta, New York.

Operating funds are derived solely from fees paid by applicants seeking assistance, administrative fees, rental income, and return on agency investments.



PROGRAMS AND INCENTIVES

The Agency provides business support and operates incentive programs consistent with its powers and mission statement in the following areas:

- Tax incentives: exemptions from mortgage recording, sales and use taxes, and abatement of real property taxes through payment-in-lieu of tax agreements
- Asset development: development of property and facilities for investment
- Workforce development: company-specific and general workforce readiness training
- Business support: financial support and contract management services specific to New York State grants for private businesses

Otsego Now's prime objective is to provide assistance to existing businesses, expansions, and business startups with professional assistance, tax incentives, educational programs, and access to capital for the purposes of creating jobs and economic development activity within Otsego County.



TRANSITION AND ACCOMPLISHMENTS

IN 2014, COIDA FORMALLY SEPARATED ITS OPERATIONS FROM THOSE OF OTSEGO COUNTY, WHICH HAD PROVIDED STAFF AND OFFICE SPACE ON A CONTRACTUAL BASIS TO THE AGENCY SINCE COIDA WAS FORMED. IN JANUARY, COIDA HIRED ITS FIRST EMPLOYEE, ELIZABETH HORVATH, AS COO, AND ENTERED INTO A THREE-YEAR CONTRACT FOR PROFESSIONAL SERVICES WITH ALEXANDER "SANDY" MATHES, JR., TO SERVE AS CEO.

In May, COIDA moved into leased office space at 189 Main Street in Oneonta, having outfitted the offices with desks, computers, et cetera, and in June, hired Dawn Rivers to act as Director, overseeing workforce development activities and exploring the possibility of establishing an incubator in COIDA's offices. In August, COIDA hired an executive assistant to support the professional staff. COIDA has now established payroll procedures and employee procedures that were unnecessary before early 2014. The financial result of these changes can be seen most prominently in increases in contractual expenses, salary and benefits, and leased office space and fixed asset acquisitions.

COIDA hired Paperkite Creative to help the Agency develop a brand, logo, and marketing materials, including a high-functioning

website that will be used as a marketing and development tool to reach site selectors and to recruit new business to the area in support of our increased business development efforts.

COIDA's Board continued to meet on a monthly basis to address the Agency's governance and projects, and as a new and improved practice, the Audit & Finance Committee and the Project Committee began to meet monthly as well, in the first case to thoroughly review financials and the loan portfolio, and in the latter case to address the complexities of various development projects underway. Oversight of the Agency's operations has thus dramatically increased in frequency and content across 2014.

Toward the end of 2014, COIDA migrated its financials from Sage/ Peachtree to QuickBooks, running

both systems in parallel for a few months before migrating solely to QuickBooks in early 2015. Use of QuickBooks has enabled COIDA staff, working with Jim Lozano, President of CFO for Hire, to create more granular methods to (1) categorize expenses accurately, (2) track expenses and revenues against budget, and (3) track financials by class (for example, Pony Farms Industrial Park, Richfield Springs, and the Center); further, the general ledger was reformatted to provide better reporting information to the Board.

Throughout 2014, staff met individually with COIDA loan clients, particularly those with delinquent loans, and worked to re-establish a payment stream, successfully in some cases. COIDA's loan portfolio has become healthier as a result. The Agency also made loan-loss



TRANSITION AND ACCOMPLISHMENTS

reserve provisions toward the end of 2014 that reflect the Agency's asset values more accurately than in years past, which resulted in a bad debt expense of \$444,485.

In 2014, dozens of small businesses made inquiries into economic development services. Many of the businesses were directed to the Small Business Development Center for assistance with creating business plans, or to the Economic Development department of

Otsego County for assistance with loans and grants. Businesses requested information to source financing, to start or expand their businesses, or to locate to appropriate buildings or properties.

Staff attended NYS EDC continuing education conferences, and the COO completed both the IEDC's Basic Economic Development course as well as an online accounting course offered for credit by Empire State University.

As the 2014 year closed, COIDA's goals remain consistent with Governor Cuomo's Regional Economic Development Councils and the commitment to streamline economic development agencies and programs, develop regional strategic plans, and build a pipeline for targeted economic development initiatives.



SALE / LEASEBACK PROJECTS

NORTHERN EAGLE BEVERAGES, INC.

IN THE LATE SUMMER OF 2014, NORTHERN EAGLE APPROACHED COIDA WITH AN APPLICATION FOR A SALE/LEASEBACK AGREEMENT IN ORDER TO BUILD A STATE-OF-THE-ART FACILITY THAT WILL CREATE SEVEN JOBS AND EXPAND THE COMPANY'S LINE OF BUSINESS INTO ONE INVOLVING CRAFT BREWING AND AGRITOURISM.

Founded by Lou Hager, Jr., in 1986, Northern Eagle Beverages is a wholesale beverages distributor based in Oneonta and serving Otsego, Chenango, and Delaware Counties; in 2014, it employed 36 people. With a PILOT agreement with COIDA, Northern Eagle expects to expand its operations to capture nearly all of the beer value chain:

- Growing hops
- Harvesting, processing, pelletizing, and packaging hops
- Brewing beer, as a NYS Farm Brewery
- Distributing beer and other beverages wholesale
- Selling craft beer and other New York State products at its new retail facility

In 1870, before the hops blight, Otsego County produced 4½ million pounds of hops; New York State produced 7/8 of all hops grown in the United States at that time. In 2014, Hager Hops planted eight types of hop plant on a sustainably run hops farm of 20 acres in Cooperstown. Hops production has increased dramatically in our area in the past couple of years, and demand for local hops—in particular from the craft brewing industry, which has been growing at 15% or better per year—is increasing.

Northern Eagle's vision is large and inclusive: they offer to process, dry, and pelletize local farmers' hops, and to buy their finished product. Northern Eagle's success is the small farmer's success, not only in hops, but as the company expands through the retail branch of its new facility in Oneonta. As a NYS Farm Brewery,

Northern Eagle will support New York agriculture through its required purchases of NYS ingredients; further, the Farm Brewery license will allow the brewer's tasting room to sell other NYS farm-based products (for example, distilled spirits, wines, syrups, cheeses, and jams), thereby creating a virtual farmers' market every day.

Northern Eagle's spring 2014 purchase of Cooperstown Brewing Company (which had closed its doors in 2013) was the company's first venture into brewing beer. The brewery recognizes the movement toward local products and ingredients, and promotes Otsego County through the Think Local First campaign and through its position on the Beverage Trail.

NORTHERN EAGLE IS MAKING A SUBSTANTIAL INVESTMENT IN OTSEGO COUNTY:

Building an 82,000 square foot distribution center and brewery at a projected cost of \$9.5mm

Creating both construction jobs and several full-time positions upon completion of the project

Growing its own hops and supporting the efforts of small hops farmers through free hops processing

Creating its own craft beers and selling artisanal foods and other New York State products through its retail arm

COIDA's Board voted to approve the sale/leaseback agreement in 2014, and expects the PILOT to close in early 2015.

SALE / LEASEBACK PROJECTS

SALE / LEASEBACK PROJECTS

BUILDINGS, LAND, AND INFRASTRUCTURE

BROOKS' REALTY, LLC

Toward the end of 2014, Brooks' Realty—the owner of Brooks' Bottling, LLC—approached COIDA concerning a PILOT agreement meant to serve as a critical retention device for more than 100 local jobs. The PILOT application sought tax abatement for the improvements made on, and expansion of, Brooks' Bottling sauce production and bottling plant in Oneonta, NY.

Brooks' BBQ, the original company, has been in business since 1951 and has been family owned and operated continuously for more than 60 years. The company employs more than 100 people on a year-round basis. Not only does the company offer excellent food to locals and visitors alike, its impact on the local economy is significant: In 2013, it paid approximately \$1,786,000 in wages (excluding officers), \$90,000 in employee benefits, and collected approximately \$467,000 in sales tax. The Brooks family is famous for their participation in community events throughout the County, and for their generous donations and philanthropy to a variety of causes throughout the region.

In 2014, the company self-reported the failure of its existing septic system to the DEC, which resulted in the company being required to take on \$1,000,000 of unanticipated expense to build a wastewater treatment plant in its "backyard." The PILOT would apply to a project that has already been completed by a company that employs dozens of County residents. COIDA staff worked with Brooks throughout the fourth quarter of 2014 to develop a viable application that COIDA's Board has provisionally approved for 2015.

OTSEGO COUNTY HEALTH FACILITIES CORPORATION (OCHFC)

The Otsego County Board of Representatives took action in 2013 to form the OCHFC in preparation for the

sale of the Otsego Manor nursing home to a for-profit entity. In January 2014, COIDA approved a payment-in-lieu of tax agreement in advance of the completion of the sale of the Manor, and in the fall of 2014, Focus Ventures became the new owner of the facility. The PILOT benefits provided to Focus Ventures are expected to save 231 jobs at the facility, and to enable the new operator to provide ongoing high-quality care to the residents there. Otsego County had been running at a loss of approximately \$8mm per year operating OCHFC; the PILOT is expected to preserve dozens of jobs at the facility, and enable Otsego County to improve its financial position for the benefit of taxpayers.



PONY FARM INDUSTRIAL PARK

The Otsego IDA has owned developable land in Pony Farm Industrial Park for several years. With Delaware Engineering, COIDA spent much of 2014 getting its parcels of land in Pony Farms "shovel-ready," conducting archeological studies, and determining best uses. COIDA expects to begin aggressively marketing these parcels in 2015.

WRIGHT NATIONAL SOCCER CAMPUS

At the end of 2014, COIDA acquired from the Otsego County Development Corporation (OCDC) the former Soccer Hall of Fame property (appraised independently by the Olin Group at \$2,320,000). COIDA continues to lease the Soccer Hall of Fame building to IOXUS, a high-tech capacitor manufacturer, and has a contract in place for 2015 with Oneonta Youth Soccer Association, in which OYSA agrees to maintain the fields, bleachers, scoreboards, et cetera in exchange

for use of the fields for games and tournaments (thus making use of the fields available to teams throughout New York). COIDA will also provide use of these fields for a three-day stretch in the summer of 2015 to Catskill Area Hospice for their annual fundraiser. Effort continues to identify strategies to expand the use of these facilities in the shoulder and winter seasons.

139 COMMERCE ROAD

Siemens Medical, a twenty-year tenant, continued to lease COIDA's office space at 139 Commerce Road, Oneonta, for all of 2014; the company did, however, indicate an intent to terminate the lease in early 2015, in order to consolidate operations and thereby save money. While the entire community is sorry to see Siemens move its operations elsewhere, most of Siemens' employees have found work at Medical Coaches in Oneonta, and COIDA now has the opportunity to market this turnkey property to the next growing business.

CANADIAN PACIFIC RAIL YARDS

In 1906, the largest railroad roundhouse in the world was built in Oneonta, New York, a distinction that Oneonta maintained for a quarter of a century. Oneonta has a deep history of rail, and in 2014 COIDA began exploring the opportunities and potential for building out the Canadian Pacific rail yards for business development and multi-modal transport. Now, all indications are that Norfolk Southern will purchase the rail yards, enhancing the development potential. COIDA was successful in winning a \$47,500 grant for a comprehensive rail yard re-development study, and, through that investment and pursuit of New York State infrastructure money to potentially fund a bridge connecting the rail yards to River Street and other important capital improvements, the promise of the rail yards is great for 2015. Lastly, positive discussions have taken place with private property owners who also control portions of the rail yard area, which include a collaborative partnership to work toward a goal of reaching "shovel-ready" status with the project.

BUILDINGS, LAND, AND INFRASTRUCTURE

BUILDINGS, LAND, AND INFRASTRUCTURE



Image Courtesy of The Otesaga Resort Hotel

BROADBAND

Lack of countywide broadband access has been a long-standing barrier to economic development. In 2014, COIDA terminated a relationship with a last-mile broadband provider due to failure to perform, and as a result had to forego the \$550,000 Connect NY grant that had been awarded in 2013. Instead, in order to pursue blanketing the County with 10 down/1 up broadband service, COIDA commissioned FARR Technologies of Sioux Falls, South Dakota to create a thorough broadband implementation, feasibility, and cost study for broadband rollout. COIDA

has used FARR's findings to create a partnership between Otsego Electric Cooperative, Middleburgh Telco, Otsego County, and itself to begin to implement broadband services in Otsego County, and to seek grants and other sources of financing, possibly in conjunction with Schoharie County, in 2015.

RICHFIELD SPRINGS BUSINESS PARK

Richfield Springs continues to be an attractive area for economic development, particularly given its access to Route 20 and Interstate 88, proximity to Utica, public infrastructure, and all of the promise that the Marcy

Nanocenter and Quad-C hold. In partnership with Empire State Development, COIDA is funding and spearheading a joint Town-Village Comprehensive Plan in Richfield with the goal of engaging the entire community in a 12-month exercise that will culminate in a citizen-driven plan and implementation matrix, addressing everything from a generic environmental impact statement (GEIS) for a business park, updated zoning, and capability to form required water and sewer districts to a vision for the next 20 years. Most importantly, it will bring the community together to plan and define their future going forward.

COOPERSTOWN REVITALIZATION

In the spring of 2014, COIDA funded the first phase of the development of a strategic and revitalization plan for Cooperstown in order to identify development nodes, attract new business, and revitalize the Main Street and greater community. The first phase of the project was designed to gain a better understanding of the community's strengths, weaknesses, and focus areas for improvement. Outreach activities included a multi-day design charrette, stakeholder and focus group interviews, attendance at various community events, surveying residents and visitors throughout the downtown, and development of a project website. Phase II of the project, slated to begin in April 2015 and be completed that year, will build on the information collected during the first phase and includes the development of a Comprehensive Plan and Downtown Revitalization Strategy. The goals of this project are to identify desired future land use patterns throughout the Village and to identify realistic opportunities for business investment, as well as retail and business recruitment. The Plan will also identify potential projects stemming from the recent Main Street improvements, as well as selected areas including the Railroad Avenue District, the Village Waterfront, and Doubleday Field. The completion of this plan will put Cooperstown in a very competitive position to win state and federal development grants.



GRANTS

IN JUNE OF 2014, COIDA APPLIED FOR SEVERAL GRANTS THROUGH NEW YORK STATE'S CFA PROCESS AND THE OFFICE OF COMMUNITY RENEWAL (OCR) AND WAS SUCCESSFUL WITH SEVEN:

IDA-RELATED INITIATIVES

\$200,000 from OCR for COIDA's workforce development initiative, specifically: instructors, a transportation and child-care subsidy for the low-to-moderate income individuals who will participate in the training, and a 50/50 pay match for participating employers for a new employee's first four weeks on the job

\$200,000 from OCR to create an Agriculture Microenterprise Grant fund for small agribusinesses: agribusinesses of five or fewer employees, at least one of whom is the owner, will be eligible to apply for up to \$35,000 in grant funding for expenses such as working capital, equipment, inventory, and the like, at a 90/10 match

\$47,500 from OCR to complete a comprehensive study concerning the rehabilitation of Oneonta's Rail Yards

\$58,000 from Empire State Development to fund Phase II of the Cooperstown Comprehensive Plan and revitalization strategy

BUSINESS-BASED INITIATIVES

\$400,000 in Public Facilities money for Springbrook, the not-for-profit organization that serves more than 550 people with developmental disabilities from New York State and beyond, to rehabilitate a number of its group homes

\$105,000 from OCR for Northern Eagle Beverages, Inc. to purchase hops-related equipment in order to expand its hops processing business, which supports scores of local farms and the rapidly growing craft beer movement

\$60,000 from OCR for Morris Tent Rentals to expand its operations into linens rental and processing

OTSEGO AGRICULTURE

Working closely with the regional agricultural community and important local advocates, the concept of an Oneonta-based regional food hub was developed. This project, which includes a commercial kitchen, research and testing lab, a packaging center for canning and bottling, food aggregation center, and potentially a workforce development space and housing, is intended to bring forth an important role for Otsego County. The proposed initiative secured "priority project" status during the 2014 CFA round, is slated for Market Street, and represents a significant part of the overall re-development of that area of the city. Funding was secured to advance the project with resources to flesh out the overall vision and feasibility, including gaining valued site acquisition and clean up costs and support for required engineering expenses.





WORKFORCE DEVELOPMENT

Otsego County continues to be one of the most financially challenged counties in New York State, with a high unemployment rate, stagnant population levels and slow economic growth. While our County's job market has seen modest improvement in the past year, it is clear that—in order for us to be competitive and economically healthy—our local workforce needs to be trained in the skills needed in the 21st century.

Unlike most counties in New York, Otsego County's government does not have a

dedicated office for workforce development. Filling a significant gap, the Otsego IDA has established a Workforce Training Center in order to help existing Otsego County businesses grow and succeed, and to help attract new business to our area. Through a combination of job readiness instruction ("soft skills"), educational partnerships, and apprentice-style on-site training, the Center is prepared to provide companies with the workforce they need, both short-term and long-term.

We began in September 2014 by convening a series of industry roundtable discussions with business leaders throughout the county, who spoke to the various challenges they faced in staffing their firms and the consequences of those challenges. These conversations helped focus us on skills mapping, job readiness training, and workplace-centered learning.

Then, in December, the Center was awarded a \$200,000 Community Development Block Grant to fund our first proposed training initiative. We

will begin with an industry-specific program targeting the industry sectors that are home to the major employers in the County, and that local business owners tell us have excellent growth potential: manufacturing, agribusiness, health care, hospitality/tourism and transportation/distribution.

The program funding provides for instruction, subsidies to help our trainees to pay for transportation to the classes and child care (if needed), and a separate subsidy to reimburse employers for 50% of the first

four weeks' salary if they hire our trainees. The Center is working directly with existing businesses in the County to identify workforce development needs and to create curricula to address them, specifically with Pathfinder Village, Burt's Rigid Box, and Corning as "pilot programs."

Beyond training, the Center will serve as an urban hub of experiential learning that involves our educational partners throughout the County, from the high schools to the colleges. Our space is

available to entrepreneurs, professors and students, local business-driven meetings, and Otsego County stakeholders of all sorts.

Our vision is to evolve continually to meet the needs of current and future Otsego County and regional employers, and to create a pipeline of well-trained workers to keep our businesses and our economy growing well into the future.



GROUND-BREAKING HOPS-TO-TAP PLAN LAUNCHED

The affiliated Northern Eagle Beverages, Coopertown Brewery Co. and Hager Hops began work Thursday, Sept. 18, in West Oneonta on an \$2,000-square foot brewery and warehouse aimed at creating a full cycle of beermaking in Otsego County/SEE A5




Northern Eagle chair Lou Hager Jr., Coopertown, in top photo appeared with his partners - sons Louis III and Whit, 9, and daughter Alicia - and longtime manager Matt Curley at the ground-breaking. At left, Hager briefs dignitaries at the



IDA agrees to deal for Northern Eagle project

BY DENISE RICHARDSON
Staff Writer

The Northern Eagle Beverages expansion project is progressing under action taken recently by the Otsego County Industrial Development Agency.

George Allen, president of Northern Eagle Beverages, said the company is "fine" with the adjusted fee structure for its 10-year PILOT agreement. Northern Eagle Beverages will have a ground-breaking ceremony for its project at the 41 Browne St. in the town of Oneonta at 4:30 p.m. Thursday.

The company, a wholesale beer distributor, plans to expand as a brewer and retailer in a \$95 million project that will create 10 full-time jobs, up from 36 employees. Northern Eagle Beverages' project includes construction of an 82,000 square-foot facility at 41 Browne St. The firm would relocate from its current 43,000 square-foot facility in the city of Oneonta at 7 Railroad Ave., which would be sold, officials said.

Allen said Northern Eagle Beverages is focusing on hiring local companies for the project, which he said is expected to employ 70 workers during the 10 or 11 months of the construction period.

Horvath said a PILOT for the purchaser of the Otsego Manor was in the works when she and Mathes joined the IDA.

Last week, the IDA board also approved changes to its fee structure to include an additional annual administrative fee for projects involving IDA PILOT agreements and Otsego County Capital



Action Awaits CFA Award

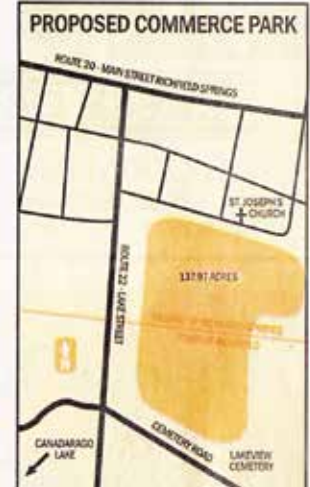
By JIM KEVLIN

RICHFIELD SPRINGS

The first new "shovel ready" site may be in the offing.

The Otsego County IDA Thursday, Sept. 4, approved an option on 137.97 acres for a commerce park that would straddle the village-town line and be bound by Lake Street and Cemetery and Butternut roads.

The property, part of the Joseph Kozak estate, is also the focus of a \$1.2 million CFA grant application, approved in August by the Mohawk Valley Regional Economic Development



Commission. A decision on that money is expected from Governor Cuomo's office by

Please See PARK, B7



2014 IN REVIEW

JANUARY

IDA hires COO and CEO

Board approves PILOT for Otsego Manor

FEBRUARY

Staff begin search for office space, office manager

MARCH

Board approves lease for new office space and workforce training center

Board approves use contract with Youth Soccer association for Soccer Hall of Fame fields

Board begins revision of IDA committees



APRIL

Board approves revising project administrative fees

Staff institutes new procedures for monitoring loan and grant portfolios

Staff begin clean-up of general ledger

MAY

Staff works with local employers to craft CFA-ready projects

JUNE

Dawn Rivers starts as Director

Process begins for Pony Farms to be shovel-ready

JULY

Cooperstown comprehensive plan kicks off

Chair Oberriter resigns, Hanft becomes Chair

Board authorizes county-wide broadband coverage and strategy study

Rep. Gelbsman joins board



AUGUST

Kickoff of naming/branding/logo/website/marketing initiative

SEPTEMBER

Board approves PILOT for Northern Eagle beverages

Ashley Rounds starts as Executive Assistant

Staff assists Hartwick College with StartUp NY sites



OCTOBER

2015 budget submitted to ABO

Devin Morgan joins board

OCDC transfers Soccer Hall of Fame property to IDA

Broadband study completed

NOVEMBER

Board issues RFP for broadband partners

DECEMBER

Chair signs option on land for Richfield commerce park

Multiple grant awards announced

IDA transfers accounting from Sage to Quickbooks

Photos 1-5 on pages 20-23 are courtesy of The Freeman's Journal and Hometown Oneonta

BUDGET FY 2015



REVENUE AND FINANCIAL SOURCES	2015	2014
OPERATING REVENUES		
Charges for services	\$194,435	\$140,000
Rental and Financing	205,431	305,445
NON-OPERATING REVENUES		
Investment earnings	935	2,500
State grants	0	550,000
Total revenues and financing services	\$400,801	\$997,945
EXPENDITURES		
OPERATING EXPENDITURES		
Salaries and wages	\$138,437	\$65,400
Other employee benefits	29,216	40,400
Professional services contracts	144,455	189,600
Supplies and materials	27,751	29,150
Other operating expenditures	140,066	230,320
NON-OPERATING EXPENDITURES		
Capital Asset Outlay	0	601,595
Grants, donations, interest, other	10,000	56,295
Total expenditures	\$489,925	\$1,212,760
Excess (deficiency) of revenues and capital contributions over expenditures	\$(89,124)	\$(214,815)

FINANCIALS

FOR THE YEAR ENDED
DECEMBER 31

2014

	2014	2013
Current assets	\$1,682,009	\$1,988,728
Non-current assets	4,511,829	2,827,928
Total assets	6,193,838	4,816,656
Current liabilities	36,224	48,516
Net position	\$6,157,614	\$4,768,140

CHANGES IN NET POSITION		
Operating revenues	\$346,706	\$366,802
Operating expenses	(1,118,293)	(322,240)
Operating income (loss)	(771,587)	44,562
Non-operating income (expenses)		
Contribution of land and building	2,164,764	
Payment in lieu of taxes	(9,050)	(6,254)
Interest income – other	5,347	1,206
Change in net assets	1,384,474	39,514
Net assets, beginning of year	4,768,140	4,728,626
Net assets, end of year	\$6,157,614	\$4,768,140

Please Note: 2014's operating expenses included over \$400,000 of charge-offs, and non-repeating expenses for consultants; further, by comparison, 2013 had no salary or benefit expenses, as the IDA hired its first employees in 2014. Thus, in order to better understand the data, the reader is encouraged to read the entire audited financial reports at www.OtsegoNow.com.

MANAGEMENT LETTER

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY ONEONTA, NEW YORK

In planning and performing our audit of the financial statements of the County of Otsego Industrial Development Agency ("COIDA") for the year ended December 31, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered COIDA's internal control over financial reporting (internal control) as a basis for designing our audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the COIDA's internal control. Accordingly, we do not express an opinion on the effectiveness of COIDA's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. However, material weaknesses may exist that have not been identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of entity's financial statements will not be prevented, or detected and corrected on a timely basis.

GENERAL COMMENTS

We prepared several adjusting journal entries to adjust balance sheet accounts and to reclass amounts to proper general ledger accounts. We recommend that a review of the general ledger accounts be done throughout the year to ensure proper postings with the help of an outside accounting firm and consultant. This would minimize changes to year end financial statements.

We noted during the audit that COIDA was not keeping employee files with the property withholding and authorization forms for payroll. We recommend going forward that an up-to-date employee file be kept with all required forms for all employees.

During our audit we noted that COIDA had overpaid several insurance policies, which resulted in a net overpayment of approximately \$831 at year-end. These overpayments appear to arise from the payment of duplicate invoices received from the insurance company. For example, policy number PHSD942218 was paid on both June 5, 2014 with check number 3614 and was again paid from a separate invoice on June 12, 2014 with check number 3623. This resulted in an overpayment of the policy. We recommend that when invoices are received, especially when multiple invoices are received from the same vendor, they be examined and compared to each other and/or prior invoices to ensure that the proper amounts are paid. This will not only safeguard COIDA's assets, but will aid in making the monthly financial statements a meaningful analytical tool.

This information is intended solely for the use of the Board of Directors and management of the County of Otsego Industrial Development Agency and is not intended to be and should not be used by anyone other than these specified parties.

Oneonta, New York
March 30, 2015

Michael Manzanero v Scott, LLP
Mosteri, Manzanero & Scott, LLP

In Memoriam



RICHARD MILLER (1943-2014)

In the fall of 2014, Oneonta lost one of its brightest lights and strongest advocates: Mayor Richard Miller. The mayor was a tireless advocate for Oneonta and Otsego County, using his incredible leadership skills to push forward initiatives that would lay the groundwork for prosperity. His approach was unstintingly collaborative,

and he deployed his charm and his sense of humor as regularly as he did his intelligence and wisdom. The progress that COIDA made across 2014 would have been nearly impossible without Dick's leadership, personal commitment, and persistence. Many of the initiatives we will pursue across 2015 and beyond—the Ag Center, Market Street revitalization, re-development of the rail yards, development of a unique boutique hotel and Craft Beer/Culinary Institute, and several others with the simple goal of making Oneonta a more vibrant place—would not have taken shape without him. His loss is a profoundly personal one to many of COIDA's Board members and staff; he left an indelible mark on all of us. As Dick well knew, our success is only possible together. In order to honor his memory, we must continue his efforts to create a spirit of collaboration and partnership across our County and our region.



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