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2017 – 2018 Otsego Now Progress Report

A Year of Transition and **Reorganization:**



A Year of Transition and Reorganization

The Orchestration of Potentiality

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2017 Board of Directors



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Otsego Now

Otsego Now is the umbrella organization for several economic development entities serving Otsego County and includes the Otsego County Industrial Development Agency, the Otsego County Capital Resource Corporation and the Oneonta Railyard Local Development Corporation.

It is a nine-member Board appointed by the Otsego County legislature which governs each agency.

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

The Agency's bond counsel is Mr. A. Joseph Scott of Hodgson Russ, Albany, New York and its general counsel is Mr. Kurt Schulte of Oneonta, New York.



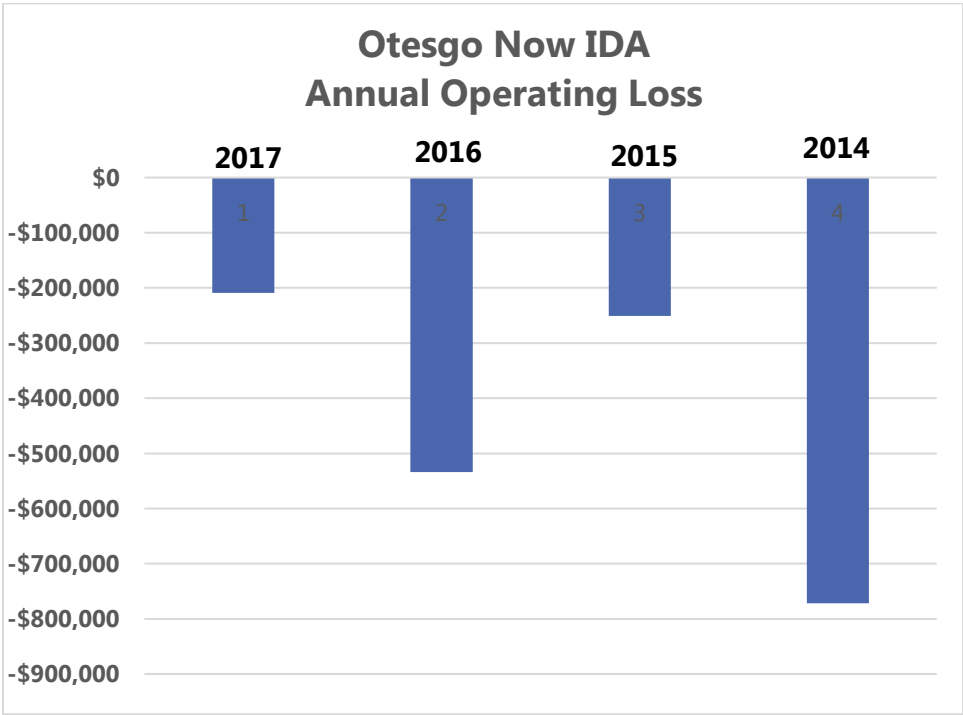
Otsego Now provides through the IDA the following business incentives and support programs:

- Sales Tax Exemptions for manufacturing companies
- Exemptions from real property mortgaging recording fees
- Abatement of real property taxes through payment-in-lieu-of-tax agreements (PILOTs)
- Grant application assistance for capital projects
- Grant application assistance for job creation
- Company specific and general workforce readiness training
- Tax-exempt bond financing for manufacturing expansion
- Tax-exempt bond financing through our Capital Resource Corporation for not-for-profits (i.e. colleges, universities and hospitals) building expansion and acquisition.

Otsego Now Finances

2017 Operational/Administrative

In 2014, the IDA proclaimed that it was a year of transition for the Otsego County IDA. The IDA became financially self-sustaining and laid the foundation for economic growth. Between 2014 through the beginning of 2017 was a period of investments. Between the hiring of staff and leasing office space – the Agency’s operating costs increased; larger economic development projects were begun and spending on professional services increased as well.



While during the initial period of transformation from an Agency run by Otsego County staff and funded by County funds to an Agency fully funded by its own resources and its own staff, this transformational period also positioned the Agency begin long range planning and investment in real estate holdings to allow for future economic development projects to be initiated. Initial investments during this transition were large as to be expected and as such, the Agency had repeated operating losses during this time.

2017 Activities

During 2017, the Agency once again studied the reorganization of its operations. Key to the Agency's reorganization, it was determined that a full time Chief Executive Officer was needed. In the fall of 2017 a new Chief Executive Officer was hired. Also during this reorganization, the Agency began to streamline its operating budget and reductions were made in its professional consulting outsourcing.

IDA Loan Portfolio

The following companies have outstanding loan balances with the IDA:

<u>Borrower</u>	<u>Original Loan</u>	<u>Balance</u>
Enviro Energy	\$100,000	\$48,662
Cleinman Properties	\$ 100,000	\$10,919
JSJJ Enterprises, LLC	\$150,000	\$55,314
Oneonta Theater	\$100,000	\$85,979
Foothills PAC	\$100,000	\$100,000
Cooperstown Distillery I	\$ 50,000	\$21,928
Cooperstown Distillery II	\$ 40,000	\$31,060
Jones Marine	\$ 32,939	\$23,313
<u>Brook's Bottling</u>	<u>\$150,000</u>	<u>\$100,059</u>
Totals	\$822,939	\$477,234

During 2017, two loans were paid off: H.W. Naylor and Brewery Ommegang.

Payment-In-Lieu-of Tax (PILOT) Programs

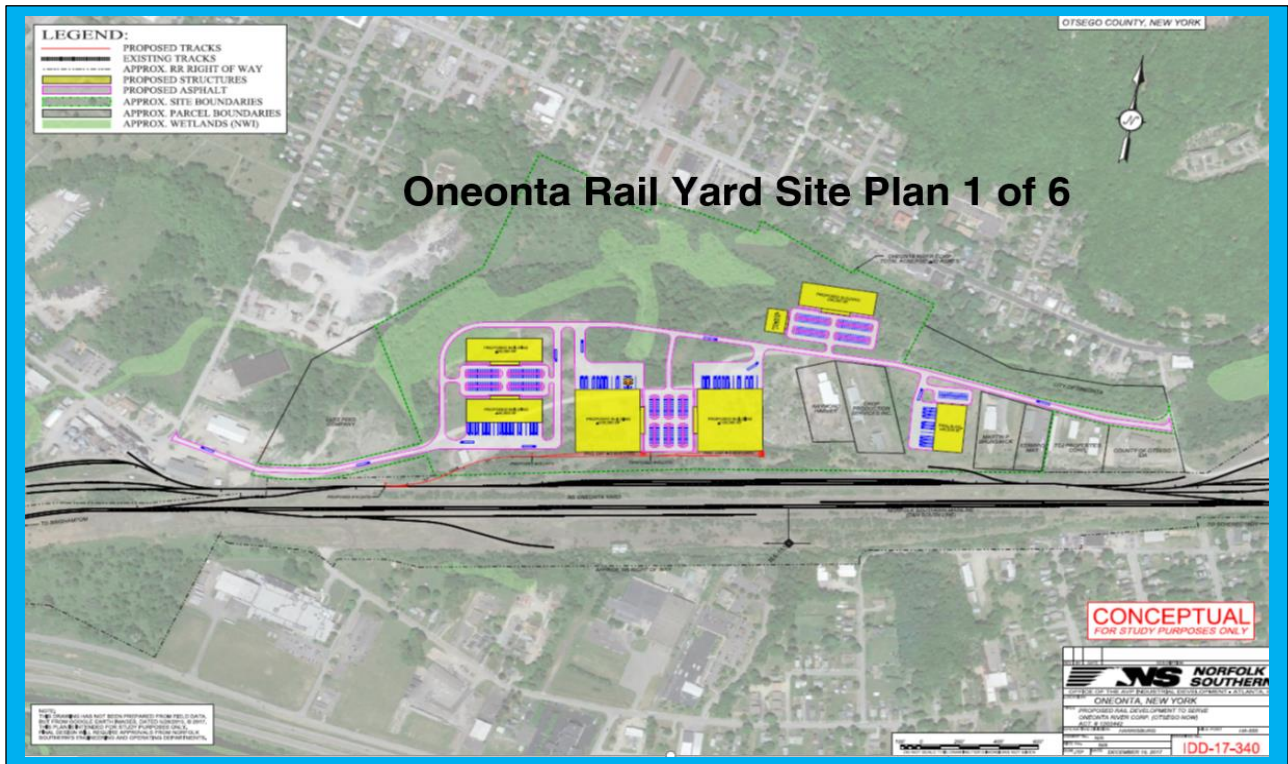
The following companies currently have payment in lieu of tax agreements with the IDA:

Elizabeth Hotels	Acquisition and Construction of Building
Lutz Feed Company	Acquisition and Construction of Building
Brewery Ommegang	Acquisition and Construction of Building
The Plains LLC	Acquisition and Construction of Building
Klugo Oneonta	Acquisition and Renovation of Building
Hillside Commons Oneonta	Construction of Student Housing
Focus Ventures	Acquisition and Renovation of Nursing Home
Northern Eagle LLC	Construction of Warehouse and Office Building

Revenue Streams from Annual Pilot and Bond Fees

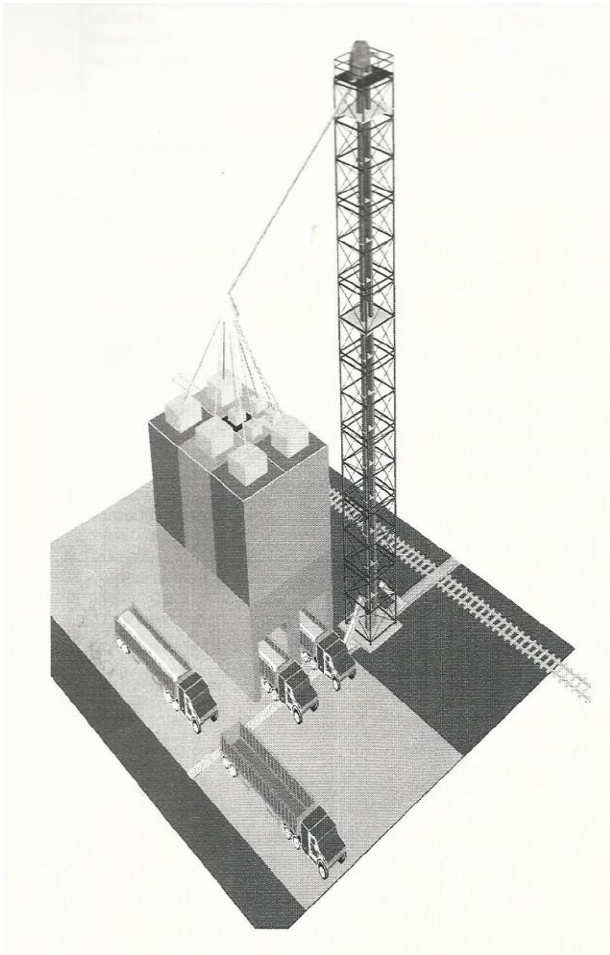
Focus Ventures (Pilot)	\$50,000
Hartwick College (Bond)	\$13,855
Northern Eagle (Pilot)	\$ 3,850
Bassett Hospital (Bond)	\$ 8,260
Hillside Commons (Pilot)	\$ 1,500
CSL Heritage (Pilot)	\$ 9,888
Springbrook (Bond)	<u>\$ 3,675</u>
Total	\$91,028

Oneonta Rail Yard Development



Otsego Now closed on approximately 89 acres of property formerly owned by Norfolk Southern during the spring of 2017. Delaware Engineering, P.C. was hired to prepare a generic environmental impact statement on behalf of Otsego Now to be submitted to the City of Oneonta for approval. In addition, Otsego Now hired Elan Planning to update the City of Oneonta for inclusion of the railyard property into the City's Master Plan.

The completion of the generic environmental impact statement and the update to the City's Master Plan are expected to be completed within calendar year 2017.



During 2017 and continuing through 2018, Lutz Feed, immediately adjacent to the Oneonta Railyard and serviced by Norfolk Southern, has been making capital investments to be new rail siding and distribution silos.

Otsego Now has been trying to secure additional financing through the NYS Department of State Multi-Model Grant Program.

As part of the acquisition of the 89 acres of the Oneonta Railyards, Otsego Now also acquired Roundhouse Road. Plans call for the resurfacing of this road during 2018.



Oneonta Business Park

Completed in 2016, the Park was extensively marketed as shovel ready during 2017.



Otsego Now completed its first competitive “shovel-ready” site, enabling a strong response to business development opportunities.

These sites are “pre-permitted” and “preplanned” to make new construction proceed quickly and easily, allowing projects to meet fast-paced deadlines.



Oneonta Business Park: After extensive marketing, several new prospects have emerged.

The Business Park has attracted its newest tenant: **TENTRR.**

TENTRR approached Otsego
Now in late December 2017
and was in full operation in
the Business Park within 3
months.



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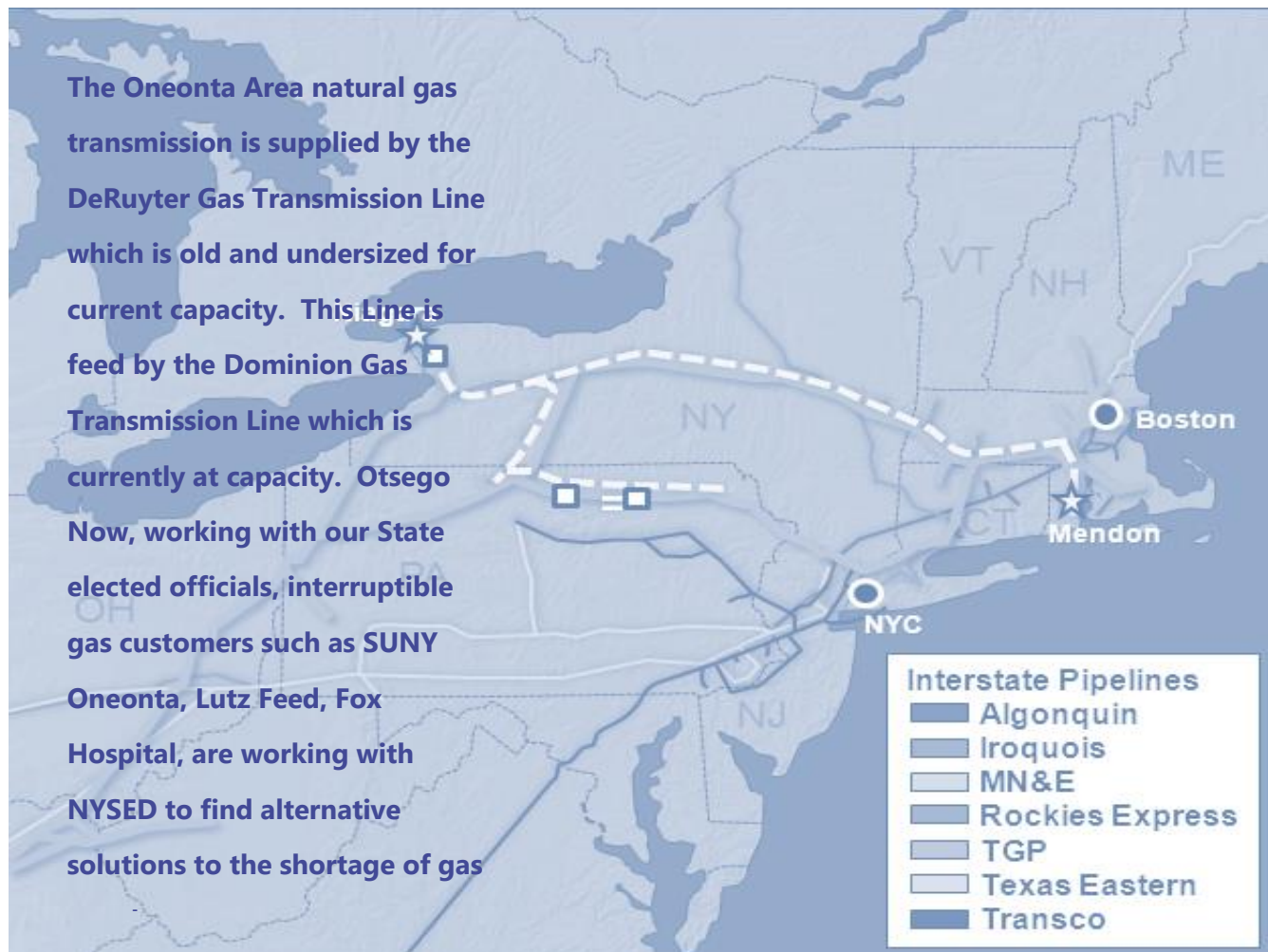
Otsego County Infrastructure

Broadband Development

Otsego Now continues to work in partnership with the Otsego Electric Cooperative and Middleburgh Telephone (MidTel) to bring high-speed fiber and Wi-Fi capabilities to all parts of Otsego County. The IDA received a grant from the NYS Dormitory Authority to allow MidTel to install Wi-Fi hotspots in the Village of Cooperstown. Otsego Electric is in Phase I of installing \$4 million of fiber from Laurens to Richfield as part of a \$12 million

Otsego County Infrastructure

Natural Gas Transmission



SUNY Oneonta



A.O. Fox Hospital



Alvogen



Businesses and Institutions on Interruptible Gas Supply

Otsego Now Offices: One Stop for All Business Needs

During 2017 and into 2018, Otsego Now has been working with the NYS Small Business Development Center out of Binghamton, the Otsego County Chamber of Commerce, and the Southern Tier East Regional Planning and Development Board to share offices with Otsego Now and provide a unified approach to helping businesses.



Workforce Development

The Otsego County Chamber has been working with SUNY Broome Community College and partnering with Otsego Now in utilizing training rooms and laptops in offering manufacturing basics training.

The NYS Small Business Development Center is also offering small business training to entrepreneurs.

Otsego Now has also been working with Coditum Summer Tech to provide in-house “coding” classes to middle school students.

The Center for Agriculture Development and Entrepreneurship has also been providing business planning classes for local agribusinesses.



COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of Otsego County, New York)

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a summary of COIDA's financial position at December 31, 2017, 2016 and 2015:

NET POSITION	2017	Higher/ Lower Prior Year	2016	Higher/ Lower Prior Year	2015
Current assets	\$ 1,275,012	\$ (140,348)	\$ 1,415,360	\$ (608,903)	\$ 2,024,263
Non-current assets	<u>4,258,398</u>	<u>60,569</u>	<u>4,197,829</u>	<u>(140,658)</u>	<u>4,338,487</u>
Total assets	<u>5,533,410</u>	<u>(79,779)</u>	<u>5,613,189</u>	<u>(749,561)</u>	<u>6,362,750</u>
Current liabilities	291,306	201,098	90,208	(41,129)	131,337
Deferred inflows of revenue	<u>78,488</u>	<u>(71,657)</u>	<u>150,145</u>	<u>(174,605)</u>	<u>324,750</u>
Total liabilities	<u>369,794</u>	<u>129,441</u>	<u>240,353</u>	<u>(215,734)</u>	<u>456,087</u>
Invested in capital assets, Net of related debt	3,847,405	(84,915)	3,932,320	(87,022)	4,019,342
Unrestricted	<u>1,316,211</u>	<u>(124,305)</u>	<u>1,440,516</u>	<u>(446,805)</u>	<u>1,887,321</u>
Total net position	<u>\$ 5,163,616</u>	<u>\$ (209,220)</u>	<u>\$ 5,372,836</u>	<u>\$ (533,827)</u>	<u>\$ 5,906,663</u>

CHANGES IN NET POSITION

Operating revenues	\$ 440,099	\$ 19,984	\$ 420,115	\$ 28,200	\$ 391,915
Operating expenses	<u>649,425</u>	<u>(304,850)</u>	<u>954,275</u>	<u>187,624</u>	<u>766,651</u>
Operating income (loss)	(209,326)	324,834	(534,160)	(159,424)	(374,736)
Non-operating income (expense)	<u>106</u>	<u>(227)</u>	<u>333</u>	<u>(123,452)</u>	<u>123,785</u>
Change in net position	(209,220)	324,607	(533,827)	(282,876)	(250,951)
Net position – Beginning of year	<u>5,372,836</u>	<u>(533,827)</u>	<u>5,906,663</u>	<u>(250,951)</u>	<u>6,157,614</u>
Net position – End of year	<u>\$ 5,163,616</u>	<u>\$ (209,220)</u>	<u>\$ 5,372,836</u>	<u>\$ (533,827)</u>	<u>\$ 5,906,663</u>

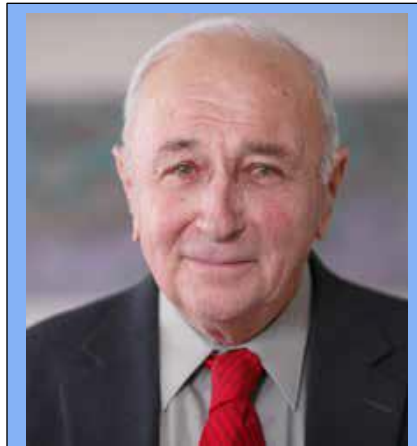
A Very Special Thank You!

We wish to sincerely thank retiring board Members Robert, Hugh and Jim for their years of service, dedication and commitment to Otsego Now. It was their vision and wisdom that created Otsego Now in its formative years. Thanks.

Robert Hanft



Hugh Henderson



Jim Salisbury



Otsego Now also saw the department of key management staff during 2017 and would sincerely like to thank and recognize the two most prominent, visionary and talented executive staff who created the “new” Otsego Now and were instrumental in laying the foundation for the Agency.



Alexander “Sandy” Mathes, Jr. CEO



Elizabeth Horvath, COO

Agency Staff

Jody Zakrevsky, Chief Executive Officer

Meaghan Marino, Administrative Director

Kurt Schulte, Esq., Agency General Counsel

Joseph Scott, Hodgson Russ, Bond Counsel

Offices

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