

2018 OTSEGO NOW ANNUAL REPORT

MOVING OUR BUSINESSES FORWARD



A Year of Transition and Reorganization

The Orchestration of Potentiality

TABLE OF CONTENTS

Board of
Directors.....3

Finances.....5

Railyard
Development.....5

Agency
Summary.....8

Oneonta
Business Park.....10

Otsego County
Infrastructure.....13

One Stop
Collaboration.....15

Workforce
Development.....16

IDA Financial
Position.....17

Special Thanks.....18

Agency Staff.....19

2018 Board of Directors



RICK HULSE, CHAIR



JEFF JOYNER, VICE CHAIR



THOMAS ARMAO



CHERYL ROBINSON



JEFF LORD, TREASURER



SARAH HARVEY



ANDREW MARIETTA



PATRICIA KENNEDY



CRAIG GELBSMAN, SEC.

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.



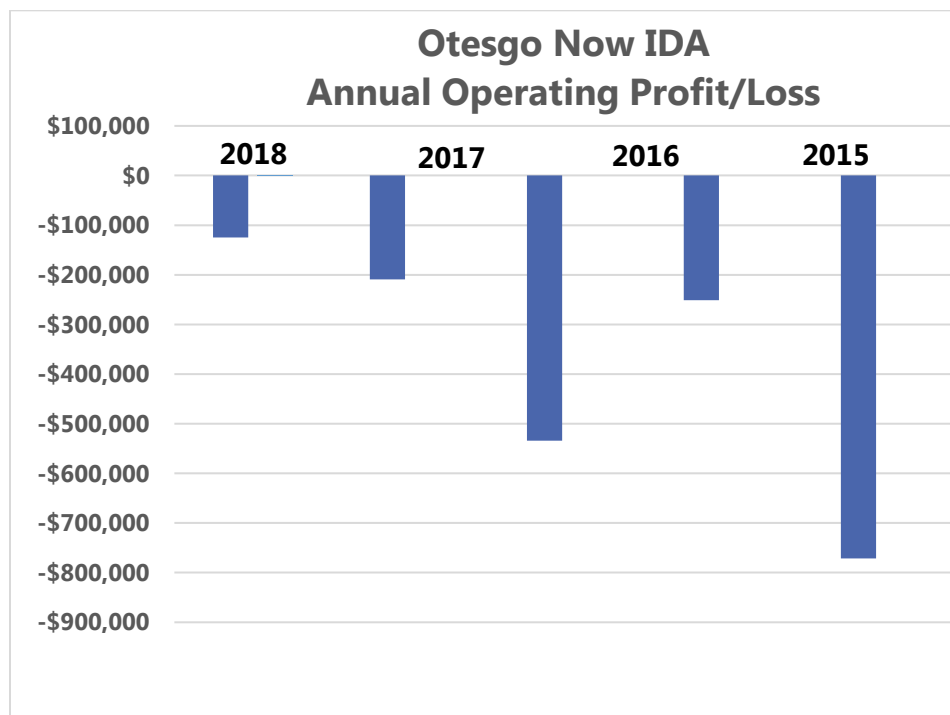
Otsego Now provides through the IDA the following business incentives and support programs:

- 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

2018 Operational/Administrative

While still showing an operating loss, in 2018, the IDA for the first time in five years showed a positive cash flow. Revenues were up by roughly \$200,000. This was accomplished by reducing the use of private consulting firms, limiting out of state travel, sub-leasing to other economic development agencies office space, and aggressively pursuing grant and loan reimbursements. In addition, additional revenues from a new PILOT agreement with Corning occurred in 2018.



The Agency's Capital Resource Corporation also saw an increase in revenues during 2018 by \$384,615. Between the IDA and the CRC, revenues were increased by over \$587,000 from the previous year. Also, during the close of 2018, the Otsego County Board of Representation appropriate \$75,000 in County funds for general operating support of Otsego Now for use in 2019, the first appropriate for the Agency in over 5 years.

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	\$47,142.37
JSJJ Enterprises, LLC	\$150,000	\$40,353.71
Oneonta Theater	\$100,000	\$85,978.84
Foothills PAC	\$100,000	\$100,000.00
Cooperstown Distillery I	\$ 50,000	\$14,591.37
Cooperstown Distillery II	\$ 40,000	\$27,230.24
Jones Marine	\$ 32,939	\$12,371.44
<u>Brook's Bottling</u>	<u>\$150,000</u>	<u>\$80,339.87</u>
Totals	\$822,939	\$408,067.84

During 2018, one loan was pay off in full: Cleinman Properties.

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

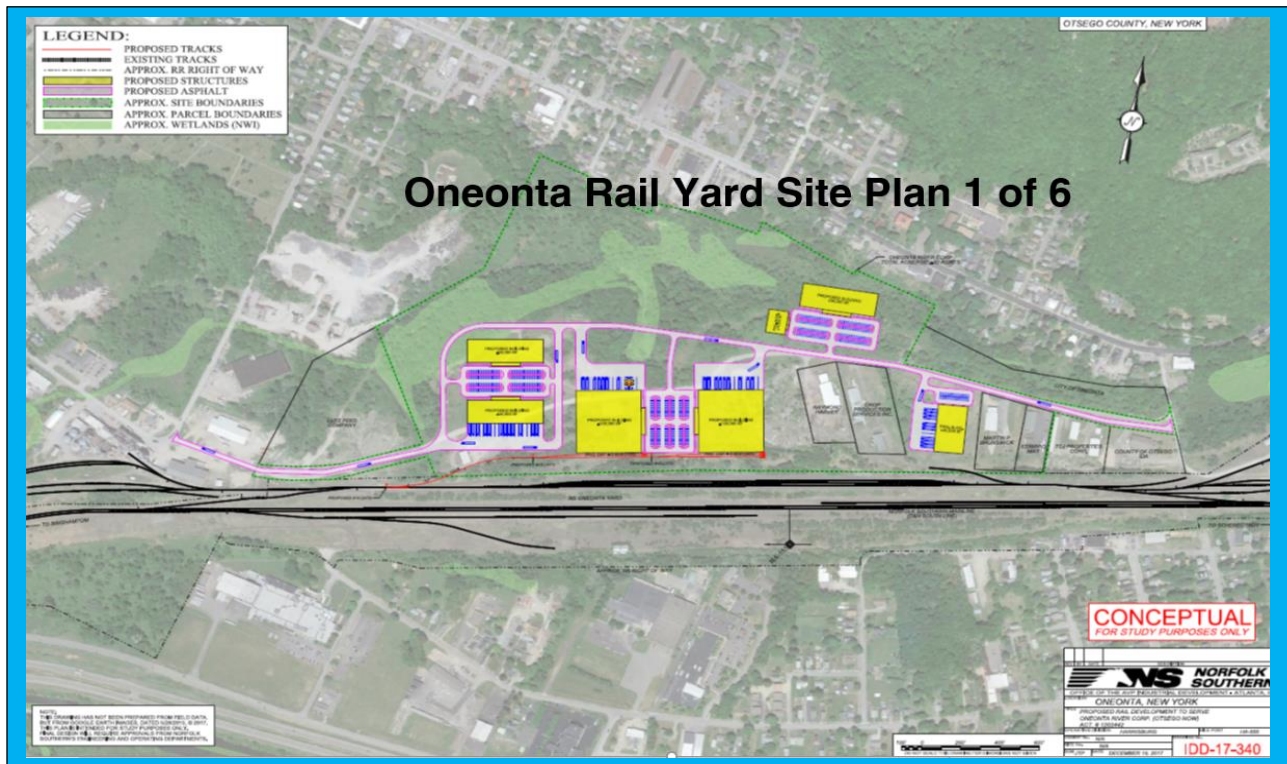
The following companies currently have payment in lieu of tax agreements with the IDA:

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
Corning	Renovation of Building

Revenue Streams from Annual Pilot and Bond Fees (2018)

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 rail yard 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.

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.

2018 Business Expansions and Activities

CORNING MANUFACTURING PLANT UPGRADE

During 2018, a payment-in-lieu-of-tax (PILOT) agreement was reached between the IDA and Corning to allow Corning to move ahead with an \$11 million upgrade to its Oneonta facility. As part of the PILOT, the Corning agreed to maintain 175 persons working in the plant for at least 15 years.



Additional improvements Corning is working with the IDA for include the installation of a solar array to begin in 2019.



“Corning will continue to invest in energy-reduction efforts while assessing renewable energy sources to help make Corning a greener and more energy-efficient company,” Corning, Inc.

CUSTOM ELECTRONICS PLANS NEW MANUFACTURING LINE



In 2018, the IDA applied for on behalf of the Town of Oneonta and Custom Electronics for a \$750,000 to assist Custom Electronic with a new manufacturing line for “smart batteries” for use in disaster recoveries, hospitals, and the entertainment field. The total cost for the project is \$2.2 million. The planned expansion will begin in 2019 and upon completion, another 50 new jobs will be created at the facility in Oneonta – bringing their total employment to 125.

The grant was awarded by the New York State Division of Homes and Community Renewal for equipment purchases and the grant is being administered by Otsego Now.

Awarded \$750,000
CDBG Grant

Custom Electronics has been incorporated since 1964 and is a global leader in the design and manufacturing of high-voltage mica capacitors and integrated electronic assemblies, serving military, industrial, and commercial markets worldwide. They recently agreed to a joint venture with V2, a Las Vegas based company to produce and sell energy storage integrated systems, under the name **Mobile Grids**. **Mobile Grids** are unique off-the-grid power sources that will supply units to areas with power interruption, such as disaster relief efforts, and other venues that need continuous power supply, such as hospitals, concerts, movie set, etc. The new production line for their “intelligent battery” will ultimately allow Custom Electronics to increase sales, enhance packaging, encourage a more efficient assembly process, and add to their successful history of products.

Steiner Packing Company Plans Expansion with \$30,000 Grant from NYS Empire State Development



The Steiner Packing Co., located at 28 Church Street, in Otego, New York, 13825, is looking to expand their current facility. At the present time, they have 2 coolers and 1 freezer. Steiner's would like to add an additional cooler, so that they can accommodate the more than 25 farms that are currently on their wait list as potential clients. Steiner's would hire a construction company to build a 16ft x 40ft building onto the back of their

existing facility that would house an additional cooler. The added cooler would allow them to increase the amount of animals they process weekly, thus allowing them to increase demand from their current clients and take on new clients. In addition to the cooler, Steiner's would install a loading dock to their existing facility, to easily bring in/take out large, heavy pieces of meat. Presently, it's takes several employees (and sometimes clients!) to assist in getting larger animals into the facility and large pieces of meat out. The implementation of the loading dock will save employee time and productivity and make the loading/unloading process much safer for everyone involved.

Meaghan Marino, Otsego Now's Director of Finance and Administration, wrote the grant application on behalf of Steiner Packing.

Ruby Lakes Glass and Andela Products Looking to Expand with \$986,000 NYS Empire State Development Grant

Crystal Mountain Properties was awarded a \$986,000 grant from the NYS Empire State Development to develop a \$5 million 22 acre business park in Richfield Springs NY for two to four tenants. They have two tenants, businesses owned by the owners of Crystal Mountain Properties, Ruby Lake Glass and Andela Products. Their two buildings will occupy 85,000 square feet of manufacturing space. The plan also includes \$1,620,000 in equipment upgrades for the businesses.

The Company is considering three different locations within the Town and Village of Richfield Springs including a site owned by Otsego Now.



Joint Effort Between Andela Products, Mohawk Valley Edge and

While Andela Products staff wrote the grant application, they received technical assistance from Mohawk Valley Edge, and economic development growth enterprise corporation which provides assistance to businesses in Oneida County along with Otsego Now. This was the first joint effort between Mohawk Valley Edge and Otsego Now.

County of Otsego Capital Resource Corporation Provides \$72.55 Million in Tax-Exempt Bonds During 2018

During 2018, one of Otsego Now's corporations, the County of Otsego Capital Resource Corporation, assisted with refinancing existing debt and providing new capital for equipment for Mary Imogene Bassett Hospital and Templeton Foundation.



The Mary Imogene Bassett Hospital used the bond revenues to refinance 2011 and 2015 Otsego Bonds as part of a debt restructuring plan. The 2018 Series A i refinanced previous 2011 CRC bonds and 2015 Otsego CRC bonds. In addition, Bassett used \$13 Million of equipment replacement items through a 2018 Series B drawdown bond issue. The 2018 Otsego Series A refinancing bond issue was approximately \$49 million and the 2018 Otsego Series B equipment drawdown bonds was approximately \$13 million for a total of \$62 Million.

Templeton Foundation was also refinancing Otsego 2011 A bonds as part of a debt restructuring plan to replace the lend for the Direct Bank Placement Bonds. The total \$12 Million refinancing refinanced several loans outstanding for primary care and administrative buildings leased by Templeton to Bassett.



Natural Gas Infrastructure Expansion

84358
\$1,750,000

Currently, NYSEG does not have the ability to serve new large gas demands, such as industrial customers, in the Oneonta or Norwich areas due to unavailable supply of natural gas. Limited gas pipeline capacity and commodity are available only for load growth of existing customers. A gas de-compressor station is being planned to be built in the Oneonta area. This will include the CNG de-compressing station, two regulator stations, and approximately 14,865 linear feet of gas transmission piping. A total of seven sites have been identified for the CNG facility. The preferred site is located in the Town of Oneonta. The system is being designed LaBella Associate Engineers under contract with NYSEG. By developing this CNG facility, the natural gas availability will increase by approximately 25% and allow for new industrial users to grow. In addition, NYSEG has agreed it will invest another \$100 million in replacing the DeRuyter Gas Transmission Line over the next 10-12 years which would allow some additional gas capacity and safety.

PUBLIC SOURCES OFFUNDS	
ESD	\$3,500,000
Total Public Funds	\$3,500,000
PRIVATE SOURCES OF FUNDS	
Private (NYSEG)	\$14,000,000
Total Private Funds	\$14,000,000
USE OFFUNDS	
Construction	\$15,756,717
Arch/Engin	\$1,743,283
Total Project Cost	\$17,500,000

Otsego Now Offices: One Stop for All Business Needs

During 2018, Otsego Now has been working with the NYS Small Business Development Center out of Binghamton, the Otsego County Chamber of Commerce, the Southern Tier Planning and Development Agency and the Center for Agriculture, Development and Entrepreneurship (CADE) to share offices with Otsego Now and provide a unified approach to helping businesses.



**Spotlight on Center for Agriculture,
Development and Entrepreneurship**



Phoebe K. Schreiner
Executive Director of CADE

CADE's work to support agricultural development and strengthen farm and food business enterprises in Otsego County and beyond is enhanced by our close proximity to and "every day" cooperative engagement of our economic development partners with whom we share offices--Otsego Now, Southern Tier 8, SBDC, and the Chamber of Commerce.

Thanks to the positive cooperation between CADE and Otsego Now, for example, Otsego Now helped secure an Empire State Development grant to Steiner Packing Company to expand its meat processing facility. Steiner's increased processing capacity will have a considerable impact on our

region's meat producing farmers who have frequently been stuck in a processing "bottle neck". With Steiner's expansion, our regional meat producers will very soon increase their production capacity to meet the high market demand for upstate meat products. This means higher profits for farmers, new jobs, and increased commerce.

CADE is also grateful to Otsego Now for advising some of our other farm and food business partners at our behest, offering them advice on capital investment opportunities at state and local levels.

CADE and Southern Tier 8 have also increased their partnership work. Southern Tier 8 is organizing an Industry Summit on Agriculture and Food in May 2019 and invited CADE to be part of its planning committee. This collaboration was strengthened by our regular in-office dialogue about needs for the region's agricultural sector. Together, we will ensure that the Summit results in closing gaps in the food supply chain and producer/buyer matchmaking, invigorating profit-making potential for farmers. This is important given the economic challenges and hardships faced by farmers in recent years.

Spotlight on the Southern Tier 8, Regional Planning and Development Board

In May 2018 Southern Tier 8 (ST8) opened a satellite office, staffed by Jaclyn Courter, located within Otsego Now at 189 Main Street. Since opening the Oneonta office, ST8 has been able to offer many additional services to the northern counties within its 8-county region. Specifically, ST8's Oneonta office is now used as a central meeting place for county planners and ST8 board members to video conference into board and or committee meetings.



Jaclyn Courter, ST 8, Regional Analyst

eliminating the need for board members to travel to Binghamton from places such as Delhi, Schoharie or even Cooperstown. The new location also offers an alternate meeting location for face-to-face board meetings and meetings with grant applicants. Sharing the office environment has provided many opportunities for Courter to engage with the Greater Oneonta community, including service on the Otsego County Chamber Energy Committee, participating in community events like Congressman Delgado's office opening, and has provided ST8 staff the opportunity to share services and conversations with non-profits (i.e. CADE) who may apply for the Appalachian Regional Commission or Economic Development Administration grant programs. The hub of non-profits and government agencies that Jody Zakrevsky and Otsego Now have assembled have become an integral part of the Main Street community of professionals and serves as a gathering point for persons seeking entrepreneurship services, agricultural services, IDA services, and now with the addition of ST8 staff, visitors can obtain access to information on federal grant funding opportunities. ST8 is pleased to be a member of the professional, communal atmosphere at the 5th floor 189 Main Street offices.

Southern Tier 8

Southern Tier 8 is a regional planning agency that offers leadership support and technical assistance in project development, grant writing, program administration, geospatial and data analysis, with considerations for natural resources across the region.

Southern Tier 8 was established in 1968 as a special purpose local government unit under Articles 5G and 12B of New York State's General Municipal Law. It operates under joint resolution of the legislative bodies of our member counties: Broome, Chenango, Cortland, Delaware, Otsego, Schoharie, Tioga and Tompkins.

Spotlight on Otsego County Chamber of Commerce

On behalf of The Otsego County Chamber of Commerce, I have found the relationship in sharing the space for the past year in a half beneficial to the Chamber, to Otsego Now and to our members for the following reasons:



**Barbara Ann Heegan
President/CEO**

The collaboration is working to sustain the vitality and promote the economic development of Otsego County. Otsego Now has vast knowledge in putting together financial proformas and a deep understanding of state funding programs which is an extremely valuable asset to the Chamber and our members. Jody always has an open-door policy and is always accessible for questions in which he gets back to members and myself almost immediately.

We are able to collaborate on Economic Development Services offered by The Otsego County Chamber and Otsego Now

The collaboration offers a range of programs and services to prospective industries, entrepreneurs and startup businesses, existing businesses and industries, visitors, county residents and Chamber of Commerce members.

Services for Prospective and Existing Industries in which we have offered jointly:

- Maintains current listings of available sites and buildings
- Provides compilations of demographic and workforce data
- Provides infrastructure data, including transportation and utilities
- Furnishes information on education, health care and other aspects of living in Otsego County
- Coordinates with local and state government to meet infrastructure needs
- Assists in identifying grant opportunities and submitting applications
- Coordinates with area colleges and schools for targeted workforce training

Services for Entrepreneurs and Startup Businesses

- Provides business mentoring and advice on resources
- Assists with seeking loans for business expansion and startups by working with the SBDC and Otsego Now
- We have hosted in the Otsego Now offices over 30 trainings which have been valuable to our existing businesses.

*Barbara Ann Heegan
President/CEO*



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 agri-businesses.



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>

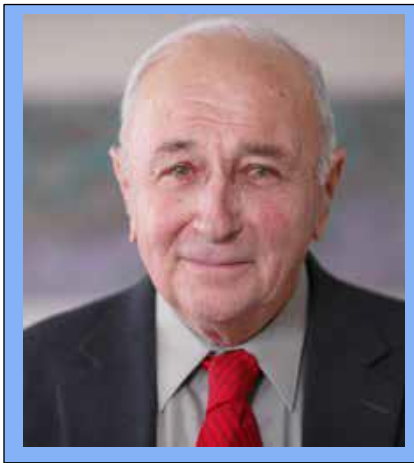
A Very Special Thank You!

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.



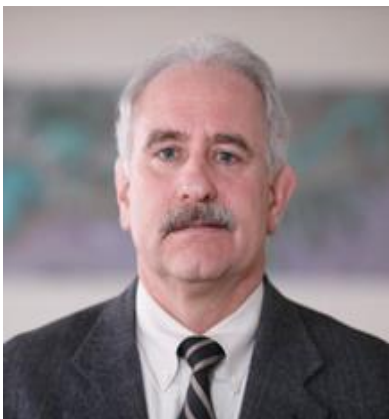
Agency Staff



Jody Zakrevsky
Chief Executive Officer



Meaghan Marino
**Director of Administration
And Finance**



Kurt Schulte, Esq.,
Agency Counsel



A. Joseph Scott, III.
of Hodgson Russ, LLP
Bond Counsel

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