

Cayuga County Industrial Development Agency

Annual Operations and Accomplishments Report FY 2020

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 12/31/2020 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 FY2020. 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 FY19
2. Revenues & Expenditures, Assets & Liabilities in FY19
3. CCIDA Compensation Policy
4. Overview of Projects undertaken by the Agency in FY19
5. Real Property Owned and/or Disposed of by the Agency in FY19
6. Assessment of the Effectiveness of CCIDA Internal Controls in FY19
7. CCIDA Investment Report for FY19

I. Overview of Operations & Accomplishments

The CCIDA continued to operate under its authority in FY2020 with a full Board of Directors and administrative services provided through the Cayuga Economic Development Agency. The Board conducted one (1) annual and eleven (11) monthly meetings, as well as an Independent Financial Audit for FY2018 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 FY2019 are available online for review at: <http://cayugacountyida.org/documents/> and at the CCIDA offices, 2 State Street, Auburn, NY 13021.

During FY2020 the CCIDA continued its focus on the development of infrastructure at the Aurelius Industrial Park. In 2017, CCIDA applied for and received a State grant to expand sewer capacity at the Aurelius Industrial Park. In December 2017, CCIDA signed a contract with the Probst Group, an engineering firm, to complete preliminary design work for the project. The Probst Group completed the engineering study and design work in April 2018. The study provided recommendations for the sewer capacity expansion and build-out to meet the capacity of the current tenants and anticipated expansion at the Industrial Park. These recommendations included two components that could be undertaken as one or two phases: expand the existing Eagle Drive sewer line; and build a higher capacity force main sewer to service the industrial park. In February 2019, CCIDA decided to move forward with the expansion in a single phase. In July 2019, CCIDA signed a contract with the Probst Group to conduct an engineering study focused on flow analysis to test the City's conveyance and treatment capacity for additional flow to submit to the NYS DEC for review. DEC approval of phase 1 was provided in 2020 and the process of construction design was underway in order to go to bid.

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 FY2020 as described briefly below:

Abundant County House Road Solar Development – Sennett, NY – This project was approved in October 2020 and closed in November 2020. The project involves the development of a 4 MWac solar array on land owned by Cayuga County on County House Road in the Town of Sennett. The company received a sales tax exemption, mortgage recording tax abatement, and PILOT agreement totaling an estimated \$2,572,166.85 benefit.

Cayuga Milk Ingredients Expansion – Aurelius, NY – The project was approved and closed in June 2020. The project involves new construction of a 2,408 SF by 104' tall multi-story addition for a new evaporator and finisher along with a 450 SF silo tank hall addition to enable 24/7 operation of the dryer. The project also includes acquisition of additional equipment. This expansion improves the competitiveness of CMI, which will enable them to continue to

compete globally and keep their business and farms in central NYS. The company received a sales tax exemption of up to \$270,873.

Inns of Aurora Spa Project – Ledyard, NY – This project was approved in April 2020 and closed in August 2020. The project was already underway, but COVID 19 caused uncertainty about the Inns of Aurora's financial position and the financing of the project. As such, the CCIDA board agreed to provide a sales and use tax exemption of \$100,000 to assist in continuing the project in a timely and financially feasible manner. The project includes the construction of a 22,000 square foot luxury spa to supplement offerings for the guests of the Inns and to attract more visitors in the growing wellness tourism market.

The following projects were approved but not yet closed:

Omni Navitas (GSPP 4643 Twelve Corners Road LLC) Solar Development – Niles, NY – This project was approved in November 2020. The project involves the development of a 4.75 MWac solar array in the Town of Niles. The company received a sales tax exemption, mortgage recording tax abatement, and PILOT agreement totaling an estimated \$2,212,918.86 benefit.

SunEast Dog Corners Solar Development – Ledyard, NY - This project was approved in March 2020. The project involves the development of a 20 MWac solar array in the Town of Ledyard. The company received a sales tax exemption, mortgage recording tax abatement, and PILOT agreement totaling an estimated \$3,818,250.84 benefit.

II. CCIDA REVENUES AND EXPENSES, ASSETS AND LIABILITIES FY2020

The CCIDA has conducted an independent financial audit of the fiscal year ended 12/31/2020. 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 FY2020 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 2020 for services rendered to the CCIDA. In addition to services rendered, CEDA received a fee share totaling 20% of collected small and large project fees net subject expenses in the amount of \$15,455.34.

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 FY2020

As listed previously, the primary projects undertaken by the CCIDA in 2020 were those of Cayuga Milk Ingredients and Inns of Aurora, which have substantial potential for positive economic impact in Cayuga County through market support and job creation, as well as multiple solar development projects which will help to meet NYS renewable energy goals and in some cases provided low cost power locally. In addition, the following application was still open as of year end:

- Global Common Energy, LLC: The project would involve anaerobic digestion of dairy manure at 11 large dairies in Cayuga County, NY that have a total of over 20,000 cows. The project will produce 50-55 MMBTU per hour of pipeline quality renewable natural gas (RNG) which will be pre-treated then transported in a biogas pipeline to a centralized gas processing plant to be injected into the local gas distribution company (LDC) system.

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:

- Worked with existing Aurelius Industrial Park tenants and other partners and stakeholders to continue the process of expanding sewer capacity at the Industrial Park;
- 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 FY2020

The CCIDA owns thirteen (13) 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.

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
115.00-1-54.1	4 Acres	\$350,000	Independent Appraisal	2018
114.00-1-53.1	56.5 Acres	\$310,000	Independent Appraisal	2018

* 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 thirteen parcels, there is also a fourteenth 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 FY2020 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 FY2020 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 \$930,869.15 on December 31, 2020. All balances were either covered under FDIC insurance or collateralized by appropriate obligations. The carrying value of deposits at December 31, 2020 totaled \$930,869.15. Included in these balances is restricted funds totaling \$10,000.23. The restricted funds include \$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.