

County of Oswego Industrial Development Agency



Felix Schoeller



St. Francis Commons



K&N's Foods USA



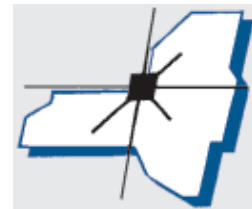
Murphy's Automotive



Novelis



F.X. Caprara



Annual Report
FY 8/1/13-7/31/14

Enabling Legislation

In accordance with New York State General Municipal Law article 18-A, the County of Oswego Industrial Development Agency was formed on April 25, 1973. Section 911-b constitutes the enabling legislation for the County of Oswego Industrial Development Agency.

Section 911-b: County of Oswego Industrial Development Agency

For the benefit of the County of Oswego and the inhabitants thereof, an industrial development agency, to be known as the COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY, is hereby established for the accomplishment of any or all of the purposes specified in title one of article eighteen-A of the General Municipal Law. It shall constitute a body corporate and politic, and be perpetual in duration. It shall have the powers and duties now or hereafter conferred by title one of article eighteen-A of the General Municipal Law upon industrial development agencies and provided that the exercise of the powers by such agency with respect to the acquisition of real property whether by purchase, condemnation or otherwise, shall be limited to the corporate limits of the county of Oswego, and such agency shall take into consideration the local zoning and planning regulations as well as the regional and local comprehensive land use plans. It shall be organized in a manner prescribed by and be subject to the provisions of title one of article eighteen-A of the General Municipal Law. Its members shall be appointed by the governing body of the county of Oswego. The agency, its members and officers and its operations and activities shall in all respects be governed by the provisions of title one of article eighteen-A of the General Municipal Law.

Board of Directors

Carolyn A. Rush
Chair

Gary T. Toth
Vice Chair

H. Leonard Schick
Secretary/Treasurer

Nicholas M. Canale

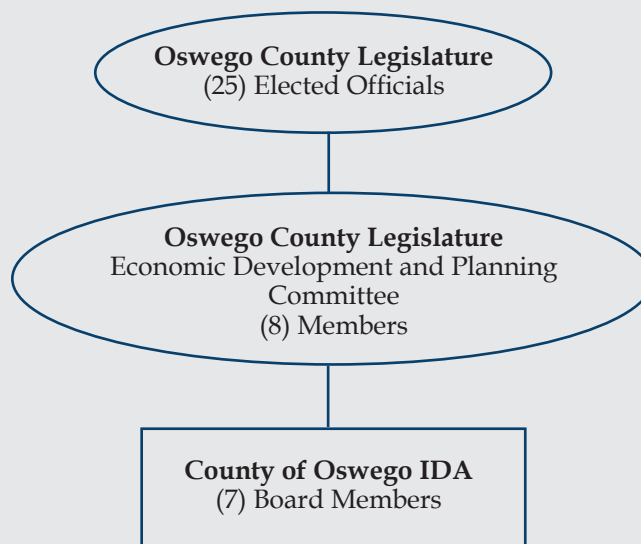
Jonathan Daniels**

Donald H. Kunzwiler

Morris Sorbello

L. Michael Treadwell, CECD*
Chief Executive Officer

David S. Dano*
Chief Financial Officer



* Contracted administrative agreement with Operation Oswego County, Inc. for professional services.

**Vacancy as a result of resignation dated 8/6/13.

Mission Statement

The County of Oswego Industrial Development Agency’s mission is to establish and implement sound economic development strategies in order to enhance the economic vitality of Oswego County’s businesses, industries, communities, and citizens, leading to an overall better quality of life. Key to the Agency’s mission is the creation and retention of job opportunities, diversification and strengthening of Oswego County’s economic base, and developing the local economy in a planned, organized, and environmentally compatible manner.

Goals

- To create new employment opportunities through the attraction of or the creation of new businesses;
- To create new employment opportunities through the expansion of existing businesses;
- To retain existing employment opportunities;
- To enhance and encourage capital investment by new and expanding businesses;
- To increase the County's tax base;
- To help stabilize and diversify the County's local economy;
- To help facilitate the development of essential services or businesses generally lacking in the County;
- To recognize the importance of the overall multiplier economic impacts of projects;
- To target financial assistance to key industrial clusters critical to the County's economy, including manufacturing, healthcare, education, tourism, energy, and agribusiness;
- To leverage the greatest level of private and non-IDA financial assistance as possible;
- To coordinate efforts to help improve the competitive position of businesses and spur initiatives that help to improve the overall business climate;
- To work cooperatively with local governments, economic development partners, and school districts to further economic development progress;
- To advance Oswego County's economy through regional cooperation and collaboration;
- To enhance media and educational outreach initiatives; and
- To improve the quality of life in Oswego County.

Objectives

- The issuance of Private Activity Bonds (tax-exempt or taxable bonds) to finance eligible manufacturing and commercial projects. The issuance of Civic Facility Revenue Bonds (tax-exempt or taxable bonds) to finance eligible not-for-profit 501(c)(3) organizations' projects (subject to authorizing NYS legislation).
- To help support and work cooperatively with the Oswego County Civic Facilities Corporation to help finance eligible not-for-profit 501(c)(3) organizations' projects with Civic Facility Revenue Bonds.
- The issuance of tax-exempt bonds for pollution control facilities.
- The issuance of tax-exempt bonds for other projects that are eligible for financing in compliance with Federal and NYS legislation.
- Providing to eligible and qualified businesses exemptions from real property taxes, sales and use taxes, and mortgage recording taxes consistent with the County of Oswego IDA's Uniform Tax Exemption Policy and in compliance with NYS legislation.
- Providing financial assistance to micro-enterprise businesses utilizing the County of Oswego IDA's Micro-Enterprise Economic Development Fund.

Objectives, cont.

- Providing financial assistance to eligible and qualified businesses utilizing the County of Oswego IDA’s PILOT Economic Development Fund and HUD Economic Development Fund.
- Utilizing the County of Oswego IDA’s General Economic Development Fund to enhance economic development initiatives and strategies.
- Providing financial assistance to eligible and qualified businesses utilizing the USDA Intermediary Relending Program (IRP).
- Serving as a conduit, as appropriate, to apply for and secure Federal and State government grants and/or loans for economic development projects.
- Providing bridge financing for eligible and qualified businesses that will be receiving permanent financing through the SBA 504 loan program in cooperation with Operation Oswego County, Inc.
- Assisting in acquiring, constructing, and renovating necessary and appropriate real estate, working in cooperation with Operation Oswego County, Inc., to enhance and further economic development, including industrial park properties, incubator facilities, speculative buildings, and sites, etc.
- Collecting and distributing PILOT payments to taxing authorities in accordance with the General Municipal Law of the State of New York.
- Complying with the State Environmental Quality Review Act (SEQRA) on all projects assisted by the County of Oswego IDA.
- Working in partnership with government, education, labor, business and economic development agencies to maximize development potential and sustainability of the economy in Oswego County.
- To be in compliance with all reporting and policy requirements specified by the NYS GML, NYS Office of the State Comptroller, NYS ABO and the NYS PAL.

Meetings Held

8/15/13 1/16/14
 9/4/13 2/10/14
 9/17/13 3/11/14
 10/16/13 4/2/14
 11/4/13 4/23/14
 11/11/13 5/14/14
 11/26/13 6/4/14
 12/19/13 6/16/14
 7/8/14

Public Hearings Held

8/14/13 W&C, LLC (F.X. Caprara)
 9/17/13 Novelis Corporation (Scrap)
 9/17/13 Patterson Warehousing, Inc.
 9/17/13 Fred Raynor Ford Corp.
 10/8/13 Murphy’s Automotive Soutions
 10/10/13 RTV Holdings, LLC
 (Design Concepts and Enterprises)
 10/30/13 Novelis Corporation (Hawk)
 11/19/13 K&N’s Foods USA
 2/6/14 Southern Graphic Systems
 3/31/14 Sunoco, Inc.
 4/22/14 Kenneth Joseph Green, LLC
 (Pennellville Senior Living Center)
 5/13/14 Felix Schoeller North America, Inc.
 6/26/14 M&A Holdings of CNY, LLC
 (The Gradens by Morningstar)

Compliance & Reporting/Other Activities

- The ESDC Notification of Initial Allocation for the issuance of Private Activity Bonds for 2014 was \$4,056,261.
- IDA annual employment survey completed.
- Member of the Council of Development Finance Agencies.
- Returned \$1,696 to HUD as required for earned interest in 2013.
- Annual Financial Report and Audit Report filed with the NYS Office of the State Comptroller, County of Oswego and ESDC for FY ended 7/31/13.
- Maintained IDA website to comply with the Public Authorities Accountability Act (PAAA) (www.oswegocountyida.org).
- Continued an administrative agreement for professional services with Operation Oswego County, Inc.
- Filed RP-412-a applications to all taxing authorities in accordance with Real Property Tax Law and General Municipal Law, Section 874, for the following 8 projects: MDDO LLC (Eagle Beverage Co.); Novelis Corporation (Hawk); Red Ray Properties, LLC (BioSpherix Ltd.); Patterson Warehousing, Inc.; W&C, LLC (F.X. Caprara); Novelis Corporation (Scrap); Felix Schoeller North America, Inc.; and Lake Ontario Property Associates, Inc. (Padma Ram, MD).
- Appointment of Project Operator or Agent (ST-60) filed with the NYS Department of Taxation and Finance for the following 10 projects: Novelis Corporation (Scrap); Sunoco, Inc.; V-Squared Management, LLC (Kallet Theater); MDDO LLC (Eagle Beverage Co.); Patterson Warehousing, Inc.; Red Ray Properties, LLC (BioSpherix, Ltd.); Novelis Corporation (Hawk); W&C, LLC (F.X. Caprara); Lake Ontario Property Associates, Inc. (Padma Ram, MD); and Felix Schoeller North America, Inc.
- UTEP deviation notifications were filed with the taxing authorities for M&A Holdings of CNY, LLC (The Gardens by Morningstar).
- Officers included Carolyn A. Rush (chair), Gary T. Toth (vice chair), and H. Leonard Schick (secretary/treasurer).
- L. Michael Treadwell served as CEO and David S. Dano served as CFO.
- Reviewed monthly loan delinquent reports.
- Continued to follow NYSEDC Best Practice Recommendations.
- Four IDA Directors, Counsel and the CEO have participated in PAAA Training sponsored by the NYSEDC or other State approved training.
- In compliance with the Public Authorities Law, filed Budget Reports for FY ending 7/31/13, 7/31/14 and 7/31/15 with the NYS ABO and County.
- Complied with the filing of the Annual Certification of Code of Ethics and Annual Financial Disclosure Statement to the County of Oswego Board of Ethics.

Compliance & Reporting/Other Activities, cont.

- Continued to use the Discretionary Funds Policy.
- CEO continued to be authorized to be the primary Authorizer Designation for PARIS.
- Reviewed and continued to use the Procurement Policy in compliance with GML.
- Reviewed the Disposition of Property Guidelines, no changes made, CEO appointed to serve as the Contracting Officer.
- Annual Report for FY ended 7/31/13 was prepared and posted on the Agency's website.
- The Investment Policy was in compliance with the collateral requirements for FY ended 7/31/13.
- Annual review of the Conflict of Interest Policy was conducted, no changes recommended. Conflict of Interest Annual Statements completed.
- Temporary deferments on loan/lease payments were granted for the following: Mahalaxmi Motels, LLC, and Tavern on the Lock.
- Grossman St. Amour CPAs, PLLC conducted the audit for FY ended 7/31/13.
- PARIS reporting for FY ended 7/31/13 was successfully completed.
- The Agency's approval to participate in the USDA Business & Industry Guarantee Programs as a "Non-Traditional Lender" was continued to be evaluated for projects.
- At the request of the Agency, the Oswego County Legislature has created a development corporation under 1411 of the NYS Not-for-Profit Law for the sole purpose of issuing Civic Facility Bonds for eligible 501 (c)(3) organizations. The Oswego County Civic Facilities Corporation was not active during the FY.
- Annual Board of Directors Evaluation was completed in accordance to the NYS ABO Policy Guidance for 2013.
- The Agency continued to operate the USDA Intermediary Relending Program for working capital and equipment. A three year extension request was approved.
- In compliance with Section 2824-a and Section 2800 of the PAL, the Agency's Mission Statement and Performance Measurements that were submitted to the NYS ABO remained unchanged.
- Annual performance review of the CEO and CFO was conducted.
- Continued the designation of the Secretary of State as an Agent for Service of a Notice of Claim pursuant to GML.
- Submitted a CFA application in Round 4 for ESDC funding to conduct a feasibility study to develop a small business incubator in the City of Oswego.
- Code of Ethics Policy was reviewed and amended.
- The Agency's Application for Financial Assistance, Applications for the IRP Loan Program and the Economic Development Fund Loan Program were reviewed, updated and approved.

Compliance & Reporting/Other Activities, cont.

- Pursuant to Section 103 and Sections 142 and 144 of the Internal Revenue Code, a Tax-Exempt Bond Post-Issuance Compliance Policy was approved.
- Adopted FOIL Policy was continued.

Project Assistance

| Project | Location | Type | Projected Jobs | | Financial Assistance | | Total Project Cost \$ | Status |
|---|-------------|--------------------------------|----------------|------------|----------------------|-------------------|-----------------------|----------|
| | | | New | Ret. | Type | Amount \$ | | |
| Novelis Corporation (Hawk) | Scriba | Manufacturing | 90 | — | S/L | 11,444,480 | 155,000,000 | Leased |
| Wiltie Construction | Oswego City | Manufacturing | — | 35 | PILOT EDF | 43,200 | 70,000 | Funded |
| Laser Transit | Sandy Creek | Transportation/ Warehousing | 2 | — | PILOT EDF | 83,500 | 337,746 | Funded |
| Design Concepts and Enterprises, LLC | Hastings | Manufacturing | 40 | — | S/L | 118,260 | 849,500 | Approved |
| Fred Raynor Ford | Granby | Retail/Service | 10 | 27 | PILOT EDF | 300,000 | N/A | Approved |
| | | | | | S/L | 420,414 | 3,075,000 | Approved |
| Murphy's Automotive Solutions, LLC | Oswego | Service | 4 | — | PILOT EDF | 139,500 | 445,700 | Funded |
| Patterson Warehousing | Fulton City | Warehousing | — | 43 | S/L | 288,000 | 1,300,000 | Leased |
| Novelis Corporation (Scrap) | Scriba | Manufacturing | 14 | — | S/L | 6,779,000 | 48,306,110 | Leased |
| F.X. Caprara | Richland | Retail/Service | 40 | 65 | PILOT EDF | 300,000 | 7,000,000 | Funded |
| | | | | | S/L | 992,000 | N/A | Leased |
| Sure-Lock Industries | Oswego City | Manufacturing | — | 22 | Gen. EDF | 328,000 | 328,000 | Funded |
| Huhtamaki | Fulton City | Manufacturing | 25 | — | S/L | 633,435 | 3,489,300 | Approved |
| Felix Schoeller | Richland | Manufacturing | 36 | — | PILOT EDF | 200,000 | 3,200,000 | Approved |
| Hardwood Transformations | Oswego City | Manufacturing | — | 23 | PILOT EDF | 473,226 | 473,226 | Funded |
| Pennellville Senior Living Center | Schroepfel | Housing | 2 | — | PILOT EDF | 200,000 | 1,311,428 | Funded |
| Sunoco, Inc. | Volney | Manufacturing | — | — | S/L | 142,000 | 3,550,000 | Leased |
| High Strain Dynamics | Schroepfel | R&D | 4 | — | PILOT EDF | 70,000 | 220,000 | Funded |
| Eis House | Mexico | Service | 20 | — | PILOT EDF | 60,000 | 630,000 | Funded |
| M&A Holdings of CNY (The Gardens by Morningstar) | Oswego City | Service/ Healthcare | 38 | — | HUD EDF | 300,000 | 4,892,000 | Approved |
| | | | | | S/L | 2,117,440 | N/A | Approved |
| Fulton Animal Hospital | Fulton City | Service | 1 | 3 | PILOT EDF | 74,880 | 509,200 | Approved |
| V-Squared Management, LLC (Kallet Theater) | Richland | Service/ Recreation | 4 | — | PILOT EDF | 170,000 | 1,300,048 | Delayed |
| St. Francis Commons | Oswego City | Service/Healthcare | 30 | — | HUD EDF | 500,000 | 9,158,000 | Funded |
| V-Squared Management, LLC (HealthWay Products) | Richland | Manufacturing | 21 | — | S/L | 283,700 | 808,239 | Delayed |
| McIntosh Box and Pallet Co. | Constantia | Manufacturing | 6 | 44 | S/L | 155,620 | 912,564 | Leased |
| Felix Schoeller | Richland | Manufacturing | 65 | — | PILOT EDF | 500,000 | 6,250,000 | Funded |
| | | | | | S/L | 72,000 | N/A | Leased |
| Eagle Beverage Company, Inc. | Oswego | Distribution | 8 | 54 | S/L | 909,666 | 5,591,100 | Leased |
| Fulton Tool Co. | Fulton City | Manufacturing | 3 | — | IRP EDF | 83,600 | 209,150 | Funded |
| BioSpherix, Ltd. | Parish | Manufacturing | 12 | 56 | S/L | 43,000 | 571,000 | Leased |
| Lake Ontario Property Associates (Padma Ram, MD) | Oswego City | Service/ Healthcare | 14 | — | PILOT EDF | 35,000 | 1,594,692 | Funded |
| | | | | | S/L | 70,000 | N/A | Leased |
| K&N's Foods USA | Fulton City | Manufacturing | 183 | — | PILOT EDF | 200,000 | 1,975,000 | Funded |
| Operation Oswego County (K&N's Foods USA) | Fulton City | Manufacturing | — | — | Gen. EDF | 500,000 | 1,200,000 | Funded |
| Total | | | 672 | 372 | | 29,029,921 | 264,557,003 | |

Financing Programs

Loans/Leases Paid in Full

| Project | Location | Type | Original Fin. Date | Fin. Type | Amount \$ |
|---------------------------------|-------------|--------------------|--------------------|-----------|-----------|
| Big Orange Radiator | Hastings | Wholesale | 11/08 | PILOT EDF | 124,000 |
| Buttolph Lumber | Schroepfel | Wholesale | 10/10 | PILOT EDF | 158,000 |
| Chamberlain's Appliance Service | Oswego City | Service | 8/00 | PILOT EDF | 55,000 |
| Mark's Service Center | Hastings | Service | 10/03 | PILOT EDF | 63,232 |
| New York Bold, LLC | Volney | Agr. | 9/06 | PILOT EDF | 100,000 |
| New York Bold, LLC | Volney | Agr. | 12/07 | PILOT EDF | 112,150 |
| Jay F. Sullivan, MD | Richland | Service/Healthcare | 9/12 | PILOT EDF | 31,000 |
| Sure-Lock Industries, LLC | Oswego City | Mfg. | 11/04 | PILOT EDF | 250,000 |
| Timberline Hardwood Floors, LLC | Volney | Mfg. | 1/11 | PILOT EDF | 120,000 |
| Winter Harbor, LLC | Hastings | Service | 3/04 | PILOT EDF | 70,000 |

Bad Debt Loans

| Project | Location | Type | Original Fin. Date | Fin. Type | Amount \$ | Bad Debt \$ |
|----------------|----------|-----------|--------------------|-----------|-----------|-------------|
| Rural Bolt Co. | Hastings | Wholesale | 4/02 | PILOT EDF | 35,000 | 16,565 |

Definitions for Types of Financial Assistance

- **MEP EDF**-- Micro Enterprise Program Economic Development Fund
- **PILOT EDF**-- Payment in Lieu of Taxes Economic Development Fund
- **General EDF**-- General Economic Development Fund
- **IRP EDF**-- Intermediary Relending Program Economic Development Fund
- **S/L**-- Straight Lease Transaction
- **HUD EDF**-- Housing and Urban Development Economic Development Fund
- **CFRB**-- Civic Facility Revenue Bonds
- **PAB**-- Private Activity Bonds
- **TB**-- Taxable Bonds

Distribution of PILOT Payments - FY Ended 7/31/14

| | <u>Amount</u> | <u>%</u> |
|-------------------|--------------------|--------------|
| School Districts | \$5,462,265 | 66.0 |
| City/Town/Village | \$ 683,874 | 8.2 |
| County | \$1,935,680 | 23.4 |
| County IDA* | <u>\$ 199,838</u> | <u>2.4</u> |
| <u>Total:</u> | <u>\$8,281,657</u> | <u>100.0</u> |

*County's prorata share was split 90/10 with IDA to recapitalize the IDA's PILOT EDF in 2014.

Statement of Revenues and Expenditures and Changes in Net Position - FY Ended 7/31/14

| Revenues | |
|---------------------------------------|----------------------|
| Administration and application fees | \$ 432,000 |
| Interest income | 220,000 |
| Payments in lieu of taxes | 200,000 |
| Other revenues | 54,000 |
| Federal funds – loan repayments (P&I) | (362,000) |
| Total revenues | 544,000 |
| Expenditures | |
| Administration | 300,000 |
| Other expenses | 102,000 |
| Total expenditures | 402,000 |
| Change in net position | 142,000 |
| Net position – beginning of year | 18,030,000 |
| Net position – end of year | \$ 18,172,000 |

Note: Audit Report is available at www.oswegocountyida.org.

Statement of Net Position - FY Ended 7/31/14

Assets

| | |
|---------------------|----------------------|
| Cash | \$ 7,977,000 |
| Loans receivable | 11,487,000 |
| Project Assets, net | 1,159,000 |
| Total Assets | \$ 20,623,000 |

Liabilities

| | |
|----------------------------|---------------------|
| Other Payables/Liabilities | \$ 77,000 |
| Loan Payable | 288,000 |
| Mortgage Payable | 700,000 |
| Total Liabilities | \$ 1,065,000 |

Net Position

| | |
|-----------------------------|----------------------|
| Restricted Cash | \$ 4,410,000 |
| Restricted Loans Receivable | 10,444,000 |
| Unrestricted | 4,703,000 |
| Total Net Position | \$ 19,558,000 |

Note: Audit Report is available at www.oswegocountyida.org.

Schedule of Bonds/Notes - FY Ended 7/31/14

Details are provided in the Audit Report which is available at www.oswegocountyida.org.

Internal Control Structure and Procedure - FY Ended 7/31/14

Details are provided in the Audit Report which is available at www.oswegocountyida.org.

Compensation Schedule - FY Ended 7/31/14

Not applicable; IDA had no employees.

Real Property Owned - FY Ended 7/31/14

| Property | Address | Tax Map ID | Size (Acres) |
|------------------------------|-----------------------------|-----------------|--------------|
| Lake Ontario Industrial Park | 249A Mitchell St., Oswego | 110.68-01-01 | 56.64 |
| Peck Road Site | Peck Road, Town of Richland | 071.00-02-28.01 | 14.25 |
| Columbia Mills | St. Rt. 48, Town of Minetto | 183.02-02-04.02 | 90.74 |
| Huhtamaki Site | 411-419 First St., Fulton | 253.24-01-02 | 1.66 |
| Hardwood Transformations | 120 St. Paul St., Oswego | 128.27-01-05 | 6.95 |

Real Property Disposed of During FY Ended 7/31/14

None.


Code of Ethics

See Code of Ethics Policy listed on website at www.oswegocountyida.org.

Approval and Certification for FY Ended 7/31/14

The Annual Report of the County of Oswego IDA was approved by the Board of the Agency on November 12, 2014.

The information contained in the Annual Report for the County of Oswego IDA for FY ended 7/31/14 represents an accurate, complete and fair presentation of the Agency's activities and financial position. In compliance with the PAAA, this report will be provided to the Chair of the Oswego County Legislature, to the NYS Authority Budget Office, and be posted on the Agency's website www.oswegocountyida.org.

Certified by:  11/12/14
 Carolyn A. Rush, Chair

 11/12/14
 H. Leonard Schick, Secretary/Treasurer

 11/12/14
 L. Michael Treadwell, CEO