

ALLEGANY COUNTY
Industrial Development Agency

2014 Annual Report

The Industrial Development Agency (IDA) re-aligned its focus in 2014 to: (1) underwrite new and maintain existing PILOT agreements and tax incentives in support of the retention, expansion and attraction of new businesses and industries; and, (2) purchase, develop and maintain real estate targeted for economic development and growth throughout Allegany County. Economic development marketing activities in the future are to be coordinated by the Allegany County Economic Development Coordinator position under the direction of the Allegany County Planning and Economic Development Legislative Committee.

General Electric / Lufkin / RMT: Lufkin/RMT completed its first full year at the new airport site. IDA and Empire State Development incentives remain in place supporting the company's continued profits and job growth.

New IDA Board Members: Mr. Wood was re-elected by the board as the IDA Chairman. Other board members include: Ted Hopkins, Rich Ewell, Jack Ormond and Mike Johnsen. John Foels was Executive Director.

IDA Annual Audit: The 2013 audit was completed with recommendations to make procedural adjustments to the IDA's financial management activities. Specifically, it was agreed that Baldwin Services would be retained as the agency's bookkeeping firm. After several months of monitoring Baldwin's effectiveness the IDA Board decided to terminate Baldwin Services. Plans have been made to appoint a new volunteer CFO in the first quarter of 2015. This will result in a \$1,400 p/month savings to the IDA.

Alliance Energy: Alliance Energy completed their purchase of the Co-Gen Plant in the Town of Hume. The Hume Assessor reported that a grievance was filed when the assessment was lowered to \$6.7 Million. The Co-Gen Plant had been assessed at \$30 Million since 1996 - with an original cost of \$90 Million. The new assessment was discussed with the HUME town Board and a decision was made to reduce the assessment to \$4 Million. New PILOT agreements were requested and approved by the IDA Board and reconciled with County, School and Township officials. All new and past due payments are expected in the first quarter of 2015. A Public Hearing was held on December 10, 2014.

Swain Ski Resort: Swain Ski Recreational Center, LLC, continues their successful transition, retaining several hundred seasonal employees and retention and expansion of sales tax revenues to the county. Changes in ownership coupled with some real estate transactions resulted in the need for the Swain PILOTS to be revised and reconciled with the County, Town and School District. Hodgson Russ LLP was appointed by all four entities to facilitate the new agreements in the first quarter of 2015. Payments are expected to be received no later than April 2015.

Cuba Memorial Hospital: The hospital's financial situation was greatly improved in 2014 as a result of NYS funding that allowed them to pay off their bond and release the mortgage. Hodgson Russ LLP and the IDA executed all documents necessary to assist Cuba Memorial Hospital in the payoff of its bond and release of its mortgage. Plans are underway for the hospital to construct a new retirement center beginning in 2015.

Crossroads Commerce Center: The Center continues to be 95% occupied including the Development, Planning, IDA, Tourism and EMT Training, and the ACCORD Business Center and Computer Lab. The Greater Allegany County Chamber of Commerce is also situated at this facility as is Genesee River Wilds, Inc. The Center continues to see wide use of the conference room facilities. Plans in 2015 call for the IDA to outsource the building, grounds and financial management of the properties - freeing up the Development and Planning department employee's from unnecessary involvement in these activities.

Crossroads Development / I-86 & State Route 19: The IDA continued its focus on project content, timing and financing. The project remains centered on travel related services (fuel, convenience and hospitality). A national hospitality feasibility study was completed in the fall of 2014. The result was a positive outlook to construct a 100 room hotel on the 18 acre IDA property. The study is projecting an average annual occupancy rate of 65% with an average daily room rate between \$115 and \$130. A search for a developer was launched in the fourth quarter of 2014. A target completion date of October 1, 2016 is the IDA's current plan.

D&O Insurance: A resolution was approved for the IDA to purchase D&O Insurance. A quote was received and approved. The IDA Directors are now covered for D&O liability insurance.

Respectfully submitted,
Jack W. Wood
IDA Chairman