



**HERKIMER COUNTY
INDUSTRIAL
DEVELOPMENT AGENCY
(Agency)**

FISCAL YEAR 2017

**REPORT ON
OPERATIONS AND
ACCOMPLISHMENTS**

The Herkimer County Industrial Development Agency is a public benefit corporation created by the Herkimer County Legislature in 1970, under the New York State Industrial Development Agency Act of 1969. The mission of the agency is to help create or retain job opportunities within Herkimer County by both assisting existing area industries and by marketing the area to prospective new industries.

The Agency has a volunteer seven-member board of directors appointed by the Herkimer County Legislature, the Board of Directors appoints the Executive Director and the Executive Director recommends staff positions to the Board of Directors for approval. The Agency is supported financially by loan fund program and project and administration fees and funding from Herkimer County. As of 12/31/2017 the operating staff consisted of Stephen R. Smith, Executive Director and Stacey Holleran, Office Manager.

The Agency acts as a coordinating organization for a variety of different loan and corporate financing programs offered by local, regional, state and federal agencies. These programs are used to assist eligible businesses with projects to create or retain jobs. The Agency keeps abreast of the various programs that are available from these sources and acts in an advisory and administrative capacity to Herkimer County businesses.

The Agency is also authorized to offer certain incentives to businesses that are making investments in Herkimer County which will lead to the creation or retention of jobs. These incentives include access to tax-exempt industrial revenue bond financing; exemption from sales taxes on the purchases of equipment and materials used in the construction and equipping of a facility; and a “payment in lieu of taxes” agreement (PILOT) on exempted real property taxes.

The Agency retains general counsel for the purpose of advising and rendering opinions to the officers and Board as to all legal matters relating to administration, operations and financings of the Agency. Counsel shall draft and/or examine and review Agency forms, contracts or other documents for compliance as necessary.

The Agency owns five business parks located throughout Herkimer County and is responsible for marketing and overseeing economic development projects within these parks. As follows:

- Frankfort 5S South Business Park (200-acres – a Build-Now NY Shovel Ready site at 92% capacity)
- Frankfort 5S North Business Park (36-acres, at capacity)
- Schuyler Business Park (99-acres – a Build-Now NY Shovel Ready site at 90% capacity)
- Manheim Business Park (30-acres)
- West Frankfort Industrial Park (60 acres, at capacity)

The Agency consistently seeks out funding sources as needed in our efforts to assist with and complete certain economic development projects.

We operate in accordance with the policies and procedures required by the New York State Public Authority Accountability Act (PAAA), and continue to review, update and adopt policies and procedures to meet the various reporting requirements.

We continue to maintain a website (www.herkimercountyida.org) that offers access to information regarding: available programs, services, various loan and benefit applications, operational documents, policies and general information about our services and Herkimer County.

As part of the Agency's responsibility for the administration of both the Small Cities and the Intermediary Relending Program revolving loan funds, the Agency is required to track the employment numbers of businesses with an outstanding loan. Job numbers are specified at the onset of a project and tracked until the projected job numbers are achieved. Depending upon the program, various other reports and filings such as a UCC-1 to protect our collateral may be required.

The Agency develops in-house, and maintains a complete set of informational pamphlets, brochures, specification sheets and an industrial guide that lists the many businesses located in Herkimer County. Hard copies of the guide and literature are available at the office and can be downloaded from the Agency's website.

The Agency is required to carry various insurance policies and as an independent operating entity we are subject to all state and federal payroll and unemployment insurance reports. The Agency maintains worker's compensation, general liability and bonding insurance, and to protect our board of directors we carry officers and directors insurance.

2017 ACCOMPLISHMENTS

- The Agency continues to administer three revolving loan funds (Small Cities, GOSC, IRP) with current outstanding loan balances of approximately \$171,000 to a total of six Herkimer County businesses. A fund balance of approximately \$380,000 is currently available for re-lending.
- In addition, the Agency continues to administer a Small Business Revolving Loan Fund which was created in 2009, with state funding secured by Assemblyman Marc Butler. This program offers a specialized loan/grant to eligible small businesses, including farmers and retail operations. With assistance from Senator Seward, the Agency was approved for an additional \$50,000 to add to this loan/grant program. Thirty-one total loan/grants have been approved and processed between these two funding sources.

- \$1.283 million dollars in payments to area municipalities and school systems were administered in 2017 through Payment In Lieu of Taxes (PILOT's) by the Agency. The Office Manager calculates and bills all companies that have a PILOT in force. All funds collected are distributed to the local taxing jurisdictions bringing much needed tax dollars to the jurisdictions as well as assisting businesses to locate and expand in Herkimer County.
- Utility Modification Project – Frankfort 5S South Business Park - \$500,000 plus includes power upgrades, transformers, new substation and redundant power capabilities.
- A \$75.6 million project was induced to assist Tractor Supply Company with construction of a 930,500 sq. ft. distribution center (with option to expand to 1,230,500 sq. ft.) on 142 acres at the Frankfort 5S South Business Park in Frankfort, NY. Sales tax exemption and real property tax abatement were approved as part of the project. This project expects to create 350 new jobs by June 2024.
- The Agency continues to assist Heidelberg Baking Company with a PILOT, the first company to locate in the Frankfort 5S South Business Park. The construction of a 43,000 sq. ft. state-of-the-art multi-million dollar bread-making facility is completed. The project has helped create 18 new jobs.
- A project to assist Northern Safety Co., Inc. with a \$5.036 million project was completed. The project includes re-development of an existing structure to include office and personnel space including a video studio and training rooms as it continues to expand its national sales force. Sales tax exemption and real property tax abatement were approved as part of the project. The Company anticipates creating 25 additional jobs.
- Precisionmatics Company completed construction of a 54,000 sq. ft. \$4.4 million manufacturing facility located on Route 20 in West Winfield. Sales tax exemption and real property tax abatement were approved as part of the project. The Company plans to add 10 new full time and 2 part time positions to their already 60+ employees.
- The Agency has received numerous IDA inquiries regarding project applications which the Agency continues to assist these companies as they move forward with their projects.
- The Agency continues to monitor a grant approved in 2013 for Northern Safety Company. In 2014 half of the grant funds were distributed to the company. The project is ongoing.
- The Agency has been working with the Start-up New York initiative through Herkimer College. The following three business parks are now included in the plan and new businesses could be eligible for Start-up New York benefits: Frankfort 5S South Business Park, Schuyler Business Park and Manheim.

- Now that there are occupants in the Frankfort 5S South Business Park, the Agency has been working with affected local municipalities in developing a Pilot Increment Financing Agreement. The purpose of the Agreement Allocating PILOT Payments is to pay the County up to \$800,000 for infrastructure that they funded in order for the business park to be fully marketable as an industrial site.
- The Agency submitted two grant proposals to the Environmental Protection Agency: Hazardous Substance Assessment (\$200,000) and Petroleum Assessment (\$100,000). The grant proceeds will be to perform several Phase I and Phase II environmental assessments of brownfield properties.
- Two DASNY applications (\$562,500 and \$125,000) have been submitted to assist with upgrades to Frankfort 5S South Business Park Infrastructure.
- Continue to monitor the requirements from the State in regards to use of IDA issued Sales Tax Exemption Notices. Companies now must comply with the new regulations by means of ST-123 (IDA Agent or Project Operator Exempt Purchases Certificate) as well as reporting all sales tax savings to the Agency on a quarterly basis while the exemption letter is in effect.
- The Agency continues to work with our engineering firm in regards to ongoing wetland mitigation requirements at the Schuyler Business Park. In 2014 a \$70,000 contract was signed with O'Brien & Gere for the "Planting and Monitoring Plan Preparation" for the Schuyler Business Park.
- A sewer feasibility study of various alternatives to extend commercial sewer service to the Schuyler Business Park was completed in the fall.
- The Agency is working with the Town of Frankfort regarding dedication of road, sewer/pump station, and water tower in the Frankfort 5S South Business Park.

These projects are a testament to the public/private partnerships necessary to create and retain employment here in Herkimer County. This continues the Agency's commitment to assist local companies while also seeking new job and investment opportunities as we continue our mission to help grow the local economy.

The Agency continues to market the available assets within the county and respond to all leads and potential business prospects. We respond to numerous calls and inquiries on a daily basis and are able to respond quickly and accurately to potential clients. The priority for the Agency will continue to be the pursuit of economic development opportunities that help businesses create and retain employment opportunities and add value to the local economy.

MARKET HERKIMER COUNTY

- Continue to focus on marketing the low cost municipal power and land available at the Frankfort 5S South Business Park, to attract new business.
- Routinely conduct outreach to area businesses to promote services of the Agency by means of mailings and visitation.
- Assist existing area industries and work to attract new industries to the county.
- Work to increase private investment, create new employment and retain existing employment.
- Continue to be aware of and promote available real estate within the county.
- Market the area's assets and economic development resources to potential new businesses through various methods of outreach such as trade shows and conferences.
- The Agency developed a Facebook page to help market the area and post news items.
- Maintain and update an industrial guide annually.
- Maintain the Agency owned business parks. The Agency routinely retains maintenance services in an effort to keep the Frankfort 5S South Business Park mowed and cleared for marketing purposes.
- There has been considerable interest throughout the year and projects are currently being considered for location in the Frankfort 5S South Business Park and Schuyler Business Park.

OTHER ADMINISTRATIVE ITEMS

- Continue to comply with all financial and New York State requirements including annual independent audits and fulfilling New York State Authorities Budget Office requirements.
- Continued posting all required policies, documents and notifications required under the Authorities Budget Office requirements to the Agency web site. We responded to concerns found in a review of our agency's web site. All items have been addressed.
- Complete administrative, operational, and monitoring functions of the Agency.
- Fulfill semi-annual reporting requirements to the USDA as part of the administration of the IRP loan fund.
- Fulfill annual Fair Housing and Performance Assessment Reporting requirements to the US Department of HUD.
- Administration of the revolving loan funds and PILOT's including calculating, billing, tracking, collecting and banking duties.
- Accounts payable, receivable and payroll functions and reporting.
- Prepare reports and assist the CPA with the annual audit.
- Complete and submit all required annual ABO reports to the State according to the required schedules.
- Maintain checklists for all projects, to avoid oversight of required steps.

March 8, 2018