



Broome County Industrial Development Agency **2006 Annual Report**

Message from the Chairman of the Board and Executive Director

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Richard D'Attilio

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For more than 35 years the Broome County Industrial Development Agency (BCIDA) has actively fostered economic growth in Greater Binghamton. Over this period the Agency has facilitated more than 120 projects, with a capital investment of more than \$425 million.

The BCIDA is a public benefit corporation chartered by the State of New York and overseen by a nine member board appointed by the Broome County Legislature. The Agency offers companies comprehensive services including needs assessment, site selection, financial incentives, and access to other public-sector programs.

The BCIDA owns and manages a 600 acre corporate park in Conklin, NY, and more than 1.2 million square feet of real estate in the community including the Edwin A. Link building in Kirkwood, NY, and the BAE Systems building in Johnson City, NY.

We are pleased to present this annual report of the Agency's major activities in 2006, as well as an update on previous projects that have a significant impact on the regional economy.

FLOOD RECOVERY

In late June 2006, the region made national news when days of continuous rain filled the Susquehanna and Chenango rivers and produced the worst flooding in history. Hundreds of residents and businesses were affected. The IDA's own offices, located in the garden level of the Regency Hotel in downtown Binghamton, suffered a total loss. After several weeks of operating virtually, the Agency assumed space on the 5th floor of the Edwin L. Crawford County Office Building in downtown Binghamton.

The IDA was able to assist in the region's recovery. The Agency made available its land in the Broome Corporate Park to serve as a staging area for debris removed from homes and businesses in the Conklin area. The BCIDA's Business Growth Center, also located in the Corporate Park, is being used by the Presbytery of Susquehanna Valley to store materials residents need for reconstruction.

While the flood was the biggest story of the year, it didn't keep investment from coming into Greater Binghamton. The BCIDA had one of its biggest years ever, playing a key role in projects totaling more than \$90 million.



The KBA Rapida Press has made Parlor City Paper Box in Binghamton, NY significantly more competitive in a very dynamic marketplace.

PARLOR CITY PAPER BOX

In the fall, the Board approved tax exempt bond financing for Parlor City Paper Box Co., Inc. to purchase machinery and equipment. Parlor City Paper Box Co., Inc. is a City of Binghamton manufacturer of paper board packaging for industrial and commercial customers. In 2006 the company added 22,000 square feet to its existing facility. The bond proceeds were used to acquire new machinery and equipment that will support their growth plans for the next two years. The bond was issued for \$3.8 million.

MILLENNIUM PIPELINE

The most significant project of the year for the Agency was the Millennium Pipeline. The Millennium project is a 182 mile long gas transmission line beginning in Corning, NY and ending in Ramapo, NY. The economic impact on the Southern Tier is projected to be more than \$200 million, with more than \$70 million in Broome County alone. About 3,000 jobs are expected to be created along the entire line during the construction period. The company estimates that in the Southern Tier, 1,500 workers will benefit from a \$60 million payroll.

Financial Highlights

The Agency initially approved this important project in the spring of 2006 with the condition that Chemung, Tioga, Delaware, Sullivan and Orange counties adopt the same resolution. Tioga County voted against the sale leaseback transaction and payment-in-lieu-of-tax agreement and therefore the original resolution did not stand. Millennium Pipeline requested that the BCIDA reconsider the original resolution and lift the condition on the tax initiative that requires Tioga County to be a participant.

In November, after months of dialog, study, and feedback from the public, the BCIDA board of directors approved a sale leaseback and payment-in-lieu-of-tax agreement with Millennium Pipeline Company, LLC for the acquisition, financing, construction and installation of a new pipeline replacing the Columbia Gas Pipeline. We worked closely with our other county partners for more than a full year, and we look forward to the impact of this critical project.

MAINES PAPER & FOOD SERVICE

In the fall, the Agency approved a sale leaseback transaction for a one story 76,400 square foot addition to the Maines Corporate Headquarters in the Broome Corporate Park. This will be used primarily as a dry storage warehouse and includes a loading dock and parking for 85 cars.

The BCIDA also approved a sale leaseback for a one-story 77,000 square foot food distribution facility for Maines to be comprised of cooler, freezer, dry storage, and associated offices on Maple Lane in the Broome Corporate Park. Together, the two projects represent a \$15 million investment in Conklin and Greater Binghamton.

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Chairman of the Board

Richard D'Attilio
Executive Director

Operating income for the BCIDA was \$359,198 for fiscal year 2006. This was an increase of 15% over the prior year and 56% decrease over 2004. Operating results for the year produced an increase in net assets of \$770,869. At the close of fiscal year 2006, the Agency had net assets of \$12,728,642, an increase of 6% over the prior year and 36% from 2004.

Net assets may serve, over time, as a useful indicator of a government's financial position. In the case of the Agency, assets exceeded liabilities by \$12,728,642 at the close of the most recent fiscal year. This represents an increase of \$770,689 (6%) over the previous year and a 36% increase over 2004. The amount attributable to current operations for the year ended December 31, 2006 was \$359,198.

The unrestricted net assets were \$5,809,018, which is an increase of \$804,647 or 16% over 2005. The increase in unrestricted net assets from 2004 is \$1,325,065, which represents an increase of 29%.

NET ASSETS	2006	2005	2004
Current Assets	\$10,632,009	\$ 8,409,480	\$ 8,186,926
Capital Assets	11,475,166	11,724,776	9,990,741
Other Non-Current Assets	2,008,695	2,164,871	2,096,260
Total Assets	24,115,870	22,299,127	20,273,927
Current Liabilities	2,527,146	1,166,447	1,458,927
Other Long-Term Liabilities	8,860,082	9,174,907	9,470,606
Total Liabilities	11,387,228	10,341,354	10,929,533
Net Assets:			
Invested in Capital Assets, net of related debt	3,626,393	3,579,710	1,566,686
Restricted	3,293,231	3,373,692	3,293,755
Unrestricted	5,809,018	5,004,371	4,483,953
Total Net Assets	\$12,728,642	\$11,957,773	\$ 9,344,394

CHANGES IN NET ASSETS	2006	2005	2004
Operating Revenues	\$ 2,500,422	\$ 2,979,792	\$ 3,152,779
Operating Expenses	(2,141,224)	(2,668,546)	(2,333,310)
Income From Operations	359,198	311,246	819,469
Net Nonoperating Revenues (Expenses):			
Investment Income	302,344	142,008	52,680
Other Nonoperating Revenue	109,327	2,160,125	42,939
Net Nonoperating Revenues (Expenses)	411,671	2,302,133	95,619
Change in Net Assets	770,869	2,613,379	915,088
Net Assets, Beginning of Year	11,957,773	9,344,394	8,429,306
Net Assets, End of Year	\$12,728,642	\$11,957,773	\$ 9,344,394

All amounts are expressed in actual dollars. The complete audited financial statement will be available on the Agency's website, www.bcida.com.

Economic Development Initiatives

BAE SYSTEMS & AIR FORCE PLANT 59

Over the years, Air Force Plant 59 in Johnson City has applied its world-leading expertise to control electronics and flight-critical systems for a wide range of fixed-wing and rotary-wing military platforms. The Johnson City site is the largest avionics provider aboard the Air Force C-17 Globemaster III; produces fly-by-wire flight controls for military platforms including the F/A-18, V-22 tiltrotor, and S-92 helicopter; is a member of the prime team that is providing capability upgrades to the Air Force's A-10 fleet; is developing the Vehicle Management Computer for the Joint Strike Fighter and engine controls for the Boeing 787 and Airbus A350; and has the world's largest fielded fleet of hybrid electric drive systems for transit buses.

The 625,000 square foot building was constructed by the Air Force in 1942 as a propeller factory. It was vacant until 1948, when General Electric chose the site for the development and manufacture of fire control equipment for Air Force bombers. In the early 1990s, the Air Force needed to reduce the

real estate it owned across the U.S., including the Johnson City site. General Electric was not in a position to take over the real estate. An Act of Congress was necessary to transfer ownership of the property from the Air Force to the Broome County IDA. The business's ownership has changed three times: to Martin Marietta in 1993, Lockheed Martin in 1995, and BAE Systems in 2000.

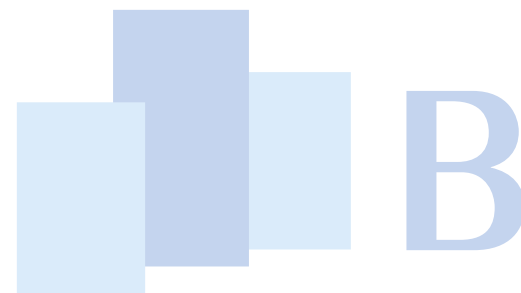
BAE Systems generated an economic impact exceeding \$155 million in the Binghamton area during 2006, according to figures provided by the company. This includes approximately \$111 million in payroll to the more than 1,400 employees who live in the area, and more than \$44 million in goods and services purchased from local suppliers.



BAE Systems is the world's leading producer of efficient, low-emission hybrid electric propulsion systems for transit buses. The company's HybriDrive® propulsion technology is in daily service on buses in New York City, Toronto, San Francisco, and other cities. With nearly 1,500 buses employing its HybriDrive® propulsion system in service or on order, BAE Systems leads the fast-growing market for hybrid electric transit buses. These buses, built by DaimlerChrysler's Orion unit, have accumulated more than 20 million miles of service, with an average of 32,000 miles logged daily.



Air Force Plant 59 in Johnson City, NY is owned by the BCIDA and home to BAE Systems, a leading global technology company.





GANNETT

In the spring of 2006, Gannett, Inc. and the Greater Binghamton community celebrated the opening of a new production facility on the former Ranger Paracord site in Johnson City. This state-of-the-art facility is located at a key community gateway off of Route 17. Gannett papers for Binghamton, Elmira, and Ithaca are printed in this facility. The BCIDA, through a sale leaseback arrangement, partnered with Gannett, Newman Development, the Village of Johnson City and the Town of Union in a \$50 million reclamation and redevelopment of this former brownfield. This site sat idle for many years until a concerted team effort ensured the success of this redevelopment. Gannett, Inc. is congratulated for its corporate commitment to Greater Binghamton.

This page, top: Gannett, Inc., middle: Anitec site, bottom: Kilmer building.

KILMER

After many years of attempting to redevelop the Kilmer building on downtown Binghamton's north side, the BCIDA entered into a sales agreement with Trakside Development in an effort to restore this historic site. General partner Frank Whitney is in the process of developing a modern, multi-use space for retail and commercial uses. Mr. Whitney is securing tenants and plans to relocate his own business, CMS Solutions, to what will be a showplace in Binghamton. This redevelopment is a critical element in the revitalization of this very significant part of town.

ANITEC

In 2005, the Anitec site, a 33-acre industrial property in the City of Binghamton, was donated to the BCIDA by Sound Properties, LLC of Chicago, Illinois. Since then, the BCIDA has been working with the City of Binghamton on redeveloping this strategic site. The BCIDA has met with a number of local interests who have potential projects for the site. The Agency is also actively marketing the property to national site selectors and consultants. This property is strategically important to redevelopment efforts not only in the City of Binghamton but the entire region.



CIDA

Loans

The Broome County IDA administers two revolving loan fund programs. The Southern Tier East Economic Development Revolving Loan Fund Program (STEED) is designed to stimulate the creation and expansion of small business for the purpose of retaining and/or creating jobs in Broome, Chenango, Cortland, Delaware, Otsego, Tompkins, Tioga and Schoharie counties of New York State.

The Title IX Economic Adjustment Revolving Loan Fund Program is designed to stimulate the creation and expansion of small business for the purpose of retaining and/or creating jobs in Broome County.



In the fall, the BCIDA approved a \$160,000 loan to Devonian Stone, Windsor, NY, to assist in an expansion project totaling more than \$420,000. Devonian Stone is a full-service stone mining and fabrication company with more than 25 years in the stone business. The project involves the construction of one building and alteration of two others in order to accommodate the purchase of new machinery and equipment to increase existing capacity and quality of product.



In the spring, the IDA made a \$300,000 loan to Modern Marketing Concepts to assist in the purchase of machinery and equipment for use at its new location at 29 Industrial Park Drive, Kirkwood, NY.

Our loan portfolio is more than \$2.3 million and includes the following clients:

Agro-Farma, Inc. — A yogurt manufacturing company, Chenango County; borrowed \$160,000 for machinery and equipment; total investment: \$520,000; to create 75 full time jobs.

Blenheim Pharmacal, Inc. — A start-up pharmaceutical manufacturing company, Schoharie County; borrowed \$55,000 for machinery and equipment; total investment: \$140,000; to create 12 full time jobs.

Chambers Street Development, LLC — A real estate holding company of Teamworld, Inc., a corporate fulfillment company, Broome County; borrowed \$140,000 for real estate; total investment: \$900,000; to create 10 full time jobs.

C&D Assembly, Inc. — A contract manufacturing company, Tompkins County; borrowed \$125,000 for machinery and equipment; total investment: \$539,000; to create 8 full time jobs.

Clapper Hollow Designs, Inc. — A furniture manufacturing company, Schoharie County; borrowed \$35,000 for machinery and equipment; total investment: \$87,500; to create 3 full time jobs.

Cook Foam Products, Inc. — An insert manufacturing company, Broome County; borrowed \$70,000 for real estate; total investment: \$175,000; to create 6 full time jobs.

Continental Storage Concepts — Specializes in all aspects of materials handling and storage systems for warehouses and manufacturers, Broome County; borrowed \$45,000 for real estate; total investment \$221,760; to create 4 full time jobs.

Devonian Stone of New York, Inc. — A full service stone manufacturing company, Broome County; borrowed \$160,000 for machinery and equipment; total investment: \$420,000; to create 15 full time jobs.

ECM Properties, LLC — A real estate holding company for Westcode, Inc., a manufacturer of air conditioning units for rail cars, Broome County; borrowed \$100,000 for real estate; total investment: \$1.1 million; to create 7 full time jobs.

F&T Distributing Co., Inc. — A food wholesale distribution company, Tompkins County; borrowed \$87,000 for machinery and equipment; total investment: \$964,000; to create 7 full time jobs.

Ithaca Materials Research and Testing, Inc. — Provides testing services in metal fabrication, Tompkins County; borrowed \$200,000 for machinery and equipment; total investment: \$520,000; to create 13 full time jobs; also borrowed \$200,000 for machinery and equipment; total investment \$2.3 million; to create 13 full time jobs.

MS Machining, Inc. — A machine shop business, Broome County; borrowed \$100,000 for machinery and equipment; total investment: \$250,000; to create 3 full time jobs.

Side Hill Acres — A cheese manufacturing company, Tioga County; borrowed \$25,000 for machinery and equipment; total investment: \$62,500; to create 2 full time jobs.

T. Mitchell Holdings, Inc. — A real estate holding company of American Materials Handling & Fabricating Co., a provider of material handling equipment, Broome County; borrowed \$50,000 for real estate; total investment: \$125,000; to create 5 full time jobs.

LBK Properties, Inc. — A real estate holding company of ANC Heating, Inc., a producer of heating units, Broome County; borrowed \$75,000 for real estate; total investment \$507,000; to create 20 full time jobs.

Modern Marketing Concepts, Inc. — A business-to-business outsourced sales and marketing company, Broome County; borrowed \$300,000 for machinery and equipment; total investment: \$1.125 million; to create 20 full time jobs.

Penrose Properties, LLC — A real estate holding company of Cybercity, a multifaceted computer sales, service and training business, Broome County; borrowed \$75,000 for real estate; total investment: \$348,000; to create 33 full time jobs.

Reynolds Book Bindery — A book manufacturing company, Broome County; borrowed \$52,760 for machinery and equipment; total investment: \$131,900; 4 full time jobs.

Samscreen, Inc. — A manufacturer of piano wire screens for the mining industry, Broome County; borrowed \$90,000 for real estate; total investment: \$545,000; to create 10 full time jobs.

The Retlaw Group — A real estate holding company of the Kintner Equipment Corp., an equipment refurbishing business, Broome County; borrowed \$45,000 for real estate; total investment: \$440,000; to create 3 full time jobs.

Vision Properties, LLC — A real estate holding company of D&R Technical Solutions, Inc., a provider of technical engineering and documentation services, Broome County; borrowed \$50,000 for real estate; total investment: \$130,000; to create 10 full time jobs.

VMR Management Realty, LLC — A real estate holding company of VMR Electronics, LLC, a high end cable assembly design and manufacture to print business, Broome County; borrowed \$134,000 for real estate; to create 14 full time jobs.

Marketing Initiatives

In 2006, the BCIDA began a targeted marketing campaign to foster business investment in Greater Binghamton. The goals of the campaign include raising awareness of Greater Binghamton in the U.S. marketplace and increasing the number of business development leads into the region. Strategies for achieving these goals involve trade missions to promote the advantages of doing business in Greater Binghamton, advertising in leading industry and trade publications to rebrand Greater Binghamton as a high technology, high quality community, working with the community to create and use a single marketing message, and raising awareness of the BCIDA's programs, activities, and accomplishments.

The targets of the campaign include site selectors, corporate real estate executives, and company leaders in medium-sized aerospace, electronics, communications, materials handling, health care, food processing, and simulation firms.

The BCIDA is a partner with Fast Facility, an affiliate of *Area Development* magazine. Fast Facility is an innovative web-based platform that makes it possible to list all of the community's available buildings and land in one place. The folks from Fast Facility market this resource to executives from around the world who are making decisions about expansion. In 2006, Tioga County began listing its available properties on Fast Facility. Overall, the BCIDA portion of the site received 1,950 hits on 19 different properties representing on average more than 100 hits per property.

The Agency is active in New York's Empire Team, a partnership of the major economic development entities in upstate New York. An effort early in 2006 targeting businesses in New Jersey resulted in five visits to



In 2006, the BCIDA placed advertisements in a number of leading economic and real estate development magazines including *Area Development Magazine*, the *New York Real Estate Journal*, *Business Expansion Journal*, *Business Facilities*, and *Global Corporate Expansion*. The Agency also produces a quarterly column in the *NY Real Estate Journal* that highlights some of the latest news in the Greater Binghamton market.

firms in the state considering a relocation to New York; the BCIDA was on two of those missions. The Empire Team sponsored the room keys at the Industrial Asset Management Council (IAMC) meeting in the fall of 2006 in Williamsburg, VA. IAMC is a small group of corporate site selectors. The team also hosted a dinner in November at CoreNet '06 Orlando for about 20 key site selector and industry leaders.

Leads to the Agency were up in 2006 about 30% over 2005. We believe some of the increase in activity was the result of these marketing initiatives.



Greater Binghamton had a significant presence at IITSEC 2006 in Orlando, one of the top simulation shows in the world. Top right, the L3 Communications space at the show. A subsidiary of L3, Link Simulation & Training is the major tenant in a 430,000 square foot building in Kirkwood, NY, owned by the BCIDA. At right, representatives from Binghamton Simulator Company introduce visitors to its Advanced Gunner Scanner Simulator. At left, show participants check out the latest visual technologies from Diamond Visionics, headquartered in Vestal, NY.



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