



2009 ANNUAL REPORT

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CVS Breaks Ground in 2009



In June of 2009 construction began on the 750,000 sq ft CVS Distribution Center in the Town of Chemung. The \$91 million investment will create 600 new jobs beginning the end of 2010. STEG spent seven years working to make the site shovel ready for this type of development.

STEG has always prided itself on facilitating partnerships to promote economic growth. The CVS distribution center is an excellent example of such a partnership.

In October 2007, STEG became aware of “Project Avalon”, a northeast site search to locate a 751,000 sq. ft.

distribution center that would employ 600 people. Southern Tier Economic Growth (STEG) submitted the 160 acre White Wagon Road site that the agency had studied and had pre-permitted for such a project in partnership with the Town of Chemung. The site, not served by any public utilities other than residential electric and telephone, required utilities from neighboring Athens/Sayre, Pennsylvania to meet the development requirements.

In November 2007, Project Avalon representatives toured the White Wagon Road site, one of 327 sites submitted from 8 states. By December 2008, STEG staff had forged partnerships with NYSEG and Tri-County Rural Electric Cooperative to provide redundant 3-phase electric to the site, Aqua Pennsylvania to provide water, Athens Township Authority to provide sewer treatment, and Valley Energy to once again (Vulcraft) provide natural gas.

The cost of providing industrial utilities to the site, and provide adequate transportation access from Interstate 86 was projected to cost \$9.2 million. To finance this infrastructure, a partnership was formed with the Waverly School District, Town and County of Chemung, who each approved resolutions authorizing a portion of future property tax proceeds generated from the project to finance infrastructure bonds issued by the Chemung County Industrial Development Agency. The City of Elmira also approved expansion of their Empire Zone to accommodate the project.

The final partnerships forged were with the State of New York, who provided Empire Zone benefits and a capital grant to CVS Rx Services, and with the federal Economic Development Administration who provided funds to help reduce the cost of infrastructure to the project.

The partnership forged by STEG totaled three municipalities, one school district, five utilities and funding from the Chemung County IDA, the State of New York, and the U.S. Government.



Southern Tier Economic Growth successfully applied for \$1.8 million in American Recovery and Reinvestment Act Funds through the United States Economic Development Administration to assist with upgrades to the municipal infrastructure in NY to support the CVS project and any future development along White Wagon Road.

Message From Mike Hosey, Chairman



Serving as Chairman of Southern Tier Economic Growth, Inc.'s Board of Directors has been a tremendous honor. Over the 75 year history of STEG, the agency's ability to form partnerships between business, government and community leaders stands out as STEG's most dynamic accomplishment.

Our local community will face many challenges over the coming years. The international economic recession we are currently experiencing has taken its toll on federal, state and local budgets. This will require a concerted effort to share and consolidate governmental service everywhere possible.

STEG's professional staff is involved in every aspect of economic development from attracting investments and new jobs like the CVS Distribution Center, and Schlumberger Technology Inc.'s gas field services campus to redeveloping blocks of vacant retail properties in our community's downtown area. STEG's staff works directly with education and training providers to ensure that our youth and adults have the skills to meet the requirements of demand occupations.

Through the partnerships formed at STEG, our community is well positioned to support local businesses through the difficult economic environment ahead.

Respectfully,
Michael P. Hosey

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Two Companies Flourish After Growing in Chemung County



SYNTHES USA continues to add skilled machining positions through 2009 with employment expected to surpass 400 employees by the end of the year. The company is a leading global medical device company manufacturing orthopaedic implants used for surgical treatment of fractures in trauma care at its Big Flats facility.

The company located in Chemung County in 2005 investing \$21 million to expand their manufacturing presence and committed to creating 300 jobs.



In February 2009, Schweizer Aircraft, a division of Sikorsky, was consolidated into the newly created Sikorsky Global Helicopters. The consolidation formally places Schweizer Aircraft platforms S300-c, S-333 and S-434 helicopters representing a comprehensive Sikorsky brand.

Employment at the two Sikorsky Big Flats plants grew to over 1,200 employees in 2009.

Natural Gas' Positive Economic Impact

As New York State finalizes its review and approval of regulations associated with natural gas drilling, gas industry companies are poised to locate in Chemung County with the potential to create a STEG estimated 2,000 new jobs.

STEG is working with area commercial property owners and communities to position Chemung County to be an epicenter for the economic activity expected with the attraction of gas service businesses to the community.

The Village of Horseheads recently approved site plans for a 400,000 sq. ft., \$40 million gas field service



Schlumberger will provide a variety of services from its Horseheads campus to support drilling efforts at well sites. The Chemung County location was selected because of the available workforce and access to I-86 which will allow the company to serve customers in a 300 mile radius.

center to be constructed by Schlumberger Technologies Inc. that will employ an estimated 400 people.

Other companies such as Gas Field Specialists, Kayden Industries, Fortuna Energy, Mi Swaco, McJunkin, Red Man and Chesapeake Energy to name a few have selected areas of Chemung County to establish operations.



Penn State University geoscientist project reports that there is 489 trillion cubic feet of natural gas in the Marcellus Shale deposit, enough to meet the entire country's demand for 20 years.

individual property owners capitalizing on leases and royalties, but by the entire region from job creation and tax revenues.

Chemung County, Home of the Turtle



In 2009, local officials helped open the new DeMet's Candy Company manufacturing facility at the Airport Corporate Park in Big Flats, NY in June. From left to right, Connie Miliken, Chairman Chemung County Legislature, David Clarke, President DeMet's Candy Company, Tom Santulli, Chemung County Executive and MaryAnn Balland, Big Flats Town Supervisor cut the ribbon on the new facility.

Chemung County competed with locations in five northeast states for the new 100,000 sq. ft., \$13.5 million plant. The project, anticipated to create approximately 125 new jobs, has exceeded expectations with over 250 employees.

The plant is producing Turtles brand candy, which DeMet's acquired from Nestles in 2007. Turtles were previously produced in Ontario, Canada.

The Chemung County IDA, with assistance from NYS Assemblyman Tom O'Mara, secured funding to construct a new road, Turtle Circle, and extend sewer and water to serve the plant. STEG assisted DeMet's in securing financial assistance through NYS Senator George Winner, the NYS Office of Community Renewal, Empire State Development and the Elmira Empire Zone.

Southern Tier Economic Growth, Inc. (STEG) celebrates 75 Years

On July 7th, Southern Tier Economic Growth celebrated its 75th anniversary of providing economic development services in Chemung County. STEG has undergone several name changes since its original incorporation in 1934 under the name Elmira Industries to redevelop the former Wyllis Morrow plant on Elmira's Southside. The agency's original directors were S. G. H. Turner, F. W. Swan, J. John Bassett, William L. McGrath and Harry Moseson. This was the time period when the Erie Lackawanna Railroad tracks were elevated through the City of Elmira, Dunn Field was constructed and the Chemung County Airport was opened.



Remington Rand located in the former Wyllis Morrow factory in 1936 and occupied the facility until 1972. In addition to commercial products, the facility produced a number of defense related products through wartimes, most notable was the Norden bombsight one of the most important technological advancements to come out of WWII.

people, when the company entered into a joint venture with Toshiba. The plant has undergone several expansions growing to its eventual 800,000 square feet.



Once deemed the largest food processing plant in North America, the A&P facility was demolished in 2006 to make way for an 800,000 sq ft retail center.

In 1936, Elmira Industries saw its first success when Remington Rand moved a typewriter and adding machine business into Wyllis Morrow, and eventually employed thousands of Chemung County residents through 1972. Remington Rand delivered the first Univac computer to the U.S. Census Bureau in 1950. In 1954, the South Main Street plant produced its 15 millionth typewriter.

In 1952, Westinghouse selected Horseheads, New York as the location for a cathode ray tube (television) plant, which eventually employed 1,600 people,

A certificate of amendment was filed in October 1960, changing Elmira Industries to Chemung County Development Corporation. Edward A. Moers served as President of the corporation and J. Walker Owens as Secretary. The organization's biggest accomplishment was the attraction of the 1.5 million square foot Ann Page food processing plant in Horseheads, which employed thousands of area residents.

In 1973, another Certificate of Amendment changed the organization's name to the South Central New York Development Corporation and again later that year to Southern Tier Economic Growth, Inc., John F. Gallup served as Vice President and Edward B. Hoffman as secretary.

Over the next 10 years Chemung County was devastated by several plant closings that resulted in the loss of 10,000 manufacturing jobs; Thatcher Glass, Moore Business Forms, Ann Page and American LaFrance all closed shop.

In 1985, Chemung County's economy rebounded lead by STEG's leader-



The Wyllis Morrow Plant located on Elmira's Southside manufactured one of the country's first automobiles until the plant closed in 1935. Elmira Industries was formed shortly after for the sole purpose of finding a new business to locate in the former factory.



In 2006, STEG assisted with the retention of Eaton and over 200 jobs in the former Westinghouse building which helped leverage the sale of the building from Viacom to a private development firm.

ship in attracting Anchor Glass Container Corporation to reopen Thatcher Glass. This was immediately followed by a joint venture between Westinghouse and Toshiba forming Toshiba Westinghouse Electronics Corporation. Imaging & Sensing Technologies was also formed at this time by former employees of Westinghouse. Sumitomo began manufacturing subway and rail cars in Elmira Heights and eventually was replaced by ABB Traction, ADtranz, and most recently CAF USA.

STEG has been recognized as a leading economic development agency in New York and the Northeast for the past four decades. STEG has led Chemung County's efforts to create and retain employment opportunities for area residents in an ever competitive environment.

The Airport Corporate Park, created in 1994, has attracted over \$85 million in new capital investments and created over 1,600 jobs in the region with tenants such as General Revenue Corporation, Hunt Engineers, Orthostar, Avanex, Silicon Carbide Products, Provisions Modular Hardware, Fortuna Energy, X-GEN Pharmaceuticals, and others.



As the first Empire Zone Project in the State of NY, Vulcraft set the tone for STEG to develop additional shovel ready sites throughout the community. This paid off in February of 2009 when CVS announced the development of a 751,000 sq ft distribution center in the Town of Chemung, creating 600 new jobs.

jobs since establishing its Hawk Works Military Derivatives Completion Center.

STEG, while often recognized for business attraction projects prides



STEG's most recent accomplishment was the attraction of the CVS/Caremark distribution center to the White Wagon Road site in the Town of Chemung. It took nearly seven years to engineer and pre-permit the site, but the end result was a \$91 million investment and 600 new jobs to Chemung

itself in the services it provides to businesses that already call Chemung County home. Too often existing business expansions are overlooked or taken for granted. Companies like F. M. Howell & Company, Hilliard, Hardinge Inc., Anchor Glass, Kennedy Valve, Trayer Products, Swift Glass, and Cameron Manufacturing & Design have invested and reinvested in Chemung County several times, providing quality employment opportunities for area residents.

STEG has always been a private non-profit development corporation, but only in the past 25 years has the agency had professional staff to administer the agency's economic development initiatives of Chemung County.



The former American Bridge Plant in Elmira Heights has been transformed into a rail car manufacturing facility and served as a base of operations for a number of companies in this industry through the 90's until CAF USA purchased the facility in 2001 making it their North American headquarters.

In 1996, Thomas & Betts acquired LRC/Augat. STEG and local officials negotiated a project that retained the LRC Electronics division, and resulted in a \$40 million expansion. In 2000, NUCOR Corporation selected Chemung County as the location for its northeast Vulcraft steel plant investing over \$50 million.

Leading growth around the Airport Corporate Park was the attraction of SYNTHES USA in 2001, which has grown to 340 employees, and most recently with Sikorsky Aircraft in 2006 which has created over 500 new



Sikorsky Aircraft expanded their operations in the fall of 2007 when they opened their Black-Hawk helicopter manufacturing facility in Chemung County. The facility manufactures specialized Black Hawk and Naval Hawk helicopters for the US and foreign military operations.

City of Elmira Development Forges Ahead

In April 2009, the City of Elmira Loan Program surpassed \$4 million in loans awarded. The milestone was reached when Brian K. Adams and Associates received a \$100,000 loan to purchase an office building at 244 West Water Street in Elmira to expand its business operations.

Since 1995, Southern Tier Economic Growth (STEG) has been administering the loan program for the City of Elmira. The program was established to provide low interest financing to expanding businesses in the City of Elmira. Since its inception, the program has awarded 81 loans to Elmira businesses leveraging \$48.7 million in private investment while creating 1,203 full time jobs.

These accomplishments have been reached at a time when STEG has become more involved in downtown development efforts. Over the last 24 months, STEG has assisted with the Riverside Suites project which converted the former Riverside Florist building into a mixed use residential and commercial facility bringing high end loft apartments to downtown Elmira. The facility was opened late summer of 2009 with all the residential units leased prior to opening and 75% of the commercial space being committed to by the end of the year.

In addition, STEG continued to work on the West Water Street redevelopment project which calls for the redevelopment of the former Marvin's, Rosenbaum's, and Harold's buildings. In June, STEG took ownership of the Marvin's and Harold's properties from the former developer and in August signed a preferred developer's agreement with Bloomfield and Schon out of Cincinnati. Bloomfield and Schon is currently developing a construction budget for a mixed use residential and commercial facility.

The efforts of STEG, in cooperation with the City of Elmira and Elmira Downtown Development, have started to pay dividends. In the last 12 months there has been nearly \$3 million of new investment on West Water Street helping attract several new businesses to long vacant properties in that area.

One such business that received assistance through the City Loan Program was Dave's American Lifetime Muffler. The business was located south of Elmira in Millerton, PA however the majority of their customer base was in Elmira resulting in their purchase of the former Monro Muffler property on College Avenue in downtown. The building which had sat vacant for nearly 10 years is once again operational.

With the assistance of STEG, the City was successful in applying for \$1.2 million in Restore NY funds for the Federal Building. This iconic building in the City's downtown will receive facility upgrades as a result of the grant including a new roof and mechanical systems. The planned investments will further reduce the cost of redeveloping the property for a private user.

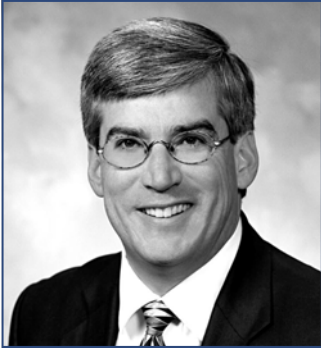


Elmira College neared completion on a new dormitory that will be home to 140 additional students.

Designed in Elmira College's traditional collegiate gothic architectural style, the dormitory will extend the beauty of what the Philadelphia Inquirer called, "the picture postcard perfect campus".

The \$35 million project was financed by civic facility bonds issued by the Chemung County IDA. The dormitory is slated to open in 2010.

Message George Miner, President



2009 was a year of tremendous accomplishments for STEG. The development of the new CVS Distribution Center brought to conclusion seven years of work by staff developing the site, including nearly two years of negotiations with the company in Elmira, Albany, Manhattan and Woonsocket, Rhode Island. The partnership between utilities in Pennsylvania, NYSEG, the County and Town of Chemung, and the Waverly School District was essential to securing this project.

While the 600 new jobs to be created by CVS will provide relief to our economy, we await rulings by the State of New York and possibly the EPA which will determine whether thousands of new jobs are created in the Twin Tiers over the next decade by gas exploration companies.

Natural gas exploration has brought significant development activity to the region. While

Schlumberger captured much of the headlines, dozens of companies have purchased or leased buildings in the area to provide support services to the gas industry. Upon a favorable review by New York State, and the commencement of Marcellus Shale drilling in New York, I foresee as many as 2,000 new jobs being created in

Chemung County alone over the next 5 to 7 years.

The plans for economic growth haven't changed since we experienced the current recession. What have changed are the financial resources available to implement these plans. Developing Airport Corporate Park South, redeveloping our downtowns, and expand-

ing critical infrastructure are still the focal points of future growth. We must find ways to continue this work as state and federal resources are declining. The success of the public-private partnership at STEG will be critical to sustaining growth.

Your continued support of STEG is greatly appreciated.

2009 Budget

Income

Chemung County	\$ 60,000.00
New York State Empire Zone	\$ 32,500.00
City of Elmira Loan Program Admin. Fees	\$ 21,300.00
City of Elmira	\$ 80,000.00
Town of Big Flats	\$ 1,000.00
Town of Chemung	\$ 3,000.00
Town of Elmira	\$ 7,500.00
Town of Horseheads	\$ 10,000.00
Town of Southport	\$ 15,000.00
Village of Elmira Heights	\$ 10,000.00
Village of Horseheads	\$ 5,000.00
Private Business Contributions	\$243,670.00
Chemung County Industrial Development Agency	\$ 70,000.00
Fee Income	\$ 41,200.00
Interest Income	\$ 7,000.00
TOTAL	\$607,170.00

Expenses

Salaries/Fringe	\$424,300.00
Facilities/Utilities	\$ 29,100.00
Equipment/Supplies	\$ 8,200.00
Project Costs	\$ 75,000.00
Marketing	\$ 23,000.00
Grants	\$ 4,000.00
Administration	\$ 25,750.00
Mileage	\$ 11,300.00
Postage	\$ 3,400.00
TOTAL	\$604,050.00

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