



PROSPECTS | PROGRESS | PARTNERSHIPS

STEG | SOUTHERN TIER
ECONOMIC GROWTH

*Fostering Prosperity and
Vitality in Chemung County*

ANNUAL REPORT

2015

DeMet's Candy Expansion

21,000 Square Foot Addition Broke Ground in October



Six years after constructing its 100,000 square foot processing plant in Airport Corporate Park, DeMet's Candy Company broke ground on a new 21,000 square foot addition in October.

The company decided to move to Airport Corporate Park in 2007 after Brynwood Partners acquired the assets of DeMet's Candy Company from Nestles USA and relocated the production equipment from Nestles' Scarborough, Ontario, Canada facility. In 2013, the company was acquired by Yildiz (Istanbul, Turkey), which also owns Godiva to help strengthen its

U.S. presence. "The DeMet's Candy Company was a clear and strong fit with Yildiz's strategic objectives and intent; strong and well recognized brands, wide distribution reach, consistent growth, and a very strong and experienced team," said Jim Laza of Yildiz.

Yildiz is investing significantly in DeMet's Candy Company by adding two new processing lines, a new research and development lab and replacing the equipment acquired from Nestles with modern production and packaging equipment. The \$40 million investment, which includes additional expansion plans in 2017 will increase productivity in the Big Flats plant by fifty percent. DeMet's CEO "Trip" Tripathy said, "This is a major investment in our presence in the Elmira region and we are pleased to be offering employment to the local community. The expansion is part of a long term strategy to unlock further growth for Turtles and Flipz (chocolate covered pretzels) and expand DeMet's Candy Company's operations. We aim to grow our business twenty to twenty five percent over the next three years".

Streeter Associates was awarded the expansion construction contract, with engineering provided by Fagan Engineers and architectural design by AJH Design of Elmira Heights.

DeMet's Candy Company is owned by Yildiz, owner of major brands Ulker, McVities and Godiva. Yildiz is a global snack focused food company with over 320 brands in 49 different categories. With 77 factories in 14 countries, the company exports to 100 plus countries that are home to approximately four billion people. Yildiz is the world's third largest biscuit company, employing over 49,000 people worldwide.



Photo Credits: Robert Stanton



Message From the Chairman

For over eighty years STEG has functioned as a public-private partnership to provide Chemung County with exceptional economic development services. To start, I'd like to acknowledge and thank George Miner for over two decades of dedicated leadership and service to this organization.

This past year has ushered in a wave of change and with that comes opportunities. We welcomed Mike Krusen, former Chemung County Deputy County Executive, as our new President and leader. Mike has played a key role in economic development and has been intimately involved in major STEG projects over the years. He possesses a deep understanding and knowledge of our region and has the relationships necessary to guide our organization in fulfilling its economic development mission.

The Upstate Revitalization Plan developed for the Southern Tier lays a foundation for project development moving forward. If awarded, it will provide resources to help incentivize much needed private capital investment in our communities. If not, it will serve as a valuable roadmap for project development and implementation moving forward. No matter the outcome we know that we need to invest in Elmira's revitalization and transform its status as an aged manufacturing community. A combination of business expansions and new academic opportunities will help bring a demand for housing, cultural, and service amenities to the city.

In this annual report, you will read about large projects such as DeMet's \$40 million expansion which will add more space, equipment, and 70 jobs; the I-86 Innovation Corridor, which is an overall revitalization strategy for communities in the corridor; furnace replacement at Anchor Glass, and the expansion of Southerntier Custom Fabricators. We are also enthused about several smaller projects such as the redevelopment of the former Werdenberg's building into housing and commercial mixed use; and the expansion of Incubator Works in the former Schweizer facility to assist new manufacturers with their efforts to start up and grow their businesses.

Staying ahead and adapting to a rapidly changing economic climate is vital to seizing more opportunities like these. STEG's leadership is excited about the future and we look forward to working with all of you. As always, I want to thank you for your support in helping us achieve our goals. 2016 will be a challenging year but one that holds promise for a brighter future for our communities.

Sincerely,

Ronald Bentley

Chairman



Message From the President

Thank you for the warm welcome to STEG. During my 25 year tenure with County government, I had the chance to work with many of you and it is those relationships that make this opportunity for me all the more important. Like you, I think this is a great place to do business and raise our families.

That being said, we know that there is much more that needs to be done to improve the quality of life in our communities. I believe STEG, in coordination with others, can lead the way.

By the time we hold our annual meeting, the Southern Tier will know if it was successful in the Upstate Revitalization Initiative competition. While the competition was rightfully tough, the Southern Tier application was outstanding and the Chemung County projects must be accomplished regardless of the level of the New York State Award.

Two substantial and important project areas that are more specifically outlined in the STEG Chairman's report will be the Refresh Elmira initiative that holds great promise in its intended purpose to revitalize the City of Elmira and the I-86 Innovation Corridor Plan which is a well thought out approach to capitalizing on current assets from I-99 in Steuben County to Exit 56 in Elmira. The soon to be developed corridor action steps will be designed to accelerate public/private investment, create job opportunities, advance regional competitiveness, and create an environment to draw and keep young, skilled workforce participants.

In addition to these efforts, we will of course continue to provide technical support to new and expanding business prospects, but STEG will also take on a more active role in creating a collaborative economic development strategy which will include a focus on intangible issues such as housing and workforce development that impact our community's economic health.

It will be a busy year and I look forward to working with you on our common goal of meeting STEG's mission.

Sincerely,

Michael S. Krusen

President

IncubatorWorks

Expands into ELM Airport Park



IncubatorWorks ELM Airport held an open house to showcase its about-to-be-renovated space for its third incubator location and future headquarters at the former Schweizer Aircraft building in Horseheads. This expansion allowed for a rebranding of what was formerly known as the Ceramics Corridor which includes two state-of-the-art Innovation Centers strategically placed near Alfred University and the other within one mile of Corning Incorporated Sullivan Research Park in Corning.

The ELM Airport location will offer over 45,000 square feet of manufacturing space including high bay, office, and lab areas. The over \$2 million in renovations are made possible through a New York State Empire State Development grant, NYSEG, Chemung County Industrial Development Agency, Alfred Technology Resources, Inc. and a Federal grant from the Appalachian Regional Commission to improve technology resources in the building.

In partnership with the Southern Tier Startup Alliance and the Western NY Regional Hot Spot, IncubatorWorks provides the most comprehensive business and manufacturing incubator network in the region with direct support from Alfred State College, Alfred University, Binghamton University, Cornell University, Clarkson University, Corning Community College, SUNY Fredonia and the University of Buffalo.



An introductory event was held on June 30, 2015 to reveal ELM Airport Park plans and introduce partners in the Southern Tier Startup Alliance.

I-86 Innovation Corridor

Approaching Opportunities with Innovation

Chemung and Steuben Counties along with Corning Incorporated came together with municipalities, community and civic leaders, businesses and others to create a vision for leveraging and transforming the communities along Interstate 86 which is a major strength and resource poised for innovation. Changing demographics, decline in manufacturing employment, natural disasters, and other trends have pushed the need for this transformation. After many sessions incorporating data and input from a myriad of stakeholders, a strategic framework was established which includes the following priority projects:

- ◆ **Leadership:** Establishment or empowerment of an organization to implement the strategy
- ◆ **Sources of Innovation:** Create a Center for Technology Infusion that develops advanced technologies for the transportation manufacturing sector in the Southern Tier and expand IncubatorWorks to support incubator space for new and growing manufacturers.
- ◆ **Human Capital:** Strengthen workforce development and economic development coordination to advance workforce development efforts
- ◆ **Built Environment:** Addresses housing needs and demands to attract new residents, revitalize downtown Elmira, develop a mixed use commercial and residential complex at the former Corning Hospital site, provide gigabit-speed broadband to all residents, and develop the Elmira-Corning Regional Airport by adding extra capacity and modernization.
- ◆ **Identity and Marketing:** Build an identity for the I-86 Corridor, attract young talent and skilled workers to the target area.

The region cannot continue a business as usual framework. This plan puts forth a plan for strategic implementation of projects that will transform the area back into an economic powerhouse.



Anchor Glass

Rebuilt Furnace helps Maintain Economic Impact

In order to keep up production of 2.6 million glass containers daily Anchor Glass Container Corporation will invest over \$19 million to rebuild one of two furnaces at the company's Elmira Heights facility. The rebuild will enable the 103 year old manufacturer to retain its 300 employees and \$28 million annual payroll.

Anchor provides food and beverage containers to processors throughout the northeast including upstate firms like F.X. Matt Brewery in Utica, LiDestri Foods in Rochester, North American Breweries in Rochester, and Ithaca Beer Company in Ithaca. Anchor Glass's economic impact in the region goes beyond its supply chain. Anchor purchases 47,000 tons of cullet (recycled glass) annually; requiring 10,000 truck deliveries and 1,400 rail car deliveries annually.

STEG assisted Anchor Glass in applying for a capital grant through the Round 5 Consolidated Funding Application competition and Upstate Revitalization Initiative. Rebuilding of the furnace is scheduled for 2016.



Southerntier Custom Fabricators

Expansion Project Creates Jobs

Since 1982, family owned and operated Southerntier Custom Fabricators has provided specialized sheet metal fabrications and air handling systems for the commercial and industrial marketplace. It has grown to a staff of over 180 employees and a 39,000+ square foot facility. The company also owns Stamped Fittings, Inc. which is located in its original manufacturing facility in Elmira Heights.



The company secured a long-term contract to provide acoustic sound baffles for HVAC to I.A. Acoustics of Lincoln, Nebraska and additional space was needed to house new equipment, processes, and employees. With PILOT assistance from the Chemung County IDA, a 12,000 square foot facility was constructed creating 14 additional jobs.

2015 Budget

Income

| | |
|---------------------------------------|-----------------|
| Chemung County | \$ 85 ,000 |
| Town of Southport | \$ 15,000 |
| Town of Horseheads | \$ 8,000 |
| Village of Horseheads | \$ 10,000 |
| City of Elmira | \$ 4,100 |
| Town of Elmira | \$ 2,500 |
| Town of Chemung | \$ 5,000 |
| Town of Big Flats | \$ 5,000 |
| Chemung County IDA | \$100,000 |
| Chemung County Capital Resource Corp. | \$ 5,000 |
| Business Contributions | \$298,700 |
| Fees/ Interest | <u>\$ 2,200</u> |
| | \$540,500 |

Expenses

| | |
|----------------------|------------------|
| Salaries/Fringe | \$391,300 |
| Facilities/Utilities | \$ 27,800 |
| Equipment/Supplies | \$ 25,500 |
| Project Costs | \$ 32,200 |
| Administration | \$ 23,700 |
| Marketing | <u>\$ 40,000</u> |
| | \$540,500 |

STEG 2015 BOARD MEMBERS

Steven E. Agan, Esq., Partner
Sayles & Evans

Arthur D. Ambrose
Manager & Associate Broker
Realty USA

Hillary J. Austin, Superintendent
Elmira City School District

William H. Beecher, President
Linn S. Chapel Company

Ronald M. Bentley, President/CEO
Chemung Canal Trust Company

John S. Booth III, Vice President
I.D. Booth, Inc.

Rachel T. Buchanan, Manager
Regional Community Outreach and Development
New York State Electric and Gas

Charles Burke, Vice President
Swift Glass Company Inc.

*Daniel J. Burke, President
Swift Glass Company

Dawn Burlew, Manager Business Development
Corning Enterprises

Thomas M. Carr, President & CEO
Elmira Savings Bank

Dr. Ronald O. Champagne, President
Elmira College

Donna L. Draxler, Chairperson
Chemung County Legislature

Jodi J. Edger, President
Edger Enterprises of Elmira

Michael Edwards, Supervisor
Town of Horseheads

Brenda English, Executive Director
Workforce Development & Community Education
Corning Community College

Edward Fairbrother, Supervisor
Town of Big Flats

Thomas Freeman, President
FirstAir Group Inc.

James B. Gensel, President
Fagan Engineers & Land Surveyors PC

Christopher Goll, President/CEO
Cameron Manufacturing & Design

*John T. Gough, Chairman
Gough Holding Corporation

Thomas Gough, President
Gough Holding Corporation

Gary A. Grinnell, President & CEO
Corning Federal Credit Union

Dean C. Hackett, Principal
Hunt Engineers, Architects & Surveyors
Stephen P. Hale, President
Hale Roofing

J. Michael Heine
Vice President & General Manager
Vulcraft of New York Inc.

Walter Herbst, Village Manager
Village of Horseheads

Michael P. Hosey, Chairman
Elmira Savings Bank, FSB

*George L. Howell, Chairman
F. M. Howell & Company

Kevin D. Keeley, President/CEO
Chemung County Chamber of Commerce

Jeffrey P. Kenefick, EVP/ Regional President
Five Star Bank

Dr. Robert K. Lambert, President
Arnot Health

George Maloney, Vice President
Rainbow Lettering

Daniel J. "Bo" Manuel, President
Perry & Carroll Insurance

Michael J. Manzari, Managing Director
Pyramid Brokerage Company

Dr. Ralph Marino, Jr., Superintendent
Horseheads Central School District

Kevin J. McGurgan, Regional President
Excellus BlueCross BlueShield

Robert B. McKinnon, CEO
Elm Chevrolet Company

Jack McPike, Assistant General Manager
Kennedy Valve

John H. Meier, President
Meier Industries

Dr. Thomas K. Meier, Chancellor
Elmira College

Martin R. Metzger, President
Silicon Carbide Products Inc.

Kimberlee B. Middaugh, City Manager
City of Elmira

Lindsay Mills, President
John Mills Electric Inc.

*John V. Moore, Esq., Partner
Moore & Woodhouse LLP

Scott D. Moore, Partner
Scott D. Moore Law Office P.C.

Ian Morrell, President
Southerntier Custom Fabricators

Daniel P. O'Connell, President
Swan & Sons-Morss Company Inc.

Daniel P. Panosian, President
Arnot Realty Corporation

Charles M. Peacock, Jr., Executive Director
CSS Workforce New York

John F. Potter, President
Seneca Beverage Corporation

John F. Potter, Jr., Sales Execution
Coordinator
Seneca Beverage Corporation

John Pradon, General Manager
Anchor Glass Container Corporation

Michael P. Printup, President
Watkins Glen International

Donald G. Quick, Jr. Consultant
Mengel, Metzger, Barr & Company

Randy Reid, President
Reid Media Group LLC

George Richter, Town Supervisor
Town of Chemung

Katherine H. Roehlke, President & CEO
F. M. Howell & Company

Joseph Roman
Economic Development Specialist II
New York State Empire State Development

Daniel R. Rourke, President/CEO
First Heritage Federal Credit Union

Thomas J. Santulli
Chemung County Executive

David J. Sheen, Town Supervisor
Town of Southport

Mark J. Smith, Director of Manufacturing
CAF- USA Inc.

*Jerald M. Sterman
Chemung Supply Corporation

Marc Sterman, President
Chemung Supply Corporation

Jeffrey B. Streeter, President
Streeter Associates Inc.

*Richard W. Swan, Chairman
Swan & Sons-Morss Company

Douglas C. Tift
Senior Vice President Administration
Hardinge Inc.

Joseph M. Valicenti, President & CEO
Valicenti Advisory Services

Arie "Jan" van den Blink, Chairman & CEO
The Hilliard Corporation

*Nelson Moers van den Blink, Retired
The Hilliard Corporation

Timothy P. VanFleet, President
Elm Chevrolet Company Inc.

Kirk M. Vieselmeyer, P. E., President
Elmira Structures Inc.

Peter C. Wallin, President
Wallin Insurance Agency, Inc.

Stephen Welliver
Vice President of Procurement
Welliver Inc.

*Denotes Director Emeritus

STEG Private Contributors

Alfred Technology Resources, Inc.; Arthur & Clay Ambrose; Anchor Glass Container Corporation; Arnot Realty Corporation; Bergmann Associates; Bethany Village; Bouille Electric Inc.; CAF USA; Cameron Manufacturing and Design Inc.; Cemecon, Inc.; Central Recycling Co-op., Inc.; Chemung Canal Trust Company; Chemung Supply Corporation; Community Bank, N.A.; Corning Community College Development Foundation; Corning Credit Union; Corning Enterprises; Dalrymple Holding Corporation; Davidson & O'Mara P.C.; DePuy Synthes; DPC Engineering P.C.; Eaton; Edger Enterprises Inc.; EFP Rotenberg, LLP; Elm Chevrolet Company; Elmira Eastowne Mall LLC; Elmira Savings Bank; Elmira Structures Inc.; Emhart Glass Manufacturing Inc.; Evans Roofing Company; Excellus Health Plan Inc. of Central New York; F.M. Howell & Company; Fagan Engineers; Fennell Industries LLC; Ferrario Ford; First Heritage Federal Credit Union; First Transit Inc.; FirstAIR Group, Inc.; Five Star Bank; Foor & Associates Architects; Gas Field Specialists Inc.; General Revenue Corporation; Gough Holding Corporation; Guthrie Healthcare System; Hale Roofing; Hardinge Inc.; H. L. Treu Office Supply Corporation; Holiday Inn Riverview; HOST Terminal; Hunt Engineers, Architects & Surveyors; I.D. Booth Inc.; Insero & Company CPAs, P.C.; John Cook Jr. Painting Contractor Inc.; John Mills Electric Inc.; Johnson-Schmidt & Associates Architects; JP Morgan Chase Bank; Kennedy Valve; Kent Brown Toyota Scion; Keyser, Maloney & Winner; Kimball Realty Group Inc.; Kimble Inc.; L Enterprises; LaFrance Equipment Corporation; Larson Design Group; LeChase Construction Services LLC; Linn S. Chapel Company, Inc.; McFarland-Johnson Inc.; Meier Industries; Mengel, Metzger, Barr & Company LLP; Micknich Electrical Systems; Mirion Technologies; Moore & Woodhouse LLP; Murray & Gannon Insurance; Mustico Financial Group, Inc. Northwestern Mutual Life Insurance Company—William A. Tryon; Ohio Logistics; Overhead Door Company of Elmira, NY; Panosian Enterprises Inc./Allcom Commercial Brokerage; Perry & Carroll Insurance; Pyramid Brokerage Company; Realty USA; Salient Corporation; Sayles & Evans; Seneca Beverage Corporation; Silicon Carbide Products Inc.; Simmons Rockwell; Sonwil Development Group LLC; Southern Tier Commerce Center LLC; Star Gazette; Stewart Agency; Streeter Associates Inc.; Sullivan Trail Construction Company; Surface Finish Technologies Inc.; Swan & Sons Morss Company; Swift Glass Company, Inc.; Tectonic; The Hilliard Corporation; Trayer Products Inc.; Valicenti Advisory Services Inc.; Visions Federal Credit Union; Visions Hotels; Vulcraft of New York Inc.; W. M. Spiegel & Sons, Inc; Wallin Insurance Agency Inc.; Watkins Glen International; Welliver Inc.; Williams Auto Group; X-GEN Pharmaceuticals; Yunis Realty, Inc.; Zeiser Wilbert Vault Inc.

Michael Krusen
President
mkrusen@steg.com

Jill Koski
Business Retention Specialist
jmkoski@steg.com

Tara J. Cofone
Business Manager
tjcofone@steg.com

Mary K. Rocchi
Administrative Assistant
mkrocchi@steg.com



STEG | SOUTHERN TIER
ECONOMIC GROWTH
PROSPECTS | PROGRESS | PARTNERSHIPS

400 East Church Street
Elmira, NY 14901
Phone: (607)733-6513
www.STEG.com