



STEG | SOUTHERN TIER
ECONOMIC GROWTH

PROSPECTS | PROGRESS | PARTNERSHIPS



2016

ANNUAL REPORT

*Fostering Prosperity
and Vitality in
Chemung County*

FACING CHALLENGES BY CREATING OPPORTUNITIES

The Challenges...

New York State's economic activity and recovery since the great recession of 2009-2010 continues to be largely uneven and concentrated in New York City. New York State as a whole added 120,400 private sector jobs between August 2015 and August 2016, a growth rate of 1.5% during a period when private employment nationally grew by 1.9 percent. However, an incredible 96% of the state's jobs were created downstate for an annual job gain of 2.4% for NYC.

The latest estimates for change in Gross Domestic Product (GDP) for 2014-2015 as measured by Metropolitan Statistical Area (MSA) also provides a clear and concerning perspective on upstate New York's ongoing economic weakness with Elmira in particular ranking only 345 out of the country's 382 largest metro areas for GDP growth. The compound growth rate for Elmira for 2009 - 2015 was actually negative 1.7% with the most recent period from 2014-2015 equaling less than 1%. The MSA unemployment rate through September 2016 stands at 5.5%, which ranks Chemung County 56 out of 62 counties. The unemployment rate for NYS is 5.1% and nationally it stands at 4.8%.

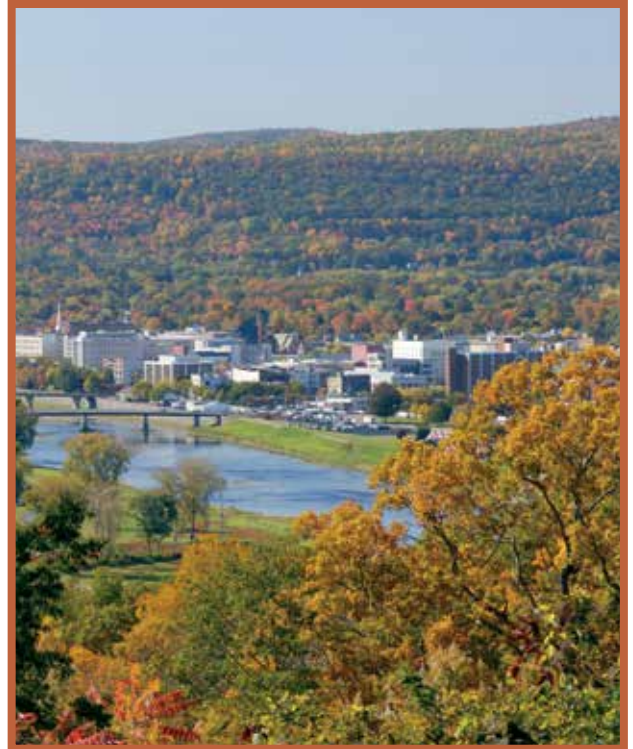
The Opportunity...

Late in 2015 the Southern Tier was selected for one of three awards under the Governor's Upstate Revitalization Initiative (URI) program. This program was designed to provide opportunities for communities to address economic challenges and bring jobs back to upstate NY. Each of the selected regions were granted \$500 million to be used over a five-year period in a

bottom-up approach by partnering with the private sector to grow business opportunities in our community. While there have been some start-up pains with the new process, Chemung County has done very well over the first couple of award cycles.

The Outlook...

In the following pages we will share leadership messages along with our strategic action plan that highlights several completed and pending projects in the two primary project areas that were outlined in the URI for Chemung County.





MESSAGE FROM THE CHAIRMAN

I am pleased and excited to present this year's STEG Annual Report because there is so much good news to share. In 2015 we started the development of a new Economic Development Strategy - a roadmap for positive change in the Southern Tier. This year the Plan was adopted, and we received the news that New York State will be committing millions of dollars in funding to our area through the Upstate Revitalization Initiative, Downtown Revitalization Initiative, and the Empire State Poverty Reduction Initiative.

We are excited about the vision for the future that we have charted, which not only impacts residents and businesses in Elmira but the surrounding communities as well. Elmira's revitalization is key to our region's prosperity and will have a lasting impact on our County as a whole.

The anticipated infusion of millions of dollars in state funding will provide resources to help incentivize much needed private capital investment in our communities. It can be the catalyst to boost Elmira's revitalization, create job opportunities, advance regional competitiveness, and create an environment to draw and keep young, skilled workforce participants. Staying ahead and adapting to a rapidly changing economic climate is vital to seizing more opportunities like these.

In this Annual Report, you will read about important projects such as the Elmira Corning Regional Airport \$58 million terminal renovation and expansion, the West Water Street Infill Revitalization, the restoration of the

Lake Street Bridge to a pedestrian/bicycle parkway, the \$14 million Chemung Crossing project on Elmira's Southside; anticipated reuse and mixed use development on Lake, East Water and Baldwin Streets, the expansion of Micatu into the former Wings of Eagles facility, the FedEx expansion in Horseheads, Corning Incorporated's new product line "Glass Z expansion in Big Flats, and more. It is truly exciting!

STEG's leadership is enthusiastic about the future and we look forward to working with all of you. Thank you for your support in helping us achieve our goals. 2017 will be a busy year, but one that holds promise for a brighter future for our communities. In closing I have enjoyed the opportunity to lead this organization over the last two years and wish you all great success in the coming years.



Sincerely,
Ronald Bentley
Chairman



MESSAGE FROM THE PRESIDENT

It's hard to believe it's been a year since I started as President of this great organization! It has been an exciting and productive year, and I believe I can say, "The stars have aligned," in a very positive way if we take full measure of the opportunities before us.

Chemung County and the Southern Tier were named winners in the New York Upstate Revitalization Initiative (URI) \$500 million competition, along with an additional \$10 million Governors grant for the revitalization of downtown Elmira, and a \$1 million Poverty Reduction Initiative grant.

The Elmira Corning Regional Airport was named a winner in the Upstate Airport Economic Development and Revitalization competition, and will receive \$40 million in state funding for a \$58 million project to upgrade the airport terminal. This came on the heels of receiving nearly \$10 million in Federal Aviation Administration grant funding to improve the airport's taxiway and apron. By 2018 we will be able to offer the 'Airport of Tomorrow' as a gateway to the Southern Tier.

Elmira College was allocated funding from the URI, in anticipation of an \$8 million to \$10 million private investment from Lake Erie College of Osteopathic Medicine (LECOM) to create a new medical school in Elmira. This, along with an aggressive recruitment campaign by the college is anticipated to increase EC student enrollment by 50% over the next decade and could drive the need for 350 to 400 downtown apartments, along with retail shops, services, entertainment and cultural amenities.

This puts us in very good position to focus on the two substantial and important project areas that we outlined last year: 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 and our Elmira Refresh plan designed to revitalize downtown. Much of the funding will come from the region's share of the Upstate Revitalization Initiative money, but it will also require some additional public and private investment.

The ingredients for a vibrant downtown are falling into place. The city of Elmira is currently working on streetscape enhancements; building a campus corridor that knits the college to the city; implementing a Creative Corridor designed to promote creative arts, cultural activities, historic preservation, educational programming and entrepreneurial endeavors; creating recreational spaces; building façade improvements, developing the riverfront; and creating a parking and pedestrian-friendly environment.

You will see in this Annual Report a number of outstanding projects that can make our economic development goals a reality and improve the quality of life in our communities. It will be a very busy year and I look forward to working with you on our common goal of meeting STEG's mission.



Sincerely,
Michael S. Krusen
President

I-86 INNOVATION CORRIDOR

The strategic action plan for the I-86 Innovation Corridor is designed to accelerate public/private investments, create job opportunities, advance regional competitiveness and create the environment to draw and keep young, skilled workforce participants. The I-86 Innovation Corridor is located between I-99 in Steuben County and I-86 at the Elmira Interchange.

I-86 Innovation Corridor Projects:



Bucher Emhart Glass, a world leader in glass manufacturing recently settled into its new facility in the former Sikorsky building on Kahler Road in Big Flats, retaining 110 jobs and providing for future expansion and consolidation opportunities. The project received approximately \$1.3 million from the URI/CFA process.



DeMet's Candy Company (Pladis) has completed the 100,000-square-foot expansion of their facility on Daniel Zenker Drive in Big Flats, which was aided by a \$1.8 million NYS URI/CFA award. The expansion has allowed for the installation of state of the art equipment and the creation of 70 new positions.

Three Cities Inc. purchased the former Wings of Eagles Restoration Hangar on Aviation Drive for \$750,000 and will use the facility as an aircraft maintenance facility, which will result in the creation of 30 jobs.

Cameron Manufacturing & Design, Inc. received a \$400,000 URI/CFA grant to assist with the purchase of an additional facility that will allow them to consolidate two off-site leased facilities creating production efficiencies and facilitating expansion plans.





FedEx has completed building a new \$18 million distribution center at the HOST Terminal in Horseheads. The more than 150,000-square-foot facility will have 286 parking spaces, 65 tractor-trailer parking spaces, 40 delivery van spaces and 36 loading docks, and will create 130 jobs. FedEx conducted an extensive search along Interstate 86 before selecting the Horseheads site.

Project C, a national home furnishings e-commerce customer service business has selected the former Corning Shared Services building on Daniel Zenker Drive in Big Flats as the site for a future inbound call center. The company has indicated they will create 450 jobs over the next three years. The project is pending final NYS approval on a Start-Up NY incentive package.

CemeCon Inc., a manufacturer of carbide cutting tools with high performance coatings, intends to expand its current 25,000-square-foot facility at the IST Center in Airport Corporate Park into another 15,000-square-foot facility on the IST campus to create a national headquarters and expansion of its CVD Diamond coating service. The expansion plans will result in the creation of 12 additional jobs. This was designated as a Southern Tier priority project under the URI/CFA process.

Hanover Square Feasibility Study has been funded by the Chemung County Industrial Development Agency to determine opportunities for a mixed-use development project in Hanover Square, Horseheads. The study will determine the market for upper story housing and create a business plan to establish project viability.

Beecher Emission Solutions Technologies, operating under the project name BEST Consolidated Growth will acquire the former Schweizer facility in Big Flats to consolidate its Elmira operations with recent business acquisitions from Pennsylvania and Nevada. The consolidation of these operations will result in the creation of 36 jobs and will allow this facility to be privately owned. This project was designated as a Southern Tier Priority project under the URI/CFA process.

Corning Incorporated has announced its Corning Pharmaceutical Technologies project at its Big Flats Innovative Support Center. This project has a potential investment up to \$50 million and will create nearly 130 jobs. Corning has invented a new product line, "Glass Z" for the pharmaceutical packaging marketplace and has created a new business division. This project was designated as a Southern Tier priority project under the URI/CFA process.



Micatu, a next generation optical sensors manufacturing company is in the process of purchasing the 70,000-square-foot former Wings of Eagles and Sikorsky facility on Aviation Drive in Big Flats to relocate its corporate headquarters and establish a high tech manufacturing facility for the design and production of a line of optical sensors for the utility industry for use within the smart grid. Micatu plans to create an additional 65 jobs and URI/CFA funding is pending. This project was designated as a Southern Tier priority project under the URI/CFA process.



John G. Ullman & Associates has purchased a 30,000-square-foot facility at 343 Daniel Zenker Drive (former Wick Building) to relocate its wealth management services operation. This project will retain 43 jobs and create an additional 20 positions.

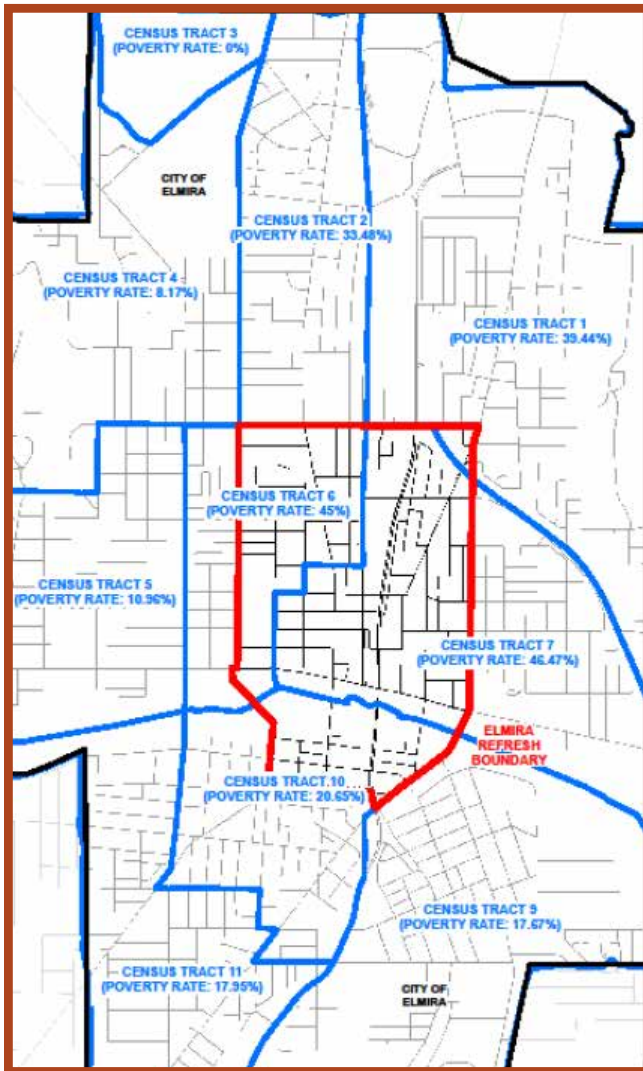


Pioneer Credit Recovery, Inc. was awarded a federal contract that will increase employment levels at their Daniel Zenker Drive location from 300 to 600 jobs and will include several millions of dollars of capital improvements at the former General Revenue Corporation facility.



ELMIRA REFRESH

Elmira Refresh is a plan for the revitalization of downtown Elmira, a nearly 600-acre area that includes the city's central business district. The plan was boosted by the recent announcement from Governor Cuomo that Elmira was selected as the Southern Tier Region community that would receive the Downtown Revitalization Initiative (DRI) award for \$10 million.



The vision and strategic framework for this plan is built on making Elmira the eastern anchor for the I-86 Innovation Corridor. Strategically located between major commercial corridors, Elmira's compact and walkable downtown is well positioned to:

- Become an active, diverse college community
- Attract new businesses and skilled workers
- Strengthen growth in arts and cultural attractions
- Expand housing options for all income levels
- Develop amenities to support and enhance downtown living and quality of life
- Capitalize on natural assets such as the Chemung River

The DRI plan will run in coordination with another recent announcement from Governor Cuomo that Elmira would also receive a \$1 million award to develop a Poverty Reduction Initiative. These programs will be enhanced by the recent NYS approval of the Chemung County Land Bank. The Land Bank will serve as a tool to remove blighted properties from the tax foreclosure process and be rehabilitated in partnership with private sector developers.

Elmira Refresh Projects:

Envision Elmira is a mixed-use redevelopment of the former Werdenberg's building in Downtown Elmira. This redevelopment project will receive \$120,000 URI/CFA grant toward the total project cost of \$700,000 that will include façade restoration, two first floor storefronts and four market rate apartments on the second floor.

West Water Street Row House Project is

a mixed-use redevelopment of 389-399 West Water Street. These long neglected properties will receive \$1.2 million dollars in improvements that will result in 16 market rate apartments and two commercial units. This project will receive \$140,000 in URI/CFA support and a \$200,000 Urban Initiative Grant.



West Water Street Revitalization Project is

a mixed-use redevelopment project at the long vacant former Rosenbaum's/Harold's site. This project will include 54 market rate apartments and 16,000-square-feet of commercial space. The total project cost is \$13 million and has private investment of \$6 - \$7 million. Gap funding for this project and improvements to the apron space and parking garage will be requested from the \$10 million DRI funds. There currently is a \$2.3 million Restore New York grant for this project.



Anchor Glass has completed the nearly \$20 million dollar furnace re-bricking and equipment modernization that will ensure the plant remains in Elmira and will include an increase of 8 jobs. This project received a \$1.3 million dollar URI/CFA grant.

Baldwin Street Redevelopment project will include the rehabilitation of 110-114 Baldwin Street. The CCIDA has purchased 110 Baldwin Street and the County, through foreclosure, has possession of 112-114 Baldwin Street. The project is in the early stages of determining grant funding in the next URI/CFA cycle in 2017 but a local developer has been identified and will lease some of the space to cover expenses until rehabilitation funding is identified.





Lake Erie College of Osteopathic Medicine (LECOM) has committed to opening a 350-student medical school on the campus of Elmira College. LECOM continues to work through the accreditation process and will have an opportunity to meet with the national accreditation board in December of this year.



The Vecino Group under the project name Libertad Elmira will undertake a complete \$20 million renovation of the former Jones Court located on Elmira's Northside. The project will result in 94 units of affordable housing and will remove a long-blighted property. This project was designated as a Southern Tier property project under the URI/CFA process.

F. M. Howell & Company, located on Elmira's Southside will undertake an \$8 million packaging equipment technology upgrade to improve their global competitiveness in four separate business units that currently provide 182 jobs, and will result in the creation of 12 additional jobs. This project was designated as a Southern Tier priority project under the URI/CFA process.



Lake Street Pedestrian Bridge Project

has a pending NYSDOT grant request for \$3.7 million that will create a walking/bicycle trail from the north side to the south side of Elmira. If granted, the 20 percent local share can be funded through the \$10 million DRI grant.



Arnot Ogden Medical Center

received a \$1.5 million dollar URI/CFA grant to address structural changes to the medical campus and for reconfiguration of their medical services.



Chemung Properties LLC

has purchased 465 East Water Street in Elmira (former Honda dealership) for the purposes of consolidation of Culligan Water operation sites. The consolidation will retain 35 jobs and provide additional commercial activity on the Water Street corridor in Elmira.



SEPAC, Inc. Upgrade Project will allow the company to purchase an advanced machining center that will help the company to source higher volumes. SEPAC, a custom engineering company that manufactures motion control products including clutches and brakes is located on Lake Road in Elmira. This will help SEPAC retain 34 jobs and add an additional 12 jobs. This project was designated as a Southern Tier Priority project under the URI/CFA process. SEPAC is also pursuing the acquisition of another business that will create an additional 12-15 jobs at the Elmira site.



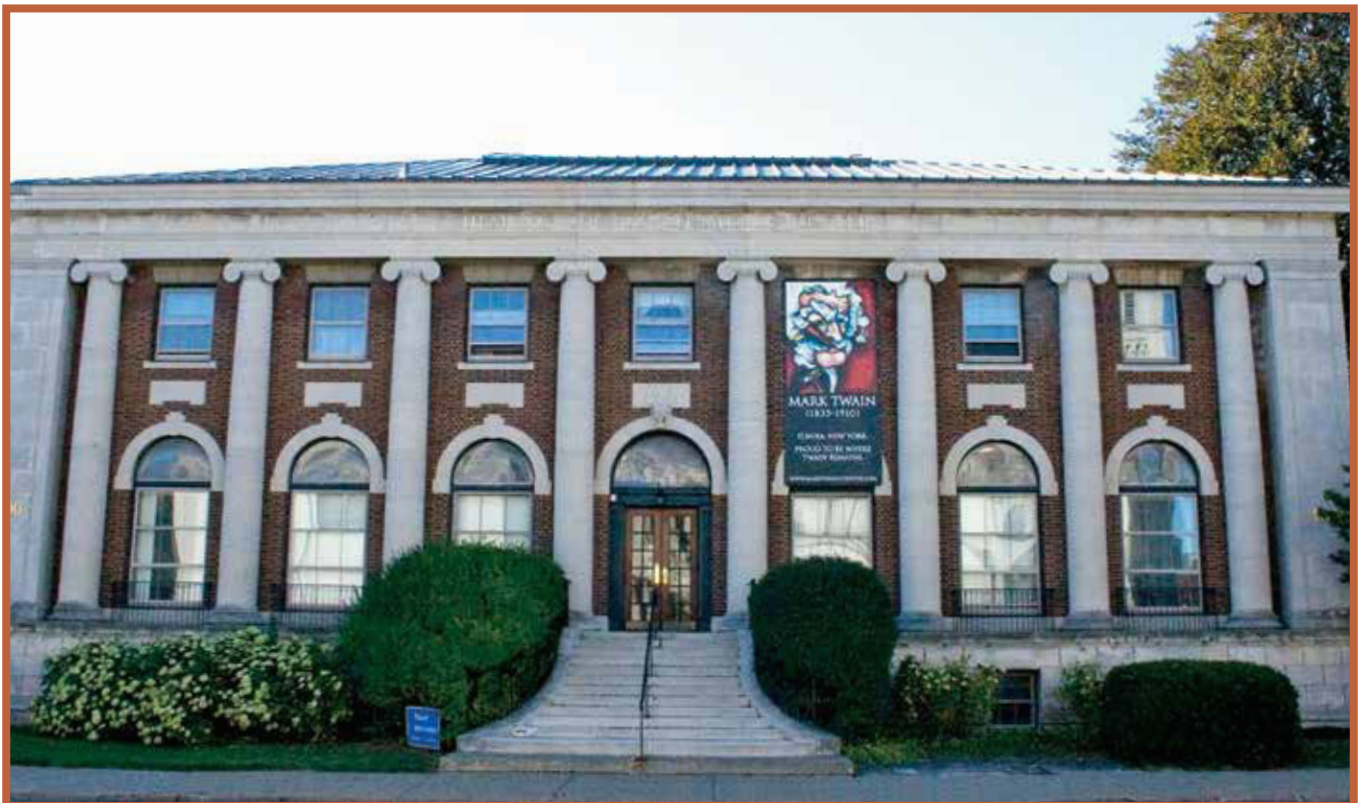
Chemung Crossings on Elmira's Southside is a \$14 million mixed-use scattered-site development project that is scheduled to break ground in the spring of 2017. The project will involve the revitalization of ten sites in the South Main, West Henry and Harmon Street area. The development will provide 8 buildings that will include 45 apartments and 3,200-square-feet of commercial space.

Elmira Savings Bank East Water Street Downtown Anchor Project is an approximately \$1.5 million dollar rehabilitation of the building between Turtle Leaf Café and Swan Morss Insurance to provide four upper story market rate apartments and commercial space expansion for the two current businesses that abut these properties. This project received a high rating under the URI/CFA process and a \$500,000 Downtown New York Main Street grant request is pending.

Lake Street Property (118-126 Lake Street) Project will start the process of redevelopment of these long vacant and deteriorated buildings. The County, through foreclosure, has taken possession of these properties and through the Chemung County Industrial Development Agency, the City of Elmira applied for a \$500,000 New York Anchor grant to stabilize these structures to include new roofs, windows and façade upgrades in preparation for development. The project has developer interest for a mixed-use project to include upper story market rate housing and lower level commercial space.

2016 BUDGET

2016 Income		2016 Expenses	
Chemung County	\$ 200,000	Salaries/Fringe	\$421,950
City of Elmira	\$ 72,500	Facilities/Utilities	\$ 30,500
Chemung County IDA	\$110,000	Equipment/Supplies	\$ 11,250
Chemung County Capital	\$ 5,000	Project Costs	\$ 75,000
Resource Corp.		Administration	\$ 38,950
Business Contributions	\$279,000	Marketing	\$ 40,000
Fees/Interest	\$ 2,400	SUB TOTAL	\$540,500
TOTAL	\$668,900	Project Reserve	\$51,250
		TOTAL	\$668,900



STEG BOARD OF DIRECTORS

*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, CEO
Chemung Canal Trust Company

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

Rachel T. Buchanan, Manager
Regional Community Outreach & Development

Charles Burke, Vice President
Swift Glass Company Inc.

Daniel J. Burke, President (Director Emeritus)
Swift Glass Company

Dawn Burlew, Director, Business Development
Corning Enterprises

*Thomas M. Carr, President & CEO
Elmira Savings Bank

Donna L. Draxler, Chairperson
Chemung County Legislature

Jodi J. Edger, President
Edger Enterprises of Elmira

Michael Edwards, Supervisor
Town of Horseheads

*Edward Fairbrother, Supervisor
Town of Big Flats

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

Christopher Goll, President/CEO
Cameron Manufacturing & Design, Inc.

John T. Gough, Chairman (Director Emeritus)
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 & Land Surveyors

Stephen P. Hale, President
Hale Roofing

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

Michael P. Hosey, Chairman (Director Emeritus)
Elmira Savings Bank

**Kamala Keeley, President/CEO
Chemung County Chamber of Commerce

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

Dr. Robert K. Lambert, CEO
Arnot Health

George E. Maloney, Vice President
Rainbow Lettering

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

Michael J. Manzari, Managing Director
Pyramid Brokerage Company

Kevin J. McGurgan, PAHM, CHC, Regional President
Excellus BlueCross BlueShield

Robert B. McKinnon, CEO (Director Emeritus)
Elm Chevrolet Co.

Jack McPike, Assistant General Manager
Kennedy Valve

John H. Meier, President
Meier Industries

Dr. Thomas K. Meier, Chancellor (Director Emeritus)
Elmira College

Martin R. Metzger, President
Silicon Carbide Products, Inc.

Lindsay Mills, President
John Mills Electric Inc.

John V. Moore, Partner (Director Emeritus)
Moore & Woodhouse, LLP

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

Ian Morrell, President
SouthernTier Custom Fabricators (S.T.C.F.)

*Daniel P. O'Connell, President
Swan Morss Insurance Company, Inc.

*Daniel P. Panosian, President
Arnot Realty Corporation

John F. Potter, Director Emeritus
Seneca Beverage Corporation

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

Michael P. Printup, President
Watkins Glen International

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

Randy Reid, President
Reid Media Group LLC

George Richter, Town Supervisor
Town of Chemung

Katherine H. Roehlike, Chairman & CEO
F. M. Howell & Company

**Joseph Roman, ED Specialist II
Empire State Development

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

Thomas J. Santulli
Chemung County Executive

David J. Sheen, Supervisor
Town of Southport

Jerald M. Stemerma (Director Emeritus)
Chemung Supply Corporation

Marc Stemerma, President
Chemung Supply Corporation

*Jeffrey B. Streeter, President
Streeter Associates Inc.

Richard W. Swan, Chairman (Director Emeritus)
Swan Morss Insurance Company Inc.

Joseph M. Valicenti, President & CEO
Valicenti Advisory Services Inc.

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

Nelson Mooers van den Blink (Director Emeritus)
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
Welliver

STEG PRIVATE CONTRIBUTORS

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



STEG | SOUTHERN TIER
ECONOMIC GROWTH

400 East Church Street | Elmira, NY 14901

Phone: (607) 733-6513

mkrusen@steg.com | www.steg.com

