MINUTES
BOARD OF DIRECTORS MEETING
Thursday, May 17, 2018 – 10:30 AM
Dulles State Office Building
Conference Room 100, 1st Floor
Watertown, New York

The Development Authority of the North Country Board of Directors met in regular session at the Dulles State Office Building, Conference Room 100, 1st Floor, Watertown, New York, on Thursday, May 17, 2018, at 10:20 AM.

Members Present:
Voting
Gary Turck, Chairman
Fredrick Carter, Vice Chairman
Thomas Hefferon
Alfred Calligaris
John Johnson, Jr.
Alex MacKinnon
Dennis Mastascusa

Non-Voting
Mary Doheny
Brian McGrath
Stephen Hunt

Members Absent
James Hollenbeck
Margaret Murray.

Staff Present:
James W. Wright, Executive Director
Michelle Capone, Director, Regional Development Division
Patricia Pastella, Manager, Materials Management Division
Carrie Tuttle, Director, Engineering and Environmental Division
David Wolf, Director, Technology Division
Brian Nutting, Manager, Water Quality Division
Carl Farone, Comptroller
Laurie Marr, Director, Public Affairs and Communications
Jo Anne Yaddow, Executive Assistant
Angela Marra, Administrative Associate
Melissa Durant, Administrative Associate (training)

Guests:
Richard James, Authority Counsel, Mackenzie Hughes

1. Chairman Turck called the meeting to order at 10:32 AM.

2. Chairman Turck requested a roll call by J. Yaddow.

   • All Board Members were present except for James Hollenbeck and Margaret Murray. Chairman Turck confirmed there was a quorum.

3. Chairman Turck offered the Privilege of the Floor.

   a. Brian McGrath accepted the privilege of the floor.
Following the last meeting, B. McGrath reported on his Facebook page some of his views regarding the board. That post received an unexpected response from the community directly to B. McGrath thru the phone, email and Facebook to express a number of different concerns related to the mission creep of the Authority. B. McGrath believes this should be added into the agenda and reviewed by appropriate committees. This is not something that should “hit the back of the hand” because it was a conversation initiated by B. McGrath. There are people within the community; engineering companies, architects, business people, grant writers, who all have claims that this Authority and its growth, with the addition of an Engineering Division, has impacted their private business. A State Agency should be supporting private industry, not usurping private industry. B. McGrath was given specific examples, some of which he would leave to discuss in Executive Session.

J. Johnson asked how we can discuss something in Executive Session that was received off Facebook. B. McGrath responded that it was not based off a comment on Facebook but rather a phone call and based on a potential referral to the Attorney General.

His comments are based on these concerns. The biggest pushback B. McGrath has received was about his attendance, which it seems inaccurate information was given to the newspaper, which, he did not appreciate, since it was, he assumes, to have been based on sub committees, some of which he is not even a part of.

B. McGrath feels that this Authority needs to have a serious conversation about its role within the community because it is effecting private industry. It was not one phone call, it was not two, it was dozens and he did not solicit them. He didn’t realize he was creating an opening for these issues to be raised. We have a duty as a board that oversees this Authority to explore them and determine what the appropriate steps are.

As we go thru the meeting he will note that we have a number of proposals in there that again are for services, engineering services, SCADA services that go beyond the Tri-County area. B. McGrath has been told by private industry that those are jobs being taken away from private industry. Not only is the Authority taking jobs away from private industry within the three counties in which this Authority has representation, but we have now gone beyond that. We are going into Hamilton County, Franklin County and counties beyond. That is a great concern to Mr. McGrath. If it is the resolution of this board that these are appropriate increases in our mission statement, then what he suggests is that we work with the legislative body to properly revise the enabling statute to specifically add these tasks to what we are supposed to do if that is what this board determines is the appropriate course.

4. Upon a motion by F. Carter, and seconded by A. Calligaris, the March 28, 2018 Meeting Minutes were unanimously approved.

5. Chairman’s Report –

Employee Recognition - Jo Anne Yaddow retiring after 25+ years of service to the Development Authority.
6. Executive Director’s Report –
   a. Staff Introductions/Changes –
      • Angie Marra – Executive Assistant
      • Melissa Durant – Administrative Assistant
   b. Comptrollers Report will be moved on the Agenda to the end of the meeting following the Resolutions.
   c. Household Hazardous Waste collection day in St Lawrence County will be this Saturday from 9-1.

7. Engineering –
   a. Resolution No. 2018-05-56, approves a Technical Services Agreement between the Authority and the Town of Fine regarding a Waterfront Revitalization Project to provide a Regional Tourism Branding brochure for a total not to exceed contract amount of $2,500.


   b. Resolution No. 2018-05-57 approves the SCADA Services Agreement between the Authority and the Town of Martinsburg for a total not to exceed contract amount of $18,500.

      Upon a motion by D. Mastascusa, and seconded by F. Carter, Resolution No. 2018-05-57, Approving SCADA Services Agreement – Town of Martinsburg – Martinsburg Water District Controls Upgrade, was unanimously approved.

   c. Resolution No. 2018-05-58 approves the SCADA Services agreement between the Authority and the Village of Gouverneur, for a total not to exceed contract amount of $1,200.

      Upon a motion by A. Calligaris, and seconded by A. MacKinnon, Resolution No. 2018-05-58, Approving SCADA Services Agreement – Village of Gouverneur – WWTP SCADA Integration Support for Town Pump Station, was unanimously approved.

   d. Resolution No. 2018-05-59 approves the final Technical Services Agreement between the Authority and the Village of Lyons Falls for Phase 4 Redevelopment Planning, for a not to exceed amount of $35,000.

      A MacKinnon commented that this will finalize this project.


   e. Resolution No. 2018-05-60 authorizes the Executive Director to enter into GIS Hosting Agreements in accordance with the terms of the contracts, beginning on July 1, 2018 and ending December 31, 2022 for a total contract fee of $6,059 for each town listed; the Town of Tupper Lake, the Town of Harrietstown, and the Town of Long Lake.
Upon a motion by F. Carter, and seconded by A. Calligaris, Resolution No. 2018-05-60, Approving GIS Hosting Agreements – Town of Tupper Lake, Town of Harrietstown, Town of Long Lake – Regional GIS Project, was unanimously approved.

8. Regional Development –

a. Resolution No. 2018-05-61 accepts the Annual Report from the Creek Wood Housing Development Fund Company (HDFC), by written consent waives the Annual Meeting of the HDFC, and approves that the list of existing directors shall continue in office until the next Annual Meeting.

Upon a motion by D. Mastascusa, and seconded by F. Carter, Resolution No. 2018-05-61, Accepting the Annual Report of the Creek Wood Housing Development Fund Company, Inc., Waiving the Annual Meeting and Appointing Directors, was unanimously approved.

b. Resolution No. 2018-05-62 accepts the Annual Report from the Creek Wood II Housing Development Fund Company (HDFC), by written consent waives the Annual Meeting of the HDFC, and approves that the list of existing directors shall continue in office until the next Annual Meeting.

Upon a motion by F. Carter, and seconded by A. MacKinnon, Resolution No. 2018-05-62, Accepting the Annual Report of the Creek Wood II Housing Development Fund Company Inc., Waiving the Annual Meeting and Appointing Directors, was unanimously approved.

c. Resolution No. 2018-05-63 authorizes the Development Authority of the North Country to enter into a contract with the North Country Procurement Technical Assistance Center and the Greater Watertown North Country Chamber of Commerce in an amount not to exceed $10,000 for the federal fiscal year 9/1/18-8/31/19 to provide economic and business development activities, and further authorizes the Director of Regional Development to execute any and all necessary contracts and agreements.

Upon a motion by D. Mastascusa, and seconded by J. Johnson Jr., Resolution No. 2018-05-63, Authorizing Agreement with North Country Procurement Technical Assistance Center, was unanimously approved.

d. Resolution No. 2018-05-64 approves the use of $6,390 in excess available cash flow by Conifer Bateman Associates in order to fund the reserve account for the Bateman Apartments. This resolution further authorizes Conifer Bateman Associates to pay the Authority $6,390 in excess Available Cash Flow which will be applied to the loan principal.

Upon a motion by F. Carter, and seconded by D. Mastascusa, Resolution No. 2018-05-64, Authorizing Use of Excess Cash Flow – Conifer Bateman Associates, was unanimously approved.

e. Resolution No. 2018-05-65 approves a loan in the amount of $750,000 from the Community Development Loan Fund to the St. Lawrence County Industrial Development Agency to bridge grants for Phase II of the redevelopment project at the former Jones and Laughlin site, Town of Fine. This is a Type II Action found under Part 617 of the State.
Environmental Quality Review Act (SEQRA) and is not subject to an environmental review under SEQRA.

Upon a motion by F. Carter, and seconded by A. MacKinnon, Resolution No. 2018-05-65, Authorizing Loan – Community Development Loan Fund – St. Lawrence County Industrial Development Agency – Bridge Financing – J&L Project, was unanimously approved.

f. Resolution No. 2018-05-66 authorizes a revolving line-of-credit loan from the Community Development Loan Fund in the amount of $750,000 to the Lewis County Development Corporation, and further authorizes the Executive Director to execute all appropriate documents necessary to make the loan. This is considered a Type II Action under the State Environmental Quality Review (SEQRA) and is considered an exempt activity requiring no further action.

Upon a motion by D. Mastascusa, and seconded by A. MacKinnon, Resolution No. 2018-05-66, Authorizing Loan – Community Development Loan Fund – Lewis County Development Corporation – Bridge Financing – Redevelopment of Lyons Falls Paper Mill, was unanimously approved.

g. Resolution No. 2018-05-67 authorizes the Director of Regional Development to execute the grant agreement with the Office of Economic Adjustment for $426,350 comprised of a $383,715 grant and $42,635 in matching funds from an Empire State Development Grant, and to implement the grant.

Upon a motion by D. Mastascusa, and seconded by A. MacKinnon, Resolution No. 2018-05-67, Execute Grant Agreement – Office of Economic Adjustment – Joint Land Use Implementation Funding, was unanimously approved.

h. Resolution No. 2018-05-68 approves the grant/loan commitment in the amount of up to $300,000 ($150,000 loan/$150,000 grant) from the North Country Redevelopment Fund to Scott Sauer and Shannon Sauer, or a new corporation to be formed, if applicable. The terms and conditions are consistent with the Empire State Development program requirements. This resolution further authorizes the Executive Director to execute all documents necessary to make the loan. This is considered a Type II Action under the State Environmental Quality Review (SEQRA) and is considered an exempt activity requiring no further action.

Upon a motion by A. Calligaris, and seconded by F. Carter, Resolution No. 2018-05-68, Ratifying Loan Issued Through North Country Redevelopment Loan Fund for Scott Sauer and Shannon Sauer to Redevelop Building at 0 Dock Street, Carthage, was unanimously approved.

i. Resolution No. 2018-05-69 ratifies the grant/loan commitment in the amount of up to $250,000 ($125,000 loan/$125,000 grant) from the North Country Redevelopment Fund to GOCO Ventures, LLC. This resolution further authorizes the Executive Director to execute all documents necessary to make the loan. This is considered a Type II Action under the State Environmental Quality Review (SEQRA) and is considered an exempt activity requiring no further action.

Upon a motion by A. Calligaris, and seconded by F. Carter, Resolution No. 2018-05-69, Ratifying Loan Issue Through North Country Redevelopment Loan Fund for GOCO Ventures, LLC to Redevelop Building at 38 Water Street, Massena, was unanimously approved.
j. Resolution No. 2018-05-70 ratifies the grant/loan commitment in the amount of up to $75,000 ($37,500 loan/$37,500 grant) from the North Country Redevelopment Fund to the Village of Hueville. This resolution further authorizes the Executive Director to execute all documents necessary to make the loan. This is considered a Type II Action under the State Environmental Quality Review (SEQRA) and is considered an exempt activity requiring no further action.

Upon a motion by F. Carter, and seconded by A. MacKinnon, Resolution No. 2018-05-70, Ratifying Loan Issued Through North Country Redevelopment Loan Fund for the Village of Hueville, was unanimously approved.

k. Resolution No. 2018-05-71 ratifies a loan in the amount of $73,000 from the Regional Tourism Transformational Community Revolving Loan Fund to Anthony F. Audino, or new company to be formed. This resolution further authorizes the Executive Director to execute all documents necessary to make the loan. This is considered a Type II Action under the State Environmental Quality Review (SEQRA) and is considered an exempt activity requiring no further action.

Upon a motion by D. Mastascusa, and seconded by A. MacKinnon, Resolution No. 2018-05-71, Regional Tourism Transformational Community Revolving Loan Fund — Anthony F. Audino — For Trailhead Resort, Newcomb (Essex County), was unanimously approved.

l. Resolution No. 2018-05-72 agrees to subordinate the loan in the amount of $500,000 from the North Country Tourism Transformational Community Revolving Loan Fund to Swan Bay Developers, LLC to additional lending by Watertown Savings Bank in an amount not to exceed $993,500 which will be paid down to $795,500 in 2020, and authorizes the Executive Director to execute all necessary documentations. The Authority further agrees to subordinate the loan in the amount of $300,000 from the North Country Economic Development Fund whereby the North Country Economic Development Fund Board approved the subordination on May 9, 2018 and authorized the Executive Director to execute all necessary documentation.

B. McGrath asked what is our position is now? Why is this necessary?

M. Capone responded we are in a 3rd position now. The borrower is requesting additional bank financing to complete the next phase. The bank would like to be in the second position ahead of other lenders which is typical.

Upon a motion by A. Calligaris, and seconded by F. Carter, Resolution No. 2018-05-72, Approving Subordination — Swan Bay Developers, LLC, was unanimously approved.

m. Resolution No. 2018-05-73 agrees to subordinate the Authority’s loan in the original amount of $220,000 to a NBT Bank loan of $260,000 and authorizes the Executive Director to execute all necessary documents.

M. Capone also stated that this subordination will improve our position.

Upon a motion by A. Calligaris, and seconded by F. Carter, Resolution No. 2018-05-73, Approving Subordination — 351 East Orvis L.P., was unanimously approved.
12. Technology –

a. Resolution No. 2018-05-74 approves an increase of $229,785 to Capital Project 30626. Said project total now being $1,829,735 with said additional funds being transferred from Telecommunications revenues. This resolution also reaffirms the Executive Director's acceptance of the change order as incorporated and additional to the original contract.

Upon a motion by D. Mastascusa, and seconded by F. Carter, Resolution No. 2018-05-74, Telecommunications Network — Dark Fiber Indefeasible Right-To-Use (RTU) — New York Power Authority — Additional Project Scope, was unanimously approved.

13. Water Quality -

a. Resolution No. 2018-05-75 authorizes the Executive Director to enter into a new one (1) year Operations and Maintenance Service Agreement with the Town of Clifton for the amount of $6,106. The Executive Director is further authorized to execute the required and necessary agreements.

Upon a motion by A. MacKinnon, and seconded by D. Mastascusa, Resolution No. 2018-05-75, Operations and Maintenance Service Agreement — Town of Clifton Woodhaven Water District, was unanimously approved.

14. Executive Session –

Upon a motion by D. Mastascusa, and seconded by A. MacKinnon, the Board of Directors moved into an Executive Session with focus on a personnel matter.

Those present include the entire Board of Directors in attendance of today’s meeting; Authority Counsel Rick James, and Authority Executive Director James Wright.

Upon a motion by A. MacKinnon, and seconded by A. Calligaris the Board of Directors moved back into Regular Session.

No action was taken during the Executive Session.

15. Finance — Comptroller's Report —

a. C. Farone

The Bonadio Group was on site from May 7th – 16th. We are on track to have draft financial statements to the Audit Committee within the first couple of weeks in June, and hopefully formal board approval by June 21st. If anyone has any concerns or comments, please see Mr. Johnson as he is the Chair of the Audit Committee. He can then bring it to the auditors directly. It is important to note that the auditors work for the board, not for staff.

C. Farone reviewed financial statements for the 12 months ending 03/31/18 and stated they are the same financial statements that were provided to our auditors. They will go through
them in detail with the Audit Committee next month. We will also have a presentation for the Board by Terry Phillips who is the partner in charge of this audit.

The Authority is in a very solid financial position. The Total Assets have decreased by about $1.8 million and Total Liabilities have decreased also by the same amount, about $1.8 million. We continue to utilize all of our reserves as directed by the Board. At the end of every fiscal year, we go through and we reconcile every single account that is on our statement of net position. That includes GASB 68 Requirement. This is reporting the pension liability that we are given by the State of New York. The Authority is recognizing an additional $260,000 in pension expenses per this requirement.

Carl Farone reviewed that from a change in Net Position perspective, the Authority had a net loss of $1.3 million. This includes about $11 million dollars in depreciation expense, a non-cash expenditure.

(Handout) C. Farone notes that we are very close as far as our revenue projections for each division. Army Water Line, Army Sewer Line, and Regional Water Line are reconciled to actual cost at year end.

We are substantially under budget on Operating Expenses at -17%. This is in part due to a recycling incentive we offered to the counties that was not fully utilized. We purchased $300,000 less in water than had been budgeted based on what the Army had projected they would use. Consulting we spent $176,000 less primarily due to the JLUS study.

Interest income, we budgeted $1,229,000 but our actual was $1,332,000 for an 8% surplus. Due to the Mark to Market adjustment this income is only reflected at $944,450.

NYS Pension Expense, our actual budget was $785,000 but our actual expenditures are $698,000. We have more people going into Tier 6. Due to the GASB 68 we had to record an additional $259,212 in pension expenses. A. Calligaris asked what kind of discount rate we are getting. C. Farone responded NYS uses a 7% discount rate.

Overall this has been a very good year and we were able to complete our fiscal year within the Authority Budgets.

F. Carter asked about a report he had seen stating that the NYS Pension Fund is over $200 billion now. C. Farone replied that he is uncertain of the exact dollar amount, but it is one of the top two pensions in the country.

B. McGrath asked what the total headcount reflected in the $5.4 million. C. Farone responded that we are up to 80 or 85 employees.

F. Carter asked if Carl had ever attended any of the seminars that the public employee pension fund puts on, and if he found them interesting as they have many great ideas offered within them. C. Farone does attend.

Upon a motion by F. Carter, and seconded by A. Calligaris, the Unaudited Financial Statements for the Period Ending March 31, 2018, were unanimously approved.
b. Loan – Portfolio Report

Presentation given by M. Capone involving the Loan Portfolio now being displayed on our web site. A review of the portfolio reflected high performance by borrowers and good repayment performance.

A MacKinnon asked about the state taking back part of the uncommitted funds. M. Capone had not heard about this happening to any of our funds. This is usually referring to “old” HUD CDBG money. It is hard to answer this, and there are ways to deregulate these funds.

16. New Business –

17. Next Meeting – July 21, 2018

18. Upon a motion by F. Carter, and seconded by A. MacKinnon, the meeting was adjourned at 11:42 AM.

Respectfully submitted,

[Signature]

Thomas Hefferon
Secretary