MINUTES
BOARD OF DIRECTORS MEETING
Thursday, June 25, 2015 – 10:00 AM
Conference Room 100, 1st Floor, Dulles State Office Building
Watertown, New York

The Development Authority of the North Country Board of Directors met in regular session in Conference Room 100, 1st Floor, Dulles State Office Building, Watertown, New York, on Thursday, June 25, 2015.

Members Present:
Voting
Gary Turck, Chairman
John B. Johnson, Jr.
Fredrick Carter
Margaret Murray
Richard Lucas
Alex MacKinnon
Tom Hefferon
Alfred Calligaris

Non-Voting
William Archer
William Shelly
Mary Doheny

Members Absent:
Brian McGrath

Staff Present:
James W. Wright, Executive Director
Carl Farone, Comptroller
Timothy Field, Director of Information Technology
Michelle Capone, Director of Regional Development
Patricia Pastella, Division Manager, Water Quality Division
Carrie Tuttle, Director of Engineering and Environmental Division
Richard LeClerc, Division Manager, Solid Waste Management Division
Jo Anne T. Yaddow, Executive Assistant
Angela Marra, Administrative Assistant

Guests:
Richard James, Authority Counsel, Mackenzie Hughes
Cyril Mouaike, RBC Wealth Management
Bettina Lipphardt, The Bonadio Group
Craig Fox, Reporter, Watertown Daily Times

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

2. Chairman Turck confirmed there was a quorum.

3. Chairman Turck offered the Privilege of the Floor.
Upon a motion by A. Calligaris, and seconded by F. Carter, the Minutes of the June 3, 2015 Board Meeting, were unanimously approved.

4. Chairman’s Report –

a. Recognition Presentation – A. Calligaris was recognized for his four years of service as Chairman of the Board of Directors.


c. Independent Audit – The Bonadio Group - Bettina Lipphardt distributed copies of the completed audit report. Ms. Lipphardt stated she met with the Audit Committee on June 18th to review the audit.

- Overall Assessment of Audit –
  o Management and staff were very well prepared for audit.
  o Authority is very solid financially with conservative and prudent methods for reporting and recognizing reserve requirements.

- Audited Financial Statements –
  o Issued an unmodified (clean) opinion on financial statements.
  o Increase in net position for fiscal year 2015 was $2.6 million as compared to $9.0 million in prior year. Decrease in net position was largely due to Authority recognizing $2.3 million in federal stimulus funding for expansion of the Telecommunications network and $4.0 million from ESD for use in the Authority’s housing revolving loan fund in prior year.
  o Total accumulated net position at March 31, 2015 was $164.8 million (Of this amount, $10 million is unrestricted and undesignated to meet the Authority’s ongoing obligations).
  o Total assets were $209.2 million at March 31, 2015.
  o No findings noted in the federal single audit (compliance audit) and Authority was determined to be a low-risk auditee.

- Regional Waterline Agreed Upon Procedures –
  o Performed procedures agreed upon with the Authority’s management on the regional waterline.
  o No findings were noted in performing these procedures.

- Investment Compliance Report –
  o Reviewed Authority’s compliance with its investment policy as well as the State Comptroller’s Investment Guidelines for Public Authorities.
  o Authority was found to be in compliance.

- Matters Related to Internal Control over Financial Reporting -
  o No material weaknesses or deficiencies in internal control were identified.

5. Executive Director’s Report—

a. Telecommunications Award – The Telecommunications Division received an award from New York State for “Most Collaborative Broadband Project with SLIC.”
b. Manure Lagoon Update - Discussions regarding the manure lagoon have been productive. The Authority has been working with the City of Watertown and John Ferry of Milk Street Farm. An agreement has been reached with John Ferry that he will participate in funding of a subsurface hydrogeological study, along with the City and the Development Authority.

A. MacKinnon asked if the manure lagoon is an ongoing extension of the dairy farm. J. Wright responded it is ongoing. The dairy farm has received federal funding for two lagoons—one is located on the property and one is a satellite site in close proximity to the Black River, which is a water source. A. MacKinnon asked what the expected timeframe is for construction. J. Wright responded there are no plans for construction this year which allows adequate time to complete the study. P. Pastella, Water Quality Division Manager will participate in oversight of water quality on behalf of the Development Authority. A. MacKinnon asked if this will impact the day-to-day operations. J. Wright responded it would not. W. Shelly expressed concern about the Authority being financially involved with the funding of the study as the Authority is a customer of the City. W. Shelly believes the City should bear the cost of funding. J. Wright responded the Authority’s concern for the water supply to Fort Drum and all the municipal customers. J. Johnson stated the Authority is the biggest customer of the City, and as such, a third party should not be involved as the Authority needs to ensure what is sold is a good product. This is a public service issue and the Authority has an obligation to protect the interest of the community. Discussion followed regarding financial responsibility and cost of the study which will range from $20,000-$30,000.


Finance Report —


Upon a motion by R. Lucas, and seconded by A. MacKinnon, Resolution No. 2015-06-68, Approving Audited Financial Statements, Single Audit, Agreed Upon Procedures and Report on Investments for Fiscal Year Ending March 31, 2015, was unanimously approved.

7. Governance Report —

a. Resolution No. 2015-06-69 authorizes the selection of a senior managing underwriter for the Issuance of $9,000,000 in Solid Waste Management System Revenue Bonds. Three proposals were received following a competitive request for proposals. Based on the municipal advisor’s and management’s recommendation, Roosevelt & Cross, Inc. was recommended for selection. The Governance Committee met and recommended Roosevelt & Cross, Inc. as the senior managing underwriter to the Board.

Upon a motion by A. Calligaris, and seconded by T. Hefferon, Resolution No. 2015-06-69, Authorizing Selection of a Senior Managing Underwriter for the Issuance of $9,000,000 in Solid Waste Management System Revenue Bonds, was unanimously approved.
b. Resolution No. 2015-06-70 authorizes the application of a grant application for funds from the US Office of Economic Adjustment for the purposes of providing planning services in support of the Fort Drum garrison and local communities. Fort Drum has reduced staffing and no longer has community planning positions. The Development Authority was established to provide shared services in support of the region and Fort Drum. The Executive Director is authorized to submit the application and documentation, and to execute the contractual agreements for the grant funding.

Upon a motion by A. Calligaris, and seconded by R. Lucas, Resolution No. 2015-06-70, Authorizing the Application for Funds from the United States Office of Economic Adjustment to Provide Planning Services, was unanimously approved.

c. Resolution No. 2015-06-71 establishes a new position of Community Planner in the Regional Development Division in support of Resolution No. 2015-06-70. This position would aid in maintaining quality service levels and provide the Division with the capability to pursue additional pending grants. The Authority would provide additional services to existing and potential municipal customers and produce additional revenues to support and maintain this position. The salary range is $45,000-$55,000.

Upon a motion by A. Calligaris, and seconded by M. Murray, Resolution No. 2015-06-71, Establishing the Position of Community Planner in the Division of Regional Development, was unanimously approved.

8. Engineering –

a. Resolution No. 2015-06-72 is a technical services agreement with the Village of Antwerp for SCADA and instrumental technical support for the Antwerp Sewer District. The agreement is for a period of one year and for a not to exceed amount of $5,000.

Upon a motion by F. Carter, and seconded by R. Lucas, Resolution No. 2015-06-72, Technical Services Agreement with the Village of Antwerp for SCADA and Instrumentation Technical Support for the Antwerp Sewer District, was unanimously approved.

b. Resolution No. 2015-06-73 is an amendment for an additional amount of $10,000 for the Phase 2 technical services agreement for engineering and redevelopment planning between Lyons Falls and the Authority. The amount of the agreement is for a not to exceed amount of $60,000 and incorporates onsite inspection services not initially included in the original agreement.

Upon a motion by F. Carter, and seconded by A. Calligaris, Resolution No. 2015-06-73, Amendment No. 1 for Phase 2 Technical Services Agreement for Engineering and Redevelopment Planning Between the Village of Lyons Falls and the Development Authority of the North Country, was unanimously approved.

c. Resolution No. 2015-06-74 is a technical services agreement with the Village of Potsdam for an operations qualitative efficiency assessment of the water, wastewater, and hydroelectric facilities for a not to exceed amount of $2,000. The Authority will work with the Village to complete a preliminary engineering assessment for a capital improvement project at the Village’s Wastewater Treatment Plant.
Upon a motion by F. Carter, and seconded by A. Calligaris, Resolution No. 2015-06-74, Technical Services Agreement with the Village of Potsdam for an Operations Qualitative Efficiency Assessment of the Water, Wastewater and Hydroelectric Facilities, was unanimously approved.

d. Resolution No. 2015-06-75 is a technical services agreement with St. Lawrence County for the former Jones and Laughlin Ore Processing Facility for an amount up to $30,000. The former J&L is a significant location for potential redevelopment due to its adjacency to Benson Mines and proximity to the former Newton Falls Paper Mill. Funds have not been identified to pay for the removal of hazardous materials within the structures and the ultimate demolition of the buildings on site.

Upon a motion by A. MacKinnon, and seconded by F. Carter, Resolution No. 2015-06-75, Technical Services Agreement with St. Lawrence County for Engineering and Redevelopment Planning Assistance for the Former Jones and Laughlin Ore Processing Facility, was unanimously approved.

e. Resolution No. 2015-06-76 authorizes the acceptance of the New York State Energy Research and Development Authority (NYERDA) grant award of $94,000 for funding from the New York Prize Community Grid Competition and authorizes the Executive Director to execute necessary agreements with NYERDA.

Upon a motion by R. Lucas, and seconded by M. Murray, Resolution No. 2015-06-76, Authorizing New York State Energy Research and Development Authority Micro Grid Grant Award, was unanimously approved.

9. Regional Development –

a. Resolution No. 2015-06-77 authorizes applications to be submitted through the New York State Consolidated Funding Application (CFA) Round Five. The deadline for applications to be accepted is July 31, 2015 which is before the August 27, 2015 board meeting. If applications are awarded grant funding, the Authority Board would have the decision of authorizing acceptance of the funds.

Upon a motion by M. Murray, and seconded by A. Calligaris, Resolution No. 2015-06-77, Authorizing Applications to be Submitted Through the New York State Consolidated Funding Application Round Five, was unanimously approved.

b. Resolution No. 2015-06-78 approves a North Country Value Added Agriculture Loan to Golden Technology Management, LLC in the amount of $234,000. The loan is for construction of a greenhouse facility in Sackets Harbor for a term of ten years with annual payments at 3% interest. Golden Technology Management will enter into an agreement with Agbotics, Inc. to lease equipment that will be installed in the greenhouse facility. The equipment will significantly reduce the labor required to grow fresh greens and vegetables for sale in local markets.

Upon a motion by R. Lucas, and seconded by A. MacKinnon, Resolution No. 2015-06-78, Approving a North Country Value Added Agriculture Loan to Golden Technology Management, LLC, was unanimously approved.
c. Resolution No. 2015-06-79 approves a Development Authority Value Added Agriculture Loan to Golden Technology Management, LLC, for an additional amount of $40,000 for a term of five years at 3% interest for the greenhouse project in Sackets Harbor.

Upon a motion by F. Carter, and seconded by A. MacKinnon, Resolution No. 2015-06-79, Approving a Development Authority of the North Country Value Added Agriculture Loan to Golden Technology Management, LLC, was unanimously approved.

d. Resolution No. 2015-06-80 approves a subrecipient agreement between the Development Authority and Jefferson County for Administration of the HOME Program. Jefferson County is the lead agency of the Consortium and is requesting the Authority continue providing support for an additional three year period covering 2015-2017. The agreement authorizes the Authority to assist with administrative services, implementation of the program, and execution of agreements with awardees.

Upon a motion by F. Carter, and seconded by R. Lucas, Resolution No. 2015-06-80, Approving Subrecipient Agreement Between the Development Authority of the North Country and Jefferson County for Administration of the HOME Program, was unanimously approved.

e. Resolution No. 2015-06-81 approves a subordination of additional debt to its loan with MLR Realty for a 40,000 square foot addition to their facility. This will result in creation of an additional 30 jobs over the next five years. The loan is contingent upon a satisfactory appraisal in the amount of approximately $13 million to accommodate a 78% loan to value. MLR Realty will also be borrowing an additional $4,590,000 from Watertown Savings Bank and Empire State Certified Development Corporation.

Upon a motion by M. Murray, and seconded by T. Hefferon, Resolution No. 2015-06-81, Approving Subordination to Additional Debt for Loan to MLR Realty to Facilitate Expansion Project, was unanimously approved.

f. Resolution No. 2015-06-82 approves a line of credit from the Affordable Rental Housing Program to the Neighbors of Watertown for the Homebuyer Program in the amount of $300,000 to provide interim financing until grant proceeds are received. Neighbors of Watertown is the recipient of a recent North Country HOME Consortium grant in the amount of $272,674 to acquire and rehabilitate four single-family homes for sale to income-qualified individuals in Jefferson County. The term of the loan is 24 months at 0% interest.

Upon a motion by R. Lucas, and seconded by F. Carter, Resolution No. 2015-06-82, Approving Line of Credit from Affordable Rental Housing Program to Neighbors of Watertown for Homebuyer Program, was unanimously approved.

g. Resolution No. 2015-06-83 ratifies a loan commitment in the amount of $168,000 from the Regional Tourism Transformational Community Revolving Loan Fund to a new corporation to be formed by Cynthia Sisto to purchase the Snow Ridge Ski Resort located in Turn, New York. The loan is for a term of 120 months at 1% interest.
Upon a motion by R. Lucas, and seconded by M. Murray, Resolution No. 2015-06-83, Ratifying Loan Issued Through Regional Tourism Transformational Community Revolving Loan Fund, was unanimously approved.

h. Resolution No. 2015-06-84 modifies a loan commitment to Cambray Housing Corporation for a loan from the Affordable Rental Housing Program for a term of 30 years at 1% interest. The loan amount is increased from $500,000 to $750,000 due to asbestos removal which increases the project costs by approximately $875,000.

Upon a motion by A. MacKinnon, and seconded by M. Murray, Resolution No. 2015-06-84, Modifying the Loan Commitment to Cambray Housing Corporation for a Loan from the Affordable Rental Housing Program, was unanimously approved.

J. Johnson asked about disposal of asbestos from the building demolition. J. Wright responded the asbestos is hauled to the landfill and disposed of in a segregated area.

i. Resolution No. 2015-06-85 authorizes an agreement with the St. Lawrence County Industrial Development Agency for technical assistance with the Newton Falls Railroad Redevelopment Project for an amount up to $60,000. The Authority will provide engineering and planning services for the redevelopment of the 46.25 mile branch of the Newton Falls Railroad. The Engineering Division and the Regional Development Division will be working jointly on this project.

Upon a motion by F. Carter, and seconded by A. Calligaris, Resolution No. 2015-06-85, Authorizing Executive Director to Enter into an Agreement with the St. Lawrence County Industrial Development Agency for Technical Assistance with Newton Falls Railroad Redevelopment Project, was unanimously approved.

A. MacKinnon stated that he does not support the project but since the decision has been made to proceed, he supports the Development Authority’s involvement and oversight of the project.

10. Executive Session – Upon a motion by F. Carter, and seconded by M. Murray, the Board retired into Executive Session to discuss “matters leading to the appointment, employment…of a particular person or corporation….” Upon reconvening, Chairman Turck stated there was no action taken during Executive Session.

11. Next Meeting – August 27, 2015 at the Solid Waste Management Facility.

12. Upon a motion by A. MacKinnon, and seconded by A. Calligaris, Chairman Turck adjourned the meeting at 12:32 AM.

Respectfully submitted,

[Signature]

Thomas Hefferson
Secretary