MINUTES
PROJECT DEVELOPMENT COMMITTEE MEETING
Tuesday, November 28, 2017 – 10:00 am
State Office Building –Authority Conference Room, 4th Floor
317 Washington Street, Watertown, New York

The Development Authority of the North Country Project Development Committee met in regular session at the State Office Building, Authority Conference Room, 317 Washington Street, Watertown, New York on Tuesday, November 28, 2017 at 10:00 am.

**Committee Members Present**
Alex MacKinnon, Chairman
Thomas Hefferon
Margaret Murray

**Other Board Members Present**

**Staff Present**
Angela Marra, Administrative Associate
Michelle Capone, Director of Regional Development
James Wright, Executive Director

1. Chairman MacKinnon opened the meeting at 10:00 AM and turned the meeting over to M. Capone.

2. Riverview Plaza – draft workout letter

Potential scenarios were discussed at the last meeting. Mr. Mike Treanor has stated he would like to make double payments in order to bring his loan current. M. Capone polled partner lenders, Watertown Local Development Corporation and Jefferson County Industrial Development Agency, and they concurred subject to Mr. Treanor executing a Deed in Lieu of Foreclosure that we would escrow so long as he makes his payments per the letter.

Project Development Committee approval is needed to accept the workout plan.

A. MacKinnion stated that this will be a good test to see if pushing was a good strategy.

   Upon a motion by T. Hefferon, and seconded by M. Murray, the Riverview Plaza workout plan was unanimously approved.

3. Resolution No. 2017-12-XX, Community Rental Housing Program – NDC Program - Neighbors of Watertown, Inc - Renovate 825 Academy Street, Watertown - approves a loan not exceed $200,000 from the Community Rental Housing Program NDC Program to Neighbors of Watertown, Inc. for the renovation of 825 Academy Street, Watertown.
This is considered a Type II Action under the State Environmental Quality Review (SEQRA) and is considered an exempt activity requiring no further action.

If the property is sold to an income qualified affordable household then the interest will be 0%. A. MacKinnon stated asked if we would be losing money on the project. M. Capone replied that we would be repaid from the grants and private mortgage. She would require proof of all funding sources prior to closing on the loan.

Upon a motion by T. Hefferon, and seconded by M. Murray, a loan to Neighbors of Watertown in the amount of $200,000 from the Community Rental Housing Program NDC Program, was unanimously approved.

4. M. Capone provided an update on projects being considered for the NDC program.

In regard to 903 Academy Street, staff was attempting to put an offer on the property, however became aware the need for several variances. The actual lot is too small, as well as insufficient parking. A. MacKinnon asked about it being an existing property within the city, why would there be a variance issue? M. Capone explained that when a property has been vacant for over one year, the city declares it abandoned and it becomes non-conforming with codes. M. Murray also commented on the parking, stating that she drove by to see the property and noticed the lack of parking. M. Capone commented that the sale price had recently dropped from $50,000 to $40,000. T. Hefferon asked what the city will do with it if we do not buy it. J. Wright responded that this is for the city to figure out; we are not going to be the test. M. Capone also stated that the city needs to clearly determine their interpretation of "abandoned", as it does not always mean uninhabited for 1 year. The Committee agreed that we would not pursue this property any longer.

In regard to 831 Academy Street, staff is attempting to make an offer on this property. It is a HUD Foreclosure and is now up for auction online. T. Hefferon asked if we would owe back taxes on this property. A. MacKinnon stated that once a property is foreclosed it is no longer taxable. T. Hefferon asked if our plans would be to revert this back to a one family home, to which M. Capone responded yes. M. Capone also pointed out that there is still an unknown relating to this home until we are able to conduct a hazardous materials assessment to determine the extent of asbestos in the property, if any. Part of this discussion was the concern about who "eats" the difference between renovation costs and the appraised value of the completed home. It was explained by M. Capone that it would be the Authority "eating" this cost. The comment was also made that we aren't doing this for profit, but for the betterment of the city. These are not the type of projects that can break even. The first time the committee met a loss of $20,000-$25,000 was discussed however it was agreed that the subsidy would be determined on a project by project basis. M. Capone further explained that the project only works because of the additional subsidy by the ESPRI grant as well. J. Wright remarked that we cannot look at this like a bank board. We have significant amounts of state money and we need to use it. A. MacKinnon suggested we start the bidding at $5,000. Through discussion it was determined that our maximum bid at this time would be $10,000. Mr. MacKinnon also stated that we shouldn't be looking to get in the practice of buying from private individuals, but stay with the foreclosed properties.
M. Capone remarked that our intention is to get our feet wet here, and then replicate this in other communities.

In regard to 825 Academy Street, the city wishes to proceed with the project. The cost to tear down the structure would be $60,000, however to be torn down it would have to be condemned and the city states the building is too structurally sound to be condemned. They will also have to deal with variances on this project since it has been abandoned for at least 1 year.

5. Resolution No. 2017-12-XX, Loan/Grant Community Rental Housing Program - Rental Redevelopment Housing Program - Clayton Improvement Association LTD(CIA) (Regis Court – Loan Request) authorizes a commitment from the Regional Redevelopment Housing Program within the Community Rental Housing Program of up to $57,000 comprised of a loan in an amount not to exceed $28,500 and a grant in an amount not to exceed $28,500 to Clayton Improvement Association, Ltd at the terms and conditions outlined within the term sheet. This is considered a Type II Action under the State Environmental Quality Review (SEQRA) and is considered an exempt activity requiring no further action.

This is considered an emergency repair request. There are 14 units within this structure. The state is hesitant to give any more money for repairs and would like to see a whole rehab done.

M. Capone disclosed that in 1996, $47,000 was invested in the property when it was rehabbed by the Black River Housing Council. CIA acquired the property when the Black River Housing Council went out of business. The Authority wrote off $18,700 in 2010 when CIA acquired it.

This investment would be for 30 years with monthly payments at 1% interest, which is consistent with the current housing market. The investment will be 50% grant / 50% loan. The CIA will also be investing $3000 as a good faith effort.

A MacKinnon asked if we will be paid out when this becomes a state project. M. Capone responded that will depend on if we are asked to participate in the project or not. M. Capone further stated that the CIA has the money and we are comfortable with them being able to make the payments. While the state program is good, it may have a gap and they may use our funding program.

A MacKinnon also commented that a date needed to be corrected from “2016” to “2015” on the financials portion of the report. Mr. MacKinnon also stated assisting is the best we can do in this scenario.

Upon a motion by M. Murray, and seconded by T. Hefferon, Regis Court grant/loan request, was unanimously approved.
6. Review Loan Reports as of October 31, 2017

Seeing that the committee has gathered, M. Capone thought it best use of time to review the loan reports. These reports are reviewed internally on a monthly basis, by Ms. Capone.

A MacKinnon commented that several of the housing loans never seem to be paid off. M. Capone replied that just recently the Brighton and Olympic projects were refinanced by Neighbors of Watertown and our loans were paid off. Mr. MacKinnon asked about the NYS Housing Trust Fund Loan with Carthage Apartments. M. Capone noted that this is a pass-thru loan whereby we collect the interest and send it to NYS HTF annually. A MacKinnon asked if this amount shows up in our books. Ms. Capone stated that she believes these are under liabilities, but she will check with the comptroller before the next meeting.

M. Capone mentioned that it might be time to take Habitat for Humanity off the commitment list. They were allotted funds in 2013, but have yet to use it. The committee agreed.

A MacKinnon asked about the COR project listed under the Community Rental Housing Program. M. Capone responded that it was modified by the Board four months ago. COR is going to make monthly principle and interest payments. A. Mackinnon commented that there seemed to be an abundance of rental housing. M. Capone replied that the new housing brought quality to a previously poor housing market.

In regard to the Community Development Loan Fund, M. Capone noted that Carthage Specialty Paper is currently in deferral and working thru their options but our being paid is highly doubtful.

A MacKinnon asked how many people in Regional Development work on managing the loan portfolio. M. Capone replied there are three; Matt Siver, Matt Taylor and Dawn Caccavo. To help simplify processing, we also use payment coupons with a onetime processing as well as PIDC Subsidiary Ledger to manage all of the loans. We currently have 258 loans thru PIDC.

7. The meeting was adjourned at 11:05 AM.

Respectfully submitted,

[Signature]

Alex MacKinnon
Chairman, Project Development Committee

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