

MINUTES
BOARD OF DIRECTORS MEETING
Friday, June 26, 2020 – 10:00 AM
State Office Building – Conference Room 100, 1st Floor
Zoom Conference Call/Teleconference
317 Washington Street, Watertown, New York

The Development Authority of the North Country Board of Directors met in regular session at the State Office Building, 1st Floor Conference Room, 317 Washington Street, Watertown, New York on Friday, June 26, 2020 at 10:00 am.

Members Present

Voting

Frederick Carter, Chairman
Margaret Murry
Thomas Hefferon
Dennis Mastascusa
Alfred Calligaris
John Johnson Jr.
Alex MacKinnon
Gary Turck

Non-Voting

Mary Doheny
James Hollenbeck
Stephen Hunt
Brian McGrath

Members Absent

Staff Present:

Carl Farone, Interim Executive Director
Michelle Capone, Director, Regional Development Division
Laurie Marr, Director of Communications and Public Affairs
Brian Nutting, Manager, Water Quality Division
Patricia Pastella, Manager, Materials Management Division
Jennifer Staples, Director of Administration
Carrie Tuttle, Director, Engineering and Environmental Division
David Wolf, Director, Telecommunications Division
Angela Marra, Executive Assistant

Guests:

Jennifer Granzow, Counsel, Wladis Law Firm
Terrence Phillips, Bonadio Group
Michael Sims, Bonadio Group
Cyril Mouaikel, RBC
John Neuber, RBC

This meeting was conducted in person and as a teleconference meeting with several members of the Board in attendance via teleconferencing. The meeting was also live streamed from the State Office Building. The meeting itself, due to the Corona Virus emergency restrictions, had no public access, but was accessible through the Authority website through live streaming. This meeting is in compliance with Governor Cuomo's Executive Order.

During this meeting, because it was done in part telephonically, it was asked that when speaking to please state your name so you can be identified appropriately in the minutes. Within the Board Packet, whether in front of you or on the screen, the pages have been numbered. As the resolutions are reviewed, the page number will be stated as well. Lastly, as with the previous Board Meeting, there are no committee meetings being held resulting in each resolution being reviewed by the whole Board.

1. Chairman Carter called the meeting to order at 10:00 AM.
2. Chairman Carter requested a roll call by A. Marra.
 - All Board Members were present, except for M. Doheny.
 - A quorum of voting members and non-voting members was established.
3. Privilege of the Floor was offered.
4. Upon a motion by T. Hefferon, and seconded by A. Calligaris, the minutes from the May 28, 2020 Board Meeting, were unanimously approved.
5. Chairman's Report

F. Carter asked for a report from the Search Committee Chairman, T. Hefferon. He reported that approximately 20 resumes had been received, with quite a few qualified candidates. The Search Committee will be meeting in Executive Session following the Board meeting to review the candidates and choose those to be interviewed by the Search Committee, as well as putting together a list of interview questions for each candidate.

B. McGrath asked regarding the 20 applicants, if T. Hefferon could loosely describe if the applicants contained any sort of diversity by gender, race, sexual orientation, or LGBTQ. T. Hefferon responded that from the applications there is male and female diversity. J. Granzow also stated that there is racial diversity as well. T. Hefferon stated that obviously we would not ask about their orientation. J. Granzow stated that she had googled the applicants.

M. Doheny arrived at 10:02 AM.

6. Investment Report - Independent Audit –

C. Mouaikel, the Authority's investment advisor, and John Neuber from RBC Wealth Management presented the 2020 Investment Report. C. Mouaikel began by refreshing the Board's memory on how they operate. Every month they review in terms of what is cash in the account, and then they report to C. Farone and J. Wright for approval, who then give instructions. Once we (RBC) have our instructions, we invest the money for you. Each investment that we make from the state has to be equivalent to the federal government insured. Unfortunately over the year there has not been a great deal of stability to project this. Once they have this report, they present it to Mr. Farone for his approval and then we go to the market and get these

instruments, until the next month. RBC does not try to decide what would be the best positioning. This report is monitored on a monthly basis by RBC and Mr. Farone to make sure that we have communication on the FDIC insureds. These can all go the other way during a recession too. Over the years they have been trying to invest in only FDIC insured, which right now represents probably 90% of the portfolio. They have been with the treasury right now. If you were to look back to March 31, 2019 when the treasury was at 2.41%, this might have caused the question of why didn't you buy up? Of course there was no way to know that one year later it would be at 0.75%. These fluctuations are why we do not play this very dangerous game, especially for a client. This is more project driven. Done very well with market value adjustments over the last two years. There will always be these market fluctuations but at the end of the day preservation of principle is our primary goal.

A. MacKinnon asked if there was a volume adjustment as this portion was difficult to hear. There was no volume adjustment, and B. McGrath commented that others on Zoom were able to hear perfectly fine.

C. Mouaikel continued with the numbers stating everything was based on actual and project driven. The average maturity on the portfolio right now is under two years, and as far as the FDIC insured represents about 90% of the portfolio right now because you do not need to have the market value adjusted. When you look at what you've made from investments, the overall picture of about \$1,789,000 over the year. If you sell them you will make money on them right now, but that is not your intention. We do not trade in this account as it is a cash flow driven situation. If you were to look at each of your accounts, some of them have done a bit better than others because the bonds that are a little bit longer.

With no questions or comments from the Board, C. Mouaikel and J. Nuber left the meeting at 10:13 AM.

T. Phillips and M. Sims from the Bonadio Group will present the Independent Audit. C. Farone stated that the Audit committee has thoroughly reviewed the audit for the fiscal year ending 2020 and is now recommending it to the Board for their approval.

T. Phillips stated that they were on site prior to the pandemic in January and were able to begin the audit. The audit was continued electronically in May. To process this, they needed secure access to the Authority network, where the auditors felt the Authority network security was greatly improved if not better than their own.

In regards to the audit there were no findings, and the auditors will be issuing a clean opinion following the session today with the full Board. T. Phillips stated that as was discussed with the Audit Committee last week, this was a very strong year. There were things that will be coming up over the next two years that were discussed with the Audit Committee, however nothing significant to the Authority. There was one entry for post-employment benefits related to Authority functions resulting in a minor adjustment. The auditors wanted to make sure the Board was aware that there were notes related to the pandemic, and this is also listed as a footnotes under number 8.

The financial statement is showing who in the auditor's opinion is responsible. From this process the desired end result is a clean opinion. To summarize the review, this year the auditors returned to a two year presentation as opposed to the prior year. Overall the Authority finances appear very strong, with not many changes. Revenue has decreased at the Material's Management Center due to a reduced number of construction projects taking place resulting in less construction waste. With the decrease in construction projects it seems to have come back

to a more normal utilization. There were also no findings issued on Internal Controls resulting in a clean opinion there as well.

M. Sims presented two additional reports to review the revenue and expenses. This resulted in an unmodified report with a clean opinion due to there being no issues.

B. McGrath stated that during the Audit Committee meeting he asked the usual questions to Mike and Terry and was very impressed by the job they did under the circumstances and believe that this report reflects very well on the organization. B. McGrath further stated that he appreciates the efforts of the auditors to get this done given the situation we are in.

- a. Resolution No. 2020-06-78, accepting the Audited Financial Statements, Single Audit, Agreed Upon Procedures, and Report on Investments, as of and for the year ended March 31, 2020.

Upon a motion by A. Calligaris, and seconded by M. Murray, Resolution No. 2020-06-78, Approving Audited Financial Statements, Single Audit, Agreed Upon Procedures, and Report on Investments for Fiscal Year Ending March 31, 2020, was unanimously approved.

T. Phillips and M. Sims left the meeting at 10:24.

7. Executive Session – Real Estate / Legal

Upon a motion by A. Calligaris, and seconded by T. Hefferon, the meeting moved into Executive Session at 10:25 AM.

C. Farone requested M. Capone and L. Marr be allowed to stay in the room for the Executive Session as they are part of the project being discussed. F. Carter agreed.

Upon a motion by T. Hefferon, and seconded by A. Calligaris, the meeting moved out of Executive Session at 10:51 AM.

No action was taken during the Executive Session.

- b. Resolution No. 2020-06-79, approves the assessment of the Effectiveness of Internal Controls of the Development Authority of the North Country, for the fiscal year 2020.

A. MacKinnon commented that he has been involved with the committee and they have always been excellent. He further stated he was impressed by the last page of the audit which essentially states nothing is wrong and that is really unique in the audits he has been involved with for other organizations. A. MacKinnon stated that there always seems to be a list of things that are wrong except for the Development Authority, and he would like credit to be given to the people on the team that make that happen, especially with the complexities of the things that the Development Authority does that could make this difficult. He further stated he is very pleased and very impressed by this.

Upon a motion by A. MacKinnon, and seconded by A. Calligaris, Resolution No. 2020-06-79, Approving the Assessment of the Effectiveness of Internal Controls of the Development Authority of the North Country for Fiscal Year 2020, was unanimously approved.

- c. Resolution No. 2020-06-80, approves the Annual Bond Sales Report for the fiscal year ending March 31, 2020, which is attached and incorporated in this Resolution.

Upon a motion by A. Calligaris, and seconded by M. Murray, Resolution No. 2020-06-80, Approving Annual Bond Sales Report for Fiscal Year Ending March 31, 2020, was unanimously approved.

8. Engineering –

- a. Resolution No. 2020-06-81 approves the GIS Services Agreement by and between the Authority and the Town of Clayton. The Executive Director is authorized and directed to execute said Agreement.

Upon a motion by G. Turck, and seconded by D. Mastascusa, Resolution No. 2020-06-81, Authorizing GIS Hosting Agreement, Town of Clayton, was unanimously approved.

- b. Resolution No. 2020-06-82, approves the Technical Services Agreement by and between the Authority and the Town of Morristown. The Executive Director is authorized and directed to execute said Agreement.

Upon a motion by D. Mastascusa, and seconded by M. Murray, Resolution No. 2002-06-82, Approving Technical Services Agreement, Town of Morristown, Water/Sewer Rate Analysis, was unanimously approved.

9. Regional Development –

- a. Resolution No. 2020-06-83, approving Stefano Magro, or a new corporation to be formed by Mr. Magro, to assume the Rider of the Regulatory Agreement on 256-262 State Street, Carthage, New York, and further authorizes the Executive Director or Deputy Director/ CFO to execute all necessary documentation.

Upon a motion by D. Mastascusa, and seconded by M. Murray, Resolution No. 2020-06-83, Low Income Housing Tax Credit Program, Carthage Development Group Limited Partnership, Assumption of Regulatory Agreement, was unanimously approved.

- b. Resolution No. 2020-06-84, approves the loan modification for the MCM Development Malone LLC to allow a co-proportional first mortgage with a private investor in an amount not to exceed \$2.6 million. This resolution further authorizes the Executive Director or Deputy Director/CFO to execute all necessary documentation.

Upon a motion by A. Calligaris, and seconded by A. MacKinnon, Resolution No. 2020-06-84, North Country Redevelopment Loan Fund, MCM Development Malone, LLC, Loan Modification, was unanimously approved.

10. Telecommunications -

a. Resolution No. 2020-06-85, authorizes the Executive Director to create a \$125,000 pass-thru account for the sole purpose of paying make ready costs associated with NYSEG pole attachment and associated reimbursement.

Upon a motion by G. Turck, and seconded by A. MacKinnon Resolution No. 2020-06-85, Telecommunication, Utility Pole Make Ready Pass Thru Account, was unanimously approved.

11. Water Quality –

a. Resolution No. 2020-06-86, authorizes the Executive Director to enter into an Operations and Maintenance Service Agreement with the Thousand Islands Bridge Authority. This resolution further authorizes the Executive Director to execute the required and necessary agreements.

C. Farone further explained that the TIBA approached the Authority for assistance. In the past, the TIBA has not been in compliance because they did not have two licensed operators for both the water and sewer operations. By utilizing the Authority they would be in compliance.

Upon a motion by D. Mastascusa, and seconded by M. Murray, Resolution No. 2020-06-86, Operations and Maintenance Service Agreement, Thousand Islands Bridge Authority, Water and Wastewater Facilities, was unanimously approved.

12. Additional Resolutions –

a. Resolution No. 2020-06-87, authorizes the Executive Director or Deputy Director/CFO to execute the Memorandum of Understanding between the Development Authority of the North Country and Fort Drum for community planning coordination and communications through the Authority's Community Planner position.

M. Capone shared that just recently they had been able to work with the Fort Drum Garrison and Senator Ritchie's office to be able to get a letter from the New York State Energy and Resource Development Authority, NYSERDA, acknowledging Fort Drum as a participant in the Article 23 program which replaced the Article 10 program for large scale renewable energy projects.

Upon a motion by D. Mastascusa, and seconded by M. Murray, Resolution No. 2020-06-87, Memorandum of Understanding, Fort Drum, Community Planning Coordination and Communication, was unanimously approved.

b. Resolution No. 2020-06-88, authorizes the Executive Director of the Development Authority of the North Country to enter into a revenue share agreement with Lake Placid Fiber. Such agreement will be limited to the Wesvalley and McKinley Road area of Lake Placid, with further expansion allowed upon agreement of both parties and formalized in an exhibit to the agreement.

C. Farone stated that this is the Telecommunications Division being creative to assist with providing last mile services to rural areas. COVID has wreaked havoc on many businesses and students, showing telecommunications to be more critical now than ever. The

Development Authority has fiber optic facilities in Lake Placid that are currently underutilized. One of the strategies the Authority has used in the past is allowing service providers to ability to use their fiber infrastructure through a revenue share agreement. This will allow a small start-up business the ability to pay as they go, when they reach a certain size they will buy a circuit from the Authority because it will be less expensive. This is a good way for them to get their foot in the door to begin providing services in the rural area, while keeping the Authority from having to build to each household. Lake Placid Fiber LLC has approached the Authority to ask how they could utilize the Authority's system, at which point D. Wolf suggested to them a revenue share agreement.

Upon a motion by A. Calligaris, and seconded by A. MacKinnon, Resolution No. 2020-06-88, Revenue Share Agreement, Lake Placid Fiber LLC, was unanimously approved.

13. Executive Directors Report – presented by C. Farone

a. Annual Report -

Included in this year's report are many photos showing the Authority's accomplishments throughout the year. There are sections that discuss all the different divisions, and then the end reiterates the Authority's financial position, and reviews the assets and liabilities. There is a full audit report available on the Authority website. This report is required to be submitted through the Public Authority Reporting Information System (PARIS) and will be filed today.

b. Finance Report –

The audit report through March has just been completed. This financial report reflects information through April 30th. On the Statement of Net Position, the balance sheet is relatively unchanged. We continue to monitor accounts receivable each week to ensure we are being paid. We also continue to evaluate our revenues and expenditures. Revenue, from a Materials Management perspective, is down. This is a result of tonnage being down 2,000 tons in April, and another 2,000 tons in May. This is being attributed to COVID, and we are already seeing an uptick in June. All division managers have been asked to take a look at expenditures for items where money could be saved. Many of the municipalities will be struggling, and whatever can be done to reduce the Authority's cost to help them save money would be a worthwhile effort.

c. Corona Virus Update –

In March 75% of the Authority workforce began working from home. Many of these staff are actually working from their vehicles, such as Water Quality. This past Monday 19 staff members were brought back into the workforce. Prior to doing this, Human Resources had written COVID Guidance. 100% of the staff was trained prior to returning to work. The message has been the slower the better, and if people are able to work effectively from home then they can stay home and work from there. So far, from a staff perspective things are going very well. Staff are wearing their masks and taking this all seriously. The Authority continues to instill that this is serious and we need to protect ourselves because we are a critical entity providing necessary services, and needing staff to do that.

d. Water Quality

Army Water Line Disinfection Byproducts – This was a project authorized by the Board last year. The Water Quality staff had the equipment installed, and was fully operational in June. Through an aerator in the tank, THMs are turned into a mist and pushed through a blower which blows all the misted THMs out of the tank. This tank was cleaned five or six months ago when it was installed, but when it was turned on the sediment in the bottom stirred up, causing the turbidity of the water to become so high that the mixer needed to be turned off. Someone has been scheduled for July 21st to dive into the tank and clean it again. Ft. Drum said they have never seen anything like this, with the water sitting for just a short period of time could cause the turbidity to be so high. The Authority has talked with the City, as well as Authority Engineers, confirming this to be an anomaly. Had it not been for COVID, this all would have been installed in a timely manner and this would not have been an issue. Currently the mixer has been turned off and the water is flowing perfectly to Fort Drum. Following the cleaning, this system should be operational in July.

e. Telecom

The Authority had received a letter from the NYSDOT rejecting a letter that J. Wright had sent them requesting that the \$1.6 million in fees on telecom be waived. In April NYSDOT said they would not waive these fees, and they would stand as is. After working with J. Granzow and D. Wolf, C. Farone sent a letter back to DOT requesting a meeting. C. Farone has also spoken with Senator Ritchie's office, who have also contacted DOT as well. C. Farone also contacted Assemblyman Walczyk who has agreed to work with the Authority on the Authority's behalf as well. If the Authority is required to pay this fee it is going to have a substantial impact on our ability to build out additional telecommunications capability in rural areas. By the end of the month, C. Farone will be following up with DOT to see if a meeting can be scheduled. This is not a tax, but rather a usage fee. If certain state grant money was used, there should be no fee. The point being made is that the Authority is a New York State Public Benefit Corporation, and the State put a lot of money into this system as well as the federal government. Being located in a rural area, this money is needed to complete such a project.

Upon a motion by T. Hefferon, and seconded by A. MacKinnon, the acceptance of the Executive Director's Report for the month ending Thursday, April 30, 2020, was unanimously approved.

14. Loan Report –

M. Capone reported that all loans within the portfolio are paid.

Eastern Resort Management (Snow Ridge) is paid current, and actually paid through July.

M. Capone gave an update on the Thompson Park Zoo stating she spoke with Larry their director. The Zoo planned to open the next day as part of Phase IV. They did receive Payroll Protection Program funding, and they also decided to accept the funds from the Small Business Administration which is \$150,000 for 30 years. They have also released a 2020 calendar of events, starting with a comedy fundraiser on June 19th,

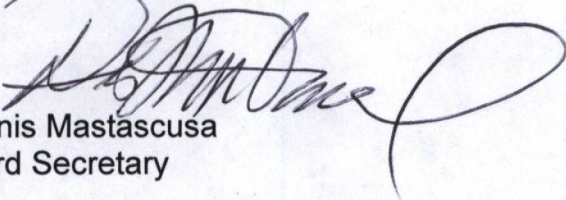
which they reported went very well. There is also a new online program for children. With everything the new director has planned M. Capone stated she is very optimistic.

M. Murray also added that it should be beneficial that it is local and people are not traveling. M. Capone concurred by saying this year's tourist season more people aren't driving places and with the Governor's new proposal on the quarantine for people leaving the state or coming back into the state, more will be stay-cationing.

F. Carter commented prior to the motion to adjourn, that there is still going to be something done for Jim (Wright) as soon as the virus situation calms down.

15. Upon a motion by A. Calligaris, and seconded by M. Murray, the meeting was adjourned at 11:15 AM.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Dennis Mastascusa", with a large, stylized flourish extending to the right.

Dennis Mastascusa
Board Secretary