



MINUTES
BOARD OF DIRECTORS MEETING
Thursday, December 19, 2024 – 10:30 AM
Warneck Pump Station
James W. Wright Conference Room
23557 NYS Rt. 37, Watertown, New York

The Development Authority of the North Country Board of Directors met in regular session in person and via Zoom Videoconference at the Warneck Pump Station, 23557 NYS Rt. 37, Watertown, New York on Thursday, December 19, 2024 at 10:30 AM.

Members Present

Voting

Margaret Murray, Chairperson
Mary Doheny *
Alex MacKinnon
Dennis Mastascusa
Kenneth Bibbins
Mark Hall
Thomas Hefferon

Non-Voting

Steve Hunt
Brian McGrath *

Members Absent

Eric Virkler
Nancy Henry

*Attended via videoconferencing.

Staff Present:

Carl Farone, Executive Director
Jennifer Staples, Chief Financial Officer
Carrie Tuttle, Chief Operating Officer
Stephen Bohmer, Director of Information Technology
Dawn Caccavo, Comptroller
Michelle Capone, Director of Regional Development
Jacqueline LeClair, Assistant Director of Telecommunications
Laurie Marr, Director of Communications and Public Affairs
Brian Nutting, Director of Water Quality
Shawn Thornton, Director of Materials Management
Angela Marra, Executive Assistant
Tonya Watson, Administrative Associate
Ben Cruz, Next Move NY- Program Administrator

Guests:

Jennifer Granzow, Counsel, Wladis Law Firm

1. Chairperson Murray called the meeting to order at 10:37 AM.

2. Chairperson Murray requested a roll call.
 - A quorum of voting and non-voting members was established.
3. Privilege of the Floor -
4. Chairperson's Report
 - a. Reminder to the Board that the Finance Committee will meet on Thursday, February 13, 2025 at 10:30 AM in the James W. Wright Conference Room at Warneck to review the preliminary budget for Fiscal Year 2026. All Authority Board members are encouraged to attend.
 - b. The next scheduled Board Meeting is Thursday, February 27, 2025 at 10:30 AM, also in the James W. Wright Conference Room at Warneck.
 - c. Extended wishes for a safe and happy holiday season.
5. Upon a motion by T. Hefferon and seconded by M. Hall, the minutes from the October 24, 2024 Board Meeting, were unanimously approved.
6. Executive Director's Report –
 - a. C. Farone introduced Ben Cruz, our Next Move Program Administrator who will be working to help transition soldiers into the workforce, with emphasis on trying to keep our transitioning soldiers and spouses in the North Country. B. Cruz continued with a personal introduction of how his life has brought him to this position, which he feels to be a perfect fit. He is looking forward to driving this investment forward in the North Country and making our world a better place.
 - b. Carbon Credit Sale:

C. Farone reported that we completed the sale of 208,691 Climate Reserve Tons for the period of 2021 to 2022 in the amount of \$866,067.65. These funds have been received and staff has commenced the 2023 verification process.
 - c. Water Quality Contracts:

C. Farone stated that following the Board's authorization in October; the agreement with the Village of Malone has been executed and the Authority will begin providing additional services on January 1, 2025. 3 of the 4 positions were filled by Village of Malone staff, and the remaining vacancy was filled on Wednesday of this week with the new hire processing being completed today. The Authority also entered into a contract with the Town of Lousiville to operate and maintain the Town's water facilities. The Authority is prepared to begin operation of this facility on January 1, 2025.
 - d. TELECOM – Hospital Networks:

C. Farone shared that there have been delays in receiving federal reimbursement for telecommunications services provided to two telemedicine networks in Northern New York that provide essential connectivity between

multiple rural health facilities (ACTION & NCTP). Approximately \$785,000 is owed to the Authority for services provided between July 2018 and June 2022. Payment has been held up primarily due to paperwork issues. FDRHPO has been working to file multiple appeals for payment with USAC and the FCC. On November 25th, L. Marr, D. Wolf and C. Farone met with staff from Senator Schumer's office to request assistance. C. Farone received notice from Senator Schumer's office on December 12th that the FCC will be issuing an order to pay in excess of \$673,000 for these provided services. However, they will deny the waiver for the remaining sites, amounting to roughly \$112,000. The FCC stated that while the remaining sites were once eligible under the Rural Health Care Pilot Program, they do not meet eligibility guidelines for the Healthcare Connect Fund Order. Authority staff are in the process of reconciling our information with that of the FCC Order for the balance due. D. Wolf is working to find out which sites are not being collected on to see about getting something for the services already provided.

e. City of Watertown Disinfection Byproducts – Update

C. Farone reported that the City of Watertown and the Authority continue to work together to move the Disinfection Byproducts Capital Project forward. The goal is to complete this major project with a long-term solution to provide potable water within regulatory limits, but still remain cost effective. This resulted in slowing the project down to ensure the city has time to apply for funding. DCIP, if approved, could offer up to \$20 million. There is an additional Intermunicipal Grant (IMG) where the City could be eligible for up to 40% of the budgeted costs, but construction cannot begin prior to the funding being awarded. These delays could push the project completion from 2027 to 2028. The City has also requested an extension from the EPA; however, they have not yet received an approval. We do expect 90% of the engineering to be completed in January.

f. EPA Administrative Order –

C. Farone stated that we have replied to the EPA's administrative order, and they have responded with comments but substantially agreed with everything we provided. They did make a change regarding petroleum contaminated soil. Originally, they provided us with a letter that this was non-degradable but the new order states they have changed the language to say it is degradable. C. Farone and C. Tuttle are meeting with the environmental council to discuss this because we feel it is important to understand why this change was made. We have not yet signed the order of consent because we are still working with the EPA.

A. MacKinnon asked what degradable versus non-degradable is going to mean. C. Tuttle explained that part of our Title 5 permit requires us to calculate how much non-methane organic material is generated from the landfill. This is done by taking samples, running the model, and calculating the actual concentration. This projects how much NMOC material we are going to produce, which also affects greenhouse gas emissions. There is a limit of 34 megagrams per year, and if you go over this limit there are many more steps that need to be taken. Presently we don't need to do these steps because we are under this limit. The EPA seems to be more critical of the landfills that are close to the limit, in an effort to get them over the limit because this would give

them an increased ability to regulate these facilities and make them complete more tasks and reporting. The Authority's landfill is at about 15 megagrams and the amount of petroleum contaminated soil we typically take in won't put us anywhere near the 34 megagrams limit, but it will put us closer. Because we are so conservative, complicated assumptions, modeling, and testing will increase our amount. We feel this is inaccurate because we are now being required to count all of our C&D degradable waste, which in turn makes us count all of our petroleum contaminated soil. There is a small amount of petroleum material in petroleum contaminated soil, but it is now being assumed that 100% is now degradable. The EPA seems to be conservatively overestimating the amount of material we are producing in an effort to push us into a greater compliance level. This seems to be more of a matter of principle for what they are doing rather than being technically accurate. If we sign, we are conceding that we agree with the rationale that they are proposing and this will become part of our permit. We would like to have additional clarification on the ambiguity that exists in the legislation and is included in that request.

A. MacKinnon asked if petroleum doesn't eventually degrade. C. Tuttle responded that it does, but only a fraction and this is what we are looking at.

M. Hall asked if this is calculated by weight. C. Tuttle responded yes; it is calculated by tons. She further explained that petroleum contaminated soil is beneficial to the landfill and used as daily cover. There cannot be any free liquid in it, and the majority of the material we receive is non-degradable, but the EPA is now saying we have to count 100% as degradable which overestimates the NMOC being emitted from our landfill. This could discourage all landfills from taking petroleum contaminated soil which will cause a bigger issue for people who have petroleum contaminated soil.

M. Hall asked if historically, are we bringing in less every year because 25 years ago regulations moved to double wall tanks in an attempt to eliminate many of these problems. C. Tuttle explained it is very much project driven, such as the Route 81 project that is going to generate hundreds of thousands of tons of petroleum contaminated soil. In reviewing the last three years it has ranged from 10,000 tons to 25,000 tons. K. Bibbins commented that you can't rely on trends because an outlier year can have a huge difference from what the trend is and it can be based on one crash. Petroleum contamination is not only generated by projects, but can also be caused by vehicle crashes and mistakes at facilities. A. MacKinnon commented that when a tanker truck rolls over and drops its entire load in a ditch it takes a great deal of time to degrade in nature.

T. Hefferon stated that it depends on how far it spreads over an area, if it is placed all in one area it could be more toxic. C. Tuttle responded that it doesn't work that way because of the way they do the calculations. The calculations take all waste by category; C&D, MSW, asbestos, and you further categorize as degradable or non-degradable. The cover material on the landfill is then reviewed based on how much is closed, how much is open, and how much is intermediate cover. This information is then put into a modeling program along with the concentration information. The model, using all these different factors, then projects based on a model rather than a measured number. They are

continually trying to make this more and more conservative, which is overestimating the amount of emissions that are actually being generated.

M. Hall commented that the level of contamination will be different every time.

K. Bibbins commented that this is a poor decision based on one regulator that is part of a bigger industry. There are many stakeholders in the waste industry that provide value in the process and they're taking all the bad parts of this process to gain their own interest, and it is going to come at a cost of the other stakeholders in making their mission harder. He further stated that because this is an order, there should be an opportunity for us to be on record with our own position that the environmental attorney allows it. He concluded by stating that if the Authority has no choice but to sign, we need to make sure our beliefs are on record as well.

g. Staff Updates:

C. Farone shared the following staff achievements:

N. Thomas has been promoted to Outside Plant Engineer II.

L. Garrand has been promoted to Water Quality Supervisor.

T. Watson earned her Notary Public designation.

J. Phelps has been elected to the board of directors of the New York State Association for Reduction, Reuse & Recycling.

7. Finance –

- a. J. Staples presented the October financials, beginning with the Statement of Net Position which reflects the change from fiscal year 2024 against October year-to-date. The change between assets and total liabilities, deferred outflows and net position is an increase of \$2.4 million. There are no significant changes to assets, but Accounts Receivable did increase by \$1 million over FYE 24. Other than the outstanding amount from USAC, as mentioned in C. Farone's Executive Director report, there are no significant past due concerns. Loan receivables increased by \$2 million as Regional Development continues loaning funds. Investments decreased by \$1.5 million as we spend on capital projects, which is why we see an overall increase in the capital asset line of \$1.4 million.

Under Liabilities, long term liabilities increased \$2.2 million as we continue to draw funds for the Army Sewer Line rehabilitation project. Also, the Board designated landfill gas reserve, has been reduced year-to-date by \$1.3 million. We do continue to draw this reserve to zero in funding the capital project, which includes adding more gas extraction wells to Phase I of the Landfill, tying in the Southern expansion to the existing collection system, and replacing the flare. Once this reserve is drawn down to zero, the balance of the funding for this project will come out of the replacement reserve.

J. Staples continued by reviewing the Total Operating Revenue, which is running lower than the year-to-date budget by \$2.9 million. Grant revenue is the largest category under budget by \$2.4 million. As of the end of October, Telecom has received \$136,000 in revenue from the NTIA Grant. Another draw for the NTIA funds will happen shortly for just under \$1.3 million. The year-to-date budget for Telecom Grant Revenue is \$1.4 million, and we will be much closer once the

next draw is made. Also under the Army Waterline, we have a year-end budget of \$5 million in grant revenue associated with the Army Water Line pipeline replacement project. We don't expect to recognize this grant revenue until which time we turn the short-term EFC financing into a long-term loan, which is currently being reviewed as the Water Line replacement project nears completion. We do still expect to receive that \$5 million before the end of FY25. Other Income is under budget by \$669,000, all of which is associated with Carbon Credit Revenue. As C. Farone mentioned, we did receive approval from the Climate Action Reserve (CAR) for the 2021 and 2022 sale of Carbon Credits and we did receive the funds in December so that will be reflected in the December financials.

MMF Tonnage for October year-to-date was projected at 139,268 tons, and the actual tonnage received year-to-date was 145,453, which is slightly over budget by 4.4%.

Overall Operating Expenses are under budget by \$715,000, mainly associated with operating and maintenance expenses and professional fees. Under Operating and Maintenance Expenses, MMF is under budget by \$164,000, mainly associated with fuel expense. The fuel budget assumed two working phases would be operating at the same time; however, the landfill is only running one phase at a time reducing the fuel needed for equipment. Professional fees under MMF are under budget by \$154,000, of which \$135,000 is associated with carbon credit expense. We started to see the expenses for the carbon credits as we start the 2023 verification process. We will also see a payment in December to our consultant for the continued assistance with this process. Please note that the consultant only gets paid when we settle the credits.

Under Non-Operating Revenue and Expense, Total Non-Operating Revenue and Expense is over budget by \$1.2 million, Total Interest Income is over budget by \$1.2 million, Actual Interest Income year-to-date is \$1.8 million and Market Adjustment is a positive \$774,000, adding up to the October year-to-date interest income of \$2.6 million. Market Adjustments are not a realized gain or loss unless we pull the money out of the investment early.

To summarize, the Change in Net Position shows a gain of \$9,000 versus a year-to-date budget gain of \$1 million, with the discrepancy mainly related to budgeted grant revenue which is still expected to be received in FY 25.

B. McGrath stated that these are some of the larger variances seen in his time on the Board. He asked if there were any changes that needed to be made going into FY26 budget to address these larger variances. Jennifer stated that the FY26 budget process is underway and all items will be reviewed to determine what adjustments should be made. She also stated that some of the larger variances are waiting for costs to come in, which will reduce the actual to budget gap being seen in the October financials. He further asked about the interest income gap given that interest rates are up. M. Capone explained the loan interest income is the interest earned on the cashflow loans we have. She further explained that the Authority has approximately seven loans that are cash flow based so the interest is due and will accrue on December 31st. This is a significant amount and will be reflected on the December financial statements.

Upon a motion by K. Bibbins, and seconded by D. Mastascusa, financials ending October 31, 2024, were unanimously approved.

- b. Resolution No. 2024-12-82, authorizes and directs the Chief Financial Officer to submit the PARIS five-year budget and financial plan for FYE 2026 as attached hereto and shall direct said plan to be posted to the Authority's website.

J. Staples reviewed this report in detail and explained that this is not the budget for Fiscal Year 2026, it is not authorizing the expenditure of funds, and that approving this resolution only authorizes finance to submit this report to the New York State Authorities Budget Office as our best guess at a five-year projection based on the information we have today. She further explained the process of assembling this report, that the numbers will not tie back to the P& L, and that the form is an agreed upon format from the ABO. She continued by reviewing the first page to provide more detail on the larger changes seen year to year.

M. Hall asked how many years this has been done. C. Farone responded that this year will be 20 years.

M. Hall further asked how we do with our estimates. J. Staples replied that we are fairly close, that we can see where we are going to be for Fiscal Year 25 and we have a great deal of detail for Fiscal Year 26. When you get out further than that, it becomes more difficult to predict, but she confirmed she is comfortable with the numbers reflected within this report.

Upon a motion by M. Hall and seconded by K. Bibbins, Resolution No. 2024-12-82, Public Authorities Reporting Information System (PARIS), Five Year Budget and Financial Plan for FYE 2026, Annual Submission, was unanimously approved.

8. Technical Services Summary Report –

a. Non-Lewis County Contracts –

- I. Clarkson University, TSA, NBRC Grant Administration, Total Agreement Amount of \$8,250.00, 11/14/24 – 8/30/25, St. Lawrence County
- II. Village of Heuvelton, TSA, Amendment 1 – CCTV, Total Agreement Amount of \$18,440.00, 11/15/24 – 6/01/25, St. Lawrence County
- III. Town of Henderson, TSA, Planning and Development of New Sewer District 1, Total Agreement Amount of \$15,000.00, 11/13/24 – 12/31/25, Jefferson County
- IV. Town of Lawrence, TSA, Sewer District No. 1 Wastewater Treatment Plant Improvement Project, Total Agreement Amount \$7,500.00, 12/01/24 – 12/01/25, St. Lawrence County
- V. City of Ogdensburg, TSA, Asset Management Plan for Public Works, Fire and Police Department, Total Agreement Amount \$32,000.00, 1/01/25 – 8/30/25, St. Lawrence County

- VI. Jefferson County, O&M, Operations and Maintenance Service Agreement (Renewal of 5-year contract since 2005), Total Agreement Amount \$44,700.00, 1/01/2025 – 12/31/2029, Jefferson County
- VII. Rt. 3 Sewer Facilities Board of Commissioners, O&M, Operations/Maintenance & Administration Service Agreement (Renewal of annual contract started in 2004), Total Agreement Amount \$114,345.00, 1/1/2025 – 12/31/2025, Jefferson County
- VIII. Town of Diana, O&M, Operations and Maintenance Service Agreement (Renewal of annual 5-year contract), Total Agreement Amount \$167,413.00, 1/1/2025 – 12/31/2029, Lewis County
- IX. Town of Henderson, TSA, Asset Management Plan for Town Highway and Water System, Total Agreement Amount \$24,500.00, 1/01/2025 – 8/01/2025, Jefferson County
- X. Town of Henderson, O&M, Operations & Maintenance Service Agreement, Total Agreement Amount \$552,600.00, 1/1/2025 – 12/31/2029, Jefferson County

Upon a motion by A. MacKinnon, and seconded by M. Hall, Board Contract Summary Table items numbered I through X for the month of December were unanimously approved.

9. Materials Management –

- a. Resolution No. 2024-12-83, amends the Materials Management Division Capital Budget for the FY 2025 Southern Expansion Landfill Gas Phase 1 and Phase 2 Tie In (Project 20212) to increase the budget from \$4,120,000 to \$5,225,000. It is further resolved that that the Authority shall transfer \$1,105,000 from the Liner Reserve to the Replacement Reserve to fund the increased costs associated with the Southern Expansion Landfill Gas Phase 1 and Phase 2 Tie In Project and this increase shall continue to be funded from the Replacement Reserve.

Upon a motion by D. Mastascusa and seconded by A. MacKinnon, Resolution No. 2024-12-83, Capital Project Budget Amendment, Materials Management Division, Southern Expansion Landfill Gas Phase 1 – 2 Tie In, was unanimously approved.

10. Regional Development –

a. Loan Report –

M. Capone reported that as of the end of November there were a few loans that were past due, however as of today they have made those payments.

A Value Added Ag Loan under Golden Technology Management is three months past due, however we are continuing to work with them.

The North Country Economic Development Fund, a separate board that oversees the New York Power Authority funds, have two loans past due. The board is aware and are working with the borrowers, Canexsys and Johnson Newspaper Corporation.

All other loans are paying as agreed.

- b. Resolution No. 2024-12-84, authorizes a loan in the amount of up to \$1,200,000 from the Housing Revolving Loan Fund to Clayton Improvement Association LTD at the terms and conditions outlined on the attached Term Sheet, and further authorizes the Executive Director or the Chief Financial Officer to execute all documents necessary to make the loan. Furthermore, this is resolved to be considered a Type II Action under the State Environmental Quality Review (SEQRA) and is considered an exempt activity requiring no further action.

M. Hall asked about the history of the Clayton Improvement Association and if they have been involved with what is going on there. M. Capone responded that they have been involved. She explained that they have a history of redeveloping properties and projects within the north western areas of Jefferson County. They are a rural preservation corporation for housing programs and we work closely with them on the HOME program and other programs like this. M. Hall further commented that he sees what is going on in Clayton and feels it is a model all candidates should try to follow.

Upon a motion by M. Hall and seconded by D. Mastascusa, Resolution No. 2024-12-84, Housing Revolving Loan Fund, Clayton Improvement Association LTD, Loan #2, was unanimously approved.

M. Capone added that the Thompson Park Conservancy should have been covered within the loan report. Their principal and interest moratorium ended on December 1st, and M. Capone followed up with the interim executive director, Mark Irwin, to offer options. They have decided to start making their regular principal and interest payments again beginning January 1. They have a plan to reopen in the spring and are working toward stabilizing operations with a new funding model.

- c. Resolution No. 2024-12-85, approves the subordination of its \$800,000 loan from the Housing Revolving Loan Fund to 302 Globe LLC to an additional \$708,000 from Watertown Savings Bank for total permanent debt of \$1,806,000 subject to approval by the Watertown Local Development Corporation, and authorizes the Executive Director or Chief Financial Officer to execute all necessary documents.

Upon a motion by A. MacKinnon and seconded by D. Mastascusa, Resolution No. 2024-12-85, Housing Revolving Loan Fund, 302 Globe LLC, Loan, was unanimously approved.

- d. Resolution No. 2024-12-86, ratifies a loan in the amount of \$250,000 from the North Country Value Added Agriculture Revolving Loan Fund to St. Lawrence Suds, LLC at the terms and conditions outlined on the attached Term Sheet,

and further authorizes the Executive Director or the Chief Financial Officer to execute all documents necessary to make the loan, It is further resolved to accept the action of the Village of Canton Board of Trustees taken under the State Environmental Quality Review (SEQRA) that the replacement project involves work on the same site and footprint with Type II actions described at 6 NYCRR §617.5 (c)(2) and 6 NYCRR §617.5 (c)(13) and is deemed as not subject to SEQRA review.

K. Bibbins asked if the parking is expected to be in front of or behind the building. M. Capone responded that there is some parking in front of the building and they will have the opportunity to use some of the health center's parking as overflow on the side because of different times of operation.

K. Bibbins asked if we know whether they have sought permitting from DOT. M. Capone responded that we do not know that answer, but can find out. K. Bibbins stated he would abstain from this vote. M. Capone shared that they have started construction and have all necessary building permits, but she will ask for the DOT permit. K. Bibbins stated that they may assume the permit is not needed for the same driveway and that usually isn't the case because of the change in use. M. Capone stated that this site plan has been approved as a brewery because of zoning.

Upon a motion by A. MacKinnon and seconded by D. Mastascusa, Resolution No. 2024-12-86, North Country Value Added Agriculture Revolving Loan Fund, St. Lawrence Suds, LLC, Ratify Loan, was approved. K. Bibbins abstained from this vote.

11. The next Board Meeting will take place on February 27, 2024.

12. Adjourn -

Upon a motion by D. Mastascusa and seconded by K. Bibbins, the meeting was adjourned at 11:45 AM.

Respectfully submitted,



Dennis Mastascusa
Board Secretary