

**Board Resolution No. 2020-06-78**  
**June 26, 2020**

**APPROVING AUDITED FINANCIAL STATEMENTS, SINGLE AUDIT,  
AGREED UPON PROCEDURES, AND REPORT ON INVESTMENTS  
FOR FISCAL YEAR ENDING MARCH 31, 2020**

Whereas, the Development Authority of the North Country appointed the accounting firm of Bonadio and Company, LLP, CPA, to audit its financial statements, complete a Single Audit, perform Agreed Upon Procedures related to the Regional Water Line and Report on Compliance with Laws Related to Investment Guidelines of the Authority as of and for the year ended March 31, 2020, and

Whereas, Bonadio and Company, LLP, CPA, has completed all necessary procedures in compliance with Generally Accepted Auditing Standards and have issued an unmodified opinion on the financial statements, and

Whereas, Bonadio and Company, LLP, CPA, has completed all necessary procedures in compliance with; 1) auditing standards generally accepted in the United States of America, 2) Government Auditing Standards, and 3) Federal Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and have issued an unmodified opinion on the Single Audit, and

Whereas, Bonadio and Company, LLP, CPA, has conducted the Agreed-Upon Procedures engagement on the Authority's Regional Water Line in accordance with attestation standards established by the American Institute of Certified Public Accountants, and reported no exceptions, and

Whereas, Bonadio and Company, LLP, CPA, has prepared an Independent Auditor's Report on Compliance with Laws and Regulations Related to Investment Guidelines for Public Authorities, and reported that with respect to the items tested, the Authority complied in all material respect with its investment policy as well as the applicable State Comptroller's Investment Guidelines for Public Authorities, and

Whereas, the Audit Committee of the Authority Board has reviewed the Audited Financial Statements, Single Audit, Agreed Upon Procedures and Report on Investments as of and for the year ending March 31, 2020 and recommends acceptance to the Board.

Now, upon the recommendation of the Audit Committee, therefore, be it

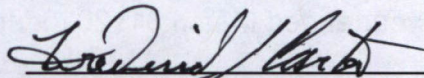
**RESOLVED, that the Development Authority of the North Country does hereby accept the Audited Financial Statements, Single Audit, Agreed Upon Procedures and Report on Investments, as of and for the year ended March 31, 2020.**

Motion by: A. Calligaris  
Seconded by: M. Murray

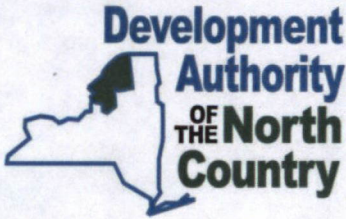
Calligaris - <b>Yes</b>	Hefferon - <b>Yes</b>	Johnson - <b>Yes</b>	Mastascusa - <b>Yes</b>
Carter - <b>Yes</b>	Hollenbeck - <b>Present</b>	MacKinnon - <b>Yes</b>	Murray - <b>Yes</b>
Doheny - <b>Present</b>	Hunt - <b>Present</b>	McGrath - <b>Present</b>	Turck - <b>Yes</b>

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

I, the undersigned, Chairman of the Board of Directors of the Development Authority of the North Country, do hereby certify that I have compared the foregoing copy of Resolution No. 2020-06-78 of the Development Authority of the North Country with the original adopted by the Development Authority of the North Country at a meeting of said Authority on the 26th day of June, 2020, and that same is a true and correct copy of such resolution. In testimony whereof, I have hereto set my hand 26th day of June, 2020.



Frederick J. Carter  
Board Chairman



**Board Resolution No. 2020-06-79**  
**June 26, 2020**

**APPROVING THE ASSESSMENT OF THE EFFECTIVENESS  
OF INTERNAL CONTROLS OF THE DEVELOPMENT AUTHORITY OF  
THE NORTH COUNTRY FOR FISCAL YEAR 2020**

Whereas, pursuant to Section 2800(9) of New York State Public Authorities Law, the Development Authority of the North Country shall prepare an Assessment of the Effectiveness of its Internal Controls structure and procedures, and

Whereas, Executive Management has prepared the attached Assessment of the Effectiveness of Internal Controls for Fiscal Year 2020 and recommends approval of such Assessment, and

Whereas, the Audit Committee has reviewed Executive Management's recommendation and concurs with the recommendation.

Now, upon the recommendation of the Audit Committee, therefore be it

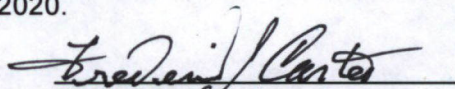
**RESOLVED, that the Development Authority of the North Country does hereby approve the attached Assessment of the Effectiveness of Internal Controls of the Development Authority of the North Country, for the fiscal year 2020.**

Motion by: A. MacKinnon  
Seconded by: A. Calligaris

Calligaris - <b>Yes</b>	Hefferon - <b>Yes</b>	Johnson - <b>Yes</b>	Mastascusa - <b>Yes</b>
Carter - <b>Yes</b>	Hollenbeck - <b>Present</b>	MacKinnon - <b>Yes</b>	Murray - <b>Yes</b>
Doheny - <b>Present</b>	Hunt - <b>Present</b>	McGrath - <b>Present</b>	Turck - <b>Yes</b>

**DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY**

I, the undersigned, Chairman of the Board of Directors of the Development Authority of the North Country, do hereby certify that I have compared the foregoing copy of Resolution No. 2020-06-79 of the Development Authority of the North Country with the original adopted by the Development Authority of the North Country at a meeting of said Authority on the 26th day of June, 2020, and that same is a true and correct copy of such resolution. In testimony whereof, I have hereto set my hand this 26th day of June, 2020.

  
Frederick J. Carter  
Board Chairman

## Assessment of the Effectiveness of Internal Controls – FY 2020

It is the policy of the Authority to prepare its financial statements in conformity with accounting principles generally accepted in the United States of America as set forth by the Governmental Accounting Standards Board for proprietary funds. We accomplish this by adhering to the Development Authority's Accounting Manual which documents and outlines a system of internal controls which is developed to reduce fraud and abuse and to produce financial statements on a consistent basis.

The Development Authority of the North Country has developed an Accounting Manual which documents the principles, policies and procedures governing the Authority's accounting practices.

The principles, policies and procedures provide:

- A foundation for a system of internal controls
- Guidance in current financial activities
- Criteria for decisions on appropriate accounting treatment.
- Accounting staff with direction and guidance in connection with those accounting transactions, procedures, and reports that should be uniform throughout the Authority.

When consistently applied throughout the Authority, these principles and policies assure that the various financial statements issued by the Authority accurately reflect the results of the Authority's operations.

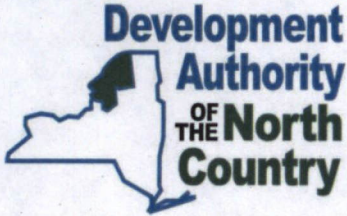
Internal controls provide a system of checks and balances intended to identify irregularities, prevent waste, fraud and abuse from occurring, and assist in resolving discrepancies that are accidentally introduced in the operations of the business. Examples of internal controls implemented at the Development Authority are as follows:

- Dual signatures are required for disbursements in excess of \$15,000
- Requisitions and purchase orders must be authorized prior to encumbering Development Authority funds. Invoices received must be authorized prior to payment.
- Employee reimbursements are appropriately documented, approved by the employee's supervisor and audited by Compliance staff prior to payment.
- Bank accounts are reconciled monthly and are reviewed and approved by the Chief Financial Officer.
- Accounting functions are divided among employees so that the work of one employee complements and acts as a check on the work of another.

The system of internal controls of the Development Authority are monitored on a continual basis by the Chief Financial Officer and audited by Compliance staff who report the results of such audits to the Executive Director.

On an annual basis, the financial statements of the Development Authority are audited by an independent CPA firm. While the auditors were not engaged to perform an audit of internal controls, the auditors did not identify any deficiencies in internal control that they considered to be a control deficiency, significant deficiency, or material weaknesses during the audit for the fiscal year ended March 31, 2020.

In summary, the present internal control structure of the Development Authority is sufficient to meet the internal control objectives that pertain to the prevention and detection of fraud, errors and irregularities in the financial reporting of the Development Authority.



**Board Resolution No. 2020-06-80**  
**June 26, 2020**

**APPROVING ANNUAL BOND SALES REPORT  
FOR FISCAL YEAR ENDING MARCH 31, 2020**

Whereas, the Development Authority of the North Country operates according to Board policies and administrative guidelines as may be amended from time to time, and

Whereas, the Authority's Bond Sale Policy requires that the Authority shall annually prepare and approve a Bond Sales Report. The Bond Sales Report shall include the results of any Bond Sales during the year, to include Underwriter's Compensation, Net Interest Cost, and the Method of Sale.

Whereas, Executive Management has reviewed and recommends approval of the Annual Bond Sales Report for the fiscal year ending March 31, 2020, as attached, and

Whereas, the Audit Committee has reviewed Executive Management's recommendation and concurs with the recommendation.

Now, upon the recommendation of the Audit Committee, therefore be it

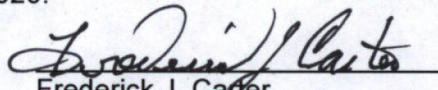
**RESOLVED, that the Development Authority of the North Country hereby approve the Annual Bond Sales Report for the fiscal year ending March 31, 2020, attached hereto and incorporated in this Resolution.**

Motion by: A. Calligaris  
Seconded by: M. Murray

Calligaris - Yes	Hefferon - Yes	Johnson - Yes	Mastascusa - Yes
Carter - Yes	Hollenbeck - Present	MacKinnon - Yes	Murray - Yes
Doheny - Present	Hunt - Present	McGrath - Present	Turck - Yes

**DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY**

I, the undersigned, Chairman of the Board of Directors of the Development Authority of the North Country, do hereby certify that I have compared the foregoing copy of Resolution No. 2020-06-80 of the Development Authority of the North Country with the original adopted by the Development Authority of the North Country at a meeting of said Authority on the 26th day of June, 2020, and that same is a true and correct copy of such resolution. In testimony whereof, I have hereto set my hand this 26th day of June, 2020.

  
Frederick J. Carter  
Board Chairman

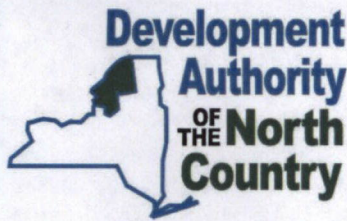
**Development Authority of the North Country**  
**Annual Bond Sales Report**  
**Fiscal Year Ended March 31, 2020**

**Issuances**

<b><u>Bond Issue</u></b>	<b><u>Date Issued</u></b>	<b><u>Amount</u></b>	<b><u>Net Interest Cost</u></b>	<b><u>True Interest Cost</u></b>	<b><u>Underwriter Compensation</u></b>	<b><u>Method of Sale</u></b>	<b><u>Maturity</u></b>
Series 2019 SWMF Revenue Bonds	9/5/2019	10,720,000	2.818051%	2.660481%	\$42,344.00	Public Negotiated Sale	2044

**Outstanding Bonds as of March 31, 2020**

<b><u>Bond Issue</u></b>	<b><u>Balance @ 3/31/20</u></b>	<b><u>Maturity</u></b>
Series 2019 SWMF Revenue Bonds	\$ 10,720,000	2044
Series 2015 SWMF Revenue Bonds	\$ 7,540,000	2040



**Board Resolution No. 2020-06-81**  
**June 26, 2020**

**GIS HOSTING AGREEMENT**  
**TOWN OF CANTON**

Whereas, the Town of Canton requested a proposal from the Development Authority of the North Country (Authority) for assistance with Geographic Information Systems (GIS) services, and

Whereas the Town of Canton will execute an agreement with the Authority for GIS data development of Town-owned road signs, culverts, and lighting district street lights; and hosting for a term of July 1, 2020 through December 31, 2024 for a not to exceed fee of \$11,790, and

Whereas, the Authority's Board passed **Resolution No. 2020-05-53** establishing a fee structure for GIS hosting and authorizing the Executive Director to negotiate terms and execute such agreements with existing and potential GIS hosting customers.

Now, therefore, be it

**RESOLVED, that the GIS Services Agreement, by and between the Authority and the Town of Canton, is hereby approved. The Executive Director is hereby authorized and directed to execute said Agreement.**

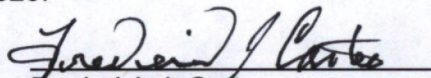
Motion by: G. Turck

Seconded by: D. Mastascusa

Calligaris - <b>Yes</b>	Hefferon - <b>Yes</b>	Johnson - <b>Yes</b>	Mastascusa - <b>Yes</b>
Carter - <b>Yes</b>	Hollenbeck - <b>Present</b>	MacKinnon - <b>Yes</b>	Murray - <b>Yes</b>
Doheny - <b>Present</b>	Hunt - <b>Present</b>	McGrath - <b>Present</b>	Turck - <b>Yes</b>

**DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY**

I, the undersigned, Chairman of the Board of Directors of the Development Authority of the North Country, do hereby certify that I have compared the foregoing copy of Resolution No. 2020-06-81 of the Development Authority of the North Country with the original adopted by the Development Authority of the North Country at a meeting of said Authority on the 26th day of June, 2020, and that same is a true and correct copy of such resolution. In testimony whereof, I have hereto set my hand this 26th day of June, 2020.

  
Frederick J. Carter  
Board Chairman

**GIS WEB-BASED HOSTING AGREEMENT**

**DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY  
&  
TOWN OF CANTON**

This Agreement entered into this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_, by and between:

**TOWN OF CANTON**, a municipal corporation of the State of New York having an office building and principal place of business located at 60 Main Street, Canton, NY, 13617, herein after referred to as "Town",

And

**DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY**, a public benefit corporation organized and existing under the laws of the State of New York, having an office and principal place of business located at 317 Washington Street, Watertown, New York 13601, hereinafter referred to as "Authority".

**Recitals**

1. The Development Authority of the North Country has developed a Geographic Information System (GIS) Internet Mapping Application (IMA) that is utilized by the Authority and municipal customers to manage infrastructure data.
2. The Town has selected the Authority to provide GIS hosting services for its municipal owned infrastructure data.
3. The Town Board, at its duly convened meeting held on \_\_\_\_\_, 20\_\_\_\_, selected the Authority to provide these services. A copy of this resolution has been attached as Exhibit A.
4. This Agreement is authorized under Section 2704(17) of the Public Authorities Law.

**Agreement**

In consideration of the mutual covenants herein contained, the parties agree to the following Articles:

Article I	Definitions
Article II	Scope of Services
Article III	Terms
Article IV	Compensation

Article V	Termination
Article VI	Insurance and Liability
Article VII	Miscellaneous

### **ARTICLE I - Definitions**

Section 101. Defined Terms. As used or referred to in this Agreement, unless a different meaning clearly appears from the context:

- 1) "GIS," Geographic Information System used to store, display, and query spatial information.
- 2) "IMA," Internet Mapping Application, the Authority's web-based GIS which serves as the platform for providing GIS hosting services
- 3) "Hosting Services," refers to the act of the Authority storing and providing access to spatial data via the IMA.
- 4) "Datasets," refers to spatial data in formats that are compatible with the Authority's GIS, including shapefile and geodatabase.
- 5) "Data Maintenance," refers to Authority activities related to: A) editing existing customer data on the IMA, or B) adding new customer data to the IMA.

### **ARTICLE II - Scope of Services**

Section 201. Base Services. The Authority will provide the Town with the following base services at the term and rates outlined in Sections 301 and 401. The scope of base services is outlined below:

- 1) The Authority agrees to provide the Town with Hosting Services and access to the IMA via a password-protected account through the Internet 24 hours/day, 7 days/week, with the exception of planned interruptions for system maintenance and unplanned interruptions in service beyond the Authority's control. The Authority will endeavor to provide as much advance notice of scheduled interruptions as reasonably possible, and not less than 48 hours. In the event of unscheduled interruptions, the Authority will use its best efforts to restore services as soon as reasonably possible under all the circumstances then existing.
- 2) The Town will provide Datasets to the Authority in a format compatible with the IMA (shapefile or geodatabase).

- 3) The Town will be responsible for obtaining and maintaining any computer equipment (hardware, software, etc.) and high-speed Internet connection to access Hosting Services.
- 4) The Town agrees not to use the IMA to upload, post, submit, e-mail or transmit any content that infringes on any patent, trademark, trade secret, or copyright. In no event will the Town hold liable the Authority for any damages, loss of profits, or other losses for the use or misuse of the IMA.
- 5) The Town understands that Hosting Services are provided "as is" with no warranties of any kind.
- 6) All the Town Datasets hosted on the IMA will remain the property of the Town. The Town Datasets are defined as those that the Town develops, on its own or through contract. In the event that this Agreement is not renewed, the Authority will provide the Town with all the Town Datasets in electronic format within not more than 15 days.
- 7) The Authority will provide Hosting Services for Datasets other than those currently existing (referred to hereafter as "Other Datasets"). Other Datasets must be developed by the Authority (under Section 202, Additional Services), the Town, or a third party. Other Datasets not developed by the Authority must be provided by the Town in "shapefile" or "geodatabase" format.
- 8) Base services provided by the Authority shall include: twelve hours of staff time per year for Customer updates; staff time to annually update base map data including parcel data as supplied by the County, road data, orthoimagery, etc.; and phone support for technical questions concerning the IMA during regular business hours.

Section 202. Additional Services.

- 1) The Town has requested the Authority complete GIS data development for Town-owned culverts/bridges, road signs, and street lights that are part of the Town lighting districts. The Authority will complete the field work, database development, and IMA web portal set up for a not to exceed fee of \$8,000. Work will begin when this agreement is executed and will be completed within 90 days of the start date.
- 2) Any other tasks that are not included in the scope of base services described above, such as additional Data Maintenance, or developing new datasets, all as requested of the Authority by the Town will be reimbursed as described in Section 402.

**ARTICLE III – TERMS**

Section 301. Term. The term of this Agreement shall be five (5) years beginning on July 1, 2020, and ending December 31, 2024, provided that the Town and/or the Authority shall have the right to terminate this agreement as specified in Section 501.

**ARTICLE IV – Compensation**

Section 401. Compensation. For base services outlined in Section 201, the Authority shall annually invoice the Town for base services on January 1<sup>st</sup> in advance. For Additional Services outlined in Section 202, the Authority shall invoice the Town on a monthly basis after services are rendered. For all services rendered under Sections 201 and 202, the Town will have 30 days to submit payment after receiving an invoice. The annual cost for base services is outlined in Table 1 below. Year 1 hosting fees have been pro-rated to align with the Town's fiscal year.

TABLE 1 – ANNUAL COST OF BASE SERVICES BY YEAR

Year	Period	Hosting Fee
1	7/1/20 – 12/31/20	\$390
2	1/1/21 – 12/31/21	\$825
3	1/1/22 – 12/31/22	\$825
4	1/1/23 – 12/31/23	\$875
5	1/1/24 – 12/31/24	\$875

Section 402. Additional Services. The Town shall pay the Authority for Additional Services at the labor hour burdened rate for the specific job classification performing the services (see Table 2). Rates will be reviewed and may be adjusted on an annual basis consistent with the Authority's fiscal year (April 1<sup>st</sup> of the present year to March 31<sup>st</sup> of the following year) to account for cost of living adjustments. Mileage to the worksite will be reimbursed at the current Federal Mileage Rate. The Town will provide the reasonable support services of its staff as appropriate to assist in implementing Additional Services.

TABLE 2 – AUTHORITY STAFF CHARGE OUT RATES FISCAL YEAR ENDING 2021

Employee Wage Rate	Standard	Overtime
Engineering Director	\$132	NA
Assistant Director of Engineering	\$85	NA
Controls Engineer	\$85	NA
Project Engineer	\$85	NA
GIS Specialist	\$55	NA
Administrative Associate	\$62	\$76

## **ARTICLE V - Termination**

Section 501. Termination. The Town and/or Authority may terminate this Agreement with or without cause upon 90 days prior written notice, provided however, that the Town shall pay the Authority all costs incurred by the Authority to the date of termination.

## **ARTICLE VI – Insurance/Liability**

The Authority shall carry general public liability insurance in the customary amounts and coverages maintained on its general operations, and shall name the Town as additional insured on the liability policy. The Town shall carry general liability insurance in the customary amounts and coverages maintained on its general operations, and shall name the Authority as additional insured on the liability policy.

The Town will at all times indemnify and save harmless the Authority against all liabilities, judgments, costs, damages, expenses and attorney's fees for loss, damage or injury to persons or property resulting in any manner from the operation of this Agreement.

The Authority will at all times indemnify and save harmless the Town against all liabilities, judgments, costs, damages, expenses and attorney's fees for loss, damage or injury to persons or property resulting in any manner from the intentional or negligent actions or omissions of the Authority, its officers, employees or agents in connection with the operation of this Agreement.

The Authority shall use reasonable diligence to provide the services herein required, but shall not be liable to The Town for damages, breach of contract, or otherwise, for failure, suspension, diminution, or other variations of service occasioned by any cause beyond the control of the Authority. The Town will not be liable in the event of a breach beyond their control. Such causes may include, but are not restricted to, acts of God or of the public enemy, acts of the Government in its sovereign or contractual capacity, fires, floods, epidemics, riots, strikes, civil disturbance, quarantine, restrictions, or inability to obtain equipment or supplies.

## **ARTICLE VII – Miscellaneous**

All accounts, reports and other records generated by the Authority or required under this Agreement, in the performance hereof, shall be open to inspection and audit at all reasonable times by the Town. Such records shall be retained by the Authority for a minimum of seven (7) years following the expiration or earlier termination of this Agreement or an extended agreement.

The parties acknowledge that the Authority has undertaken and may undertake various projects unrelated to web-based hosting. It is the intent of the parties that this Agreement, the service provided hereunder and all payments, accounts receivable and equipment resulting from or required by such service shall be separate from and independent of all unrelated projects and activities of the Authority. The Town shall have no right to, or claim upon, the assets, insurance proceeds or income of the Authority other than those associated with the performance of this Agreement, in satisfaction of any claim by the Town arising hereunder. A similar restrictive clause is contained and will be provided in all service agreements made by the Authority with others.

The Authority is an independent contractor with respect to the Town, and this Agreement does not create, and shall not be construed as creating, any relationship of principal and agent, landlord and tenant, or employer and employee.

No waiver by the Town or Authority of any breach of any term, covenant or condition contained in this Agreement shall operate as a waiver of such term, covenant or condition itself, or of any subsequent breach thereof.

This Agreement shall be construed and enforced in accordance with the laws of the State of New York. If any provision of this Agreement shall, to any extent, be held invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and shall continue to be valid and enforceable to the fullest extent permitted by law.

This Agreement contains the entire agreement of the parties and may be modified or amended only by the written mutual agreement of the parties.

All notices required or permitted to be given under this Agreement shall be in writing and shall be made at the addresses indicated above. The notice or correspondence shall be effective when actually received by the party to which it is directed, whether transmitted by mail, courier, facsimile or personal delivery.

All of the above is established by the signatures of the authorized representatives of the parties set forth below.

**DEVELOPMENT AUTHORITY  
OF THE NORTH COUNTRY**

**TOWN OF CANTON**

By: \_\_\_\_\_

By: \_\_\_\_\_

Carl Farone  
Executive Director

Mary Ann Ashley  
Town Supervisor

ACKNOWLEDGEMENTS

STATE OF NEW YORK            )  
                                          ) ss:  
COUNTY OF ST. LAWRENCE    )

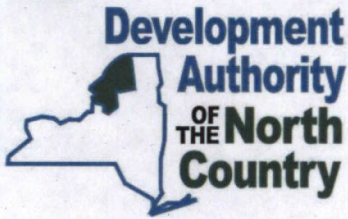
On this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, before me personally came Mary Ann Ashley, who being duly sworn, did dispose and says that she resides in \_\_\_\_\_ New York; that she is the Supervisor of the Town described herein, and which executed the foregoing instrument; and that she signed her name thereto by order of the Town of Canton.

\_\_\_\_\_  
NOTARY PUBLIC

STATE OF NEW YORK            )  
                                          ) ss:  
COUNTY OF JEFFERSON        )

On this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, before me personally came Carl Farone, who being duly sworn, did dispose and says that he resides in Watertown, New York; that he is the Executive Director of the Development Authority of the North Country, the Authority described herein, and which executed the foregoing instrument; and that he signed his name thereto by order of said Authority.

\_\_\_\_\_  
NOTARY PUBLIC



**Board Resolution No. 2020-06-82  
June 26, 2020**

**TECHNICAL SERVICES AGREEMENT  
TOWN OF MORRISTOWN  
WATER/SEWER RATE ANALYSIS**

Whereas, pursuant to **Resolution No. 2018-08-97**, the Development Authority of the North Country (Authority) and the Town of Morristown (Town) entered into an Agreement dated July 10, 2018 to provide Technical Services related to completing the Town tasks outlined in the Dissolution Implementation Plan and funded by the Town's \$50,000 grant through the New York State Department of State's (NYS DOS) Local Government Citizens Re-Organization Grant (CREG), and

Whereas, the Town has requested additional technical services from the Authority to assist with a water/sewer rate analysis, and

Whereas, this project will involve research and data acquisition of existing water/sewer historical billing practices, water consumption data, and budget vs. actual comparison for revenues and expenditures, development of an equivalent dwelling based billing model, delivery of a letter report summarizing recommendations for the Town to alleviate highly variable annual water and sewer revenues, and attendance at meetings to discuss the recommendations to modify current Town water and sewer billing. The total cost of this water/sewer rate study shall not exceed \$10,000.

Now, therefore be it

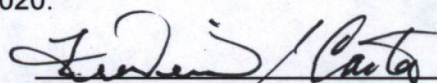
**RESOLVED**, that the **Technical Services Agreement for Water/Sewer Rate Analysis** by and between the Authority and the Town of Morristown, for a total not to exceed contract amount of \$10,000, is hereby approved. The Executive Director is hereby authorized and directed to execute said Agreement.

Motion by: D. Mastascusa  
Seconded by: M. Murray

Calligaris - Yes	Hefferon - Yes	Johnson - Yes	Mastascusa - Yes
Carter - Yes	Hollenbeck - Present	MacKinnon - Yes	Murray - Yes
Doheny - Present	Hunt - Present	McGrath - Present	Turck - Yes

**DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY**

I, the undersigned, Chairman of the Board of Directors of the Development Authority of the North Country, do hereby certify that I have compared the foregoing copy of Resolution No. 2020-06-82 of the Development Authority of the North Country with the original adopted by the Development Authority of the North Country at a meeting of said Authority on the 26th day of June, 2020, and that same is a true and correct copy of such resolution. In testimony whereof, I have hereto set my hand this 26th day of June, 2020.

  
Frederick J. Carter  
Board Chairman

**DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY  
TECHNICAL SERVICES AGREEMENT FOR  
WATER/SEWER RATE ANALYSIS**

**WITH THE**

**TOWN OF MORRISTOWN**

This Agreement entered into this \_\_\_\_\_ day of \_\_\_\_\_ 2020, by and between:

**TOWN OF MORRISTOWN**, a municipal corporation of the State of New York having an office building and principal place of business located at 604 Main St., Morristown, NY, 13664, herein after referred to as "Town",

And

**DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY**, a public benefit corporation organized and existing under the laws of the State of New York, having an office and principal place of business located at 317 Washington Street, Watertown, New York 13601, hereinafter referred to as "Authority".

**Recitals**

- A. The Authority assisted the Town with the dissolution of the Village of Morristown (Village) and as a result of the dissolution the Town is now managing the water and sewer districts which were located in the Village.
- B. The Town has requested additional technical services from the Authority to assist with a water/sewer rate analysis. At its Board meeting held on \_\_\_\_\_, 2020, the Board selected the Authority to assist the Town with this task. **A copy of this Resolution has been attached as Exhibit A.**
- C. This Agreement is authorized under Section 2704(17) of the Public Authorities Law.

**Agreement**

In consideration of the mutual covenants herein contained, the parties agree as follows:

- 1. The scope of services that will be performed by the Authority is as follows:

- a. Research & Data Collection:

The Authority will work with Town staff to acquire historical billing records, review water and sewer use laws pertaining to various customer rates, historical water and, if available, sewer flow data, water and sewer budgets and end of year financial reports for the last three years, and other pertinent documents pertaining to rate structure.

b. Equivalent Dwelling Unit (EDU) Based Billing Model

Many costs associated with water and sewer operations are fixed and do not change based on reduced flows. The Town's current billing structure does not equitably distribute the costs of the districts between all the users. As the Town incurs additional debt to complete necessary capital improvements, it will be increasingly important to ensure all customers fairly share in the allocation of debt. The Authority will develop an EDU-based water/sewer billing model so the Town can ensure that fixed costs are covered by revenues regardless of changes in customer usage.

c. Microsoft Excel Rate Model

Develop an Excel spreadsheet model so Town personnel can evaluate the impacts of various rate scenarios on projected revenues.

d. Letter Report

Summarize results of rate assessment and recommendations in a letter report to the Town Board.

2. The Town shall pay the Authority for services at the labor hour burdened rate for the specific job classification performing the services (see Table 1) and for mileage to attend meetings, perform site visits etc. at the federal reimbursement rate; provided, however, that the total cost of such services shall not exceed \$10,000. This agreement will terminate when the scope of services is completed or at which time the Town elects to discontinue services. Should the Town elect to proceed with additional services related to their Rate Study, the Authority will provide an amendment to this agreement with a not to exceed estimate for those services. The Authority shall bill monthly upon invoices properly itemized and supported, and payment thereof shall be made by the Town within 30 days of receipt of each invoice.

TABLE 1

<b>Employee Wage Rate</b>	<b>Standard</b>	<b>Overtime</b>
Engineering Manager	\$132	NA
Assistant Director of Engineering	\$85	NA
Project Engineer	\$85	NA
Controls Engineer II	\$85	NA
GIS Specialist	\$55	NA
Engineering Assistant	\$62	\$76

3. The Town shall provide the reasonable support services of its attorney, Clerk and other staff as appropriate to assist in implementing the project and shall assign a person as point of contact with the Authority.
4. The Authority shall carry general public liability insurance in the customary amounts and coverages maintained on its general operations, and shall name the Town as additional insured on the liability policy.
5. The Town shall carry general liability insurance in the customary amounts and coverages maintained on its general operations, and shall name the Authority as additional insured on the liability policy.
6. The Town will at all times indemnify and save harmless the Authority against all liabilities, judgments, costs, damages, expenses and attorney's fees for loss, damage or injury to persons or property resulting in any manner from the willful malfeasance or negligent acts or omissions of the Town, its agents or employees pertaining to the activities to be carried out pursuant to the obligations of this Agreement. The Authority will at all times indemnify and save harmless the Town against all liabilities, judgments, costs, damages, expenses and attorney's fees for loss, damage or injury to persons or property resulting in any manner from the willful malfeasance or negligent acts or omissions of the Authority, its agents or employees pertaining to the activities to be carried out pursuant to the obligations of this Agreement.
7. The Authority shall use reasonable diligence to provide the services herein required, but shall not be liable to the Town for damages, breach of contract, or otherwise, for failure, suspension, diminution, or other variations of service occasioned by any cause beyond the control of the Authority. The Town will not be liable in the event of a breach beyond their control. Such causes may include, but are not restricted to, acts of God or of the public enemy, acts of the Government in its sovereign or contractual capacity, fires, floods, epidemics, riots, strikes, civil disturbance, quarantine, restrictions, or inability to obtain equipment or supplies.
8. All accounts, reports and other records generated by the Authority or required under this Agreement, in the performance hereof, shall be open to inspection and audit at all reasonable times by the Town. Such records shall be retained by the Authority for a minimum of seven years following the expiration or earlier termination of this Agreement or an extended agreement.
9. The parties acknowledge that the Authority has undertaken and may undertake various projects unrelated to this Agreement. It is the intent of the parties that this Agreement, the service provided hereunder and all payments, accounts receivable and equipment resulting from or required by such service shall be separate from and independent of all unrelated projects and activities of the Authority. The Town shall have no right to, or claim upon, the assets, insurance proceeds or income of the Authority other than those associated with the performance of this Agreement, in satisfaction of any claim by the Town arising hereunder. A similar restrictive clause is contained and will be provided in all service agreements made by the Authority with others.

10. The Authority is an independent contractor with the Town and this Agreement does not create and shall not be construed as creating a relationship of principal and agent, landlord and tenant, or employer and employee.
11. No waiver by Town or Authority of any breach of any term, covenant or condition contained in this Agreement shall operate as a waiver of such term, covenant or condition itself, or of any subsequent breach thereof.
12. This Agreement shall be construed and enforced in accordance with the laws of the State of New York. If any provision of this Agreement shall, to any extent, be held invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and shall continue to be valid and enforceable to the fullest extent permitted by law.
13. This Agreement contains the entire agreement of the parties and may be modified or amended only by the written mutual agreement of the parties.
14. All notices required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given if sent by certified or registered mail, return receipt requested, postage prepaid.

All of the above is established by the signatures of the authorized representatives of the parties.

All of the above is established by the signatures of the authorized representatives of the parties.

**DEVELOPMENT AUTHORITY  
OF THE NORTH COUNTRY**

**TOWN OF MORRISTOWN**

By: \_\_\_\_\_

By: \_\_\_\_\_

Carl Farone

Frank Putnam

ACKNOWLEDGEMENTS

STATE OF NEW YORK            )  
                                          ) ss:  
COUNTY OF ST. LAWRENCE )

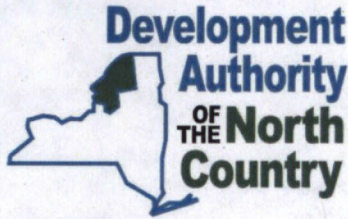
On this \_\_\_\_ day of \_\_\_\_\_, 2020, before me personally came Frank Putnam, who being duly sworn, did dispose and says that he resides in Morristown, New York; that he is the duly authorized representative of the Town described herein, and which executed the foregoing instrument; and that he signed his name thereto by order of said Town.

\_\_\_\_\_  
NOTARY PUBLIC

STATE OF NEW YORK            )  
                                          ) ss:  
COUNTY OF JEFFERSON        )

On this \_\_\_\_ day of \_\_\_\_\_, 2020, before me personally came Carl Farone, who being duly sworn, did dispose and says that he resides in Watertown, New York; that he is the Interim Executive Director of the Development Authority of the North Country, the Authority described herein, and which executed the foregoing instrument; and that he signed his name thereto by order of said Authority.

\_\_\_\_\_  
NOTARY PUBLIC



**Board Resolution No. 2020-06-83**  
**June 26, 2020**

**LOW INCOME HOUSING TAX CREDIT PROGRAM  
CARTHAGE DEVELOPMENT GROUP LIMITED PARTNERSHIP  
ASSUMPTION OF REGULATORY AGREEMENT**

Whereas, **Resolution No. 2019-09-100** modified the Rider to the Regulatory Agreement with Carthage Development Group Limited Partnership to maintain 10 units at 60% of area median income and make 10 units available at market rate effective January 1, 2020 to address changes in the housing market conditions, and

Whereas, Carthage Development Group Limited Partnership has an option from Stefano Magro to purchase the building located at 256-262 State Street, Carthage, and

Whereas, the Rider to the Regulatory Agreement is filed in the Jefferson County Clerk's Office and runs with the deed on the property, and

Whereas, the Authority must approve the assignment of the Rider to the Regulatory Agreement to Stefano Magro, or a corporation to be formed by Mr. Magro, and

Whereas, Mr. Magro has agreed to assume the regulatory requirements associated with 256-262 State Street, Carthage for the next 15 years, and

Whereas, all other terms and conditions of the Rider to the Regulatory Agreement will remain the same.

Now, therefore be it

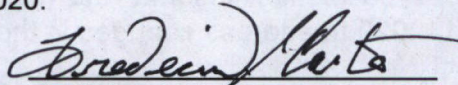
**RESOLVED**, the Development Authority of the North Country does hereby approve Stefano Magro, or a new corporation to be formed by Mr. Magro, to assume the Rider to the Regulatory Agreement on 256-262 State Street, Carthage, New York, and authorizes the Executive Director or Deputy Director/CFO to execute all necessary documentation.

Motion by: D. Mastascusa  
Seconded by: M. Murray

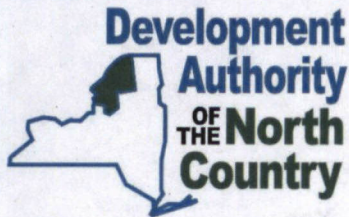
Calligaris - <b>Yes</b>	Hefferon - <b>Yes</b>	Johnson - <b>Yes</b>	Mastascusa - <b>Yes</b>
Carter - <b>Yes</b>	Hollenbeck - <b>Present</b>	MacKinnon - <b>Yes</b>	Murray - <b>Yes</b>
Doheny - <b>Present</b>	Hunt - <b>Present</b>	McGrath - <b>Present</b>	Turck - <b>Yes</b>

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

I, the undersigned, Chairman of the Board of Directors of the Development Authority of the North Country, do hereby certify that I have compared the foregoing copy of Resolution No. 2020-06-83 of the Development Authority of the North Country with the original adopted by the Development Authority of the North Country at a meeting of said Authority on the 26th day of June, 2020, and that same is a true and correct copy of such resolution. In testimony whereof, I have hereto set my hand this 26th day of June, 2020.



Frederick J. Carter  
Board Chairman



**Board Resolution No. 2020-06-84**  
**June 26, 2020**

**NORTH COUNTRY REDEVELOPMENT LOAN FUND**  
**MCM DEVELOPMENT MALONE, LLC**  
**LOAN MODIFICATION**

Whereas, **Resolution No. 2016-10-129** ratified funding to MCM Development Malone LLC ("Borrower") in the amount of \$500,000 (\$250,000 loan/\$250,000 grant) from the North Country Redevelopment Loan Fund, and

Whereas, **Resolution No. 2018-08-102** extended the interest-only period for an additional 3 months to end with the December 1, 2018 payment, and

Whereas, **Resolution No. 2018-12-138** extended the interest-only period for an additional 2 months to end with the February 1, 2019 payment, and

Whereas, the Borrower is renovating the building located at 399-401 East Main Street, Malone, NY, and

Whereas, the Borrower requires additional funding to complete project improvements, and

Whereas, the Borrower has secured \$2.6 million in financing from a private investor, and

Whereas, the private investor has requested a co-proportional first mortgage on the real estate with the Development Authority and the Franklin County IDA, and

Whereas, the Borrower will make a cash payment equal to 5% of the outstanding principal balance, which is currently \$234,373.18, to be applied to principal, and

Whereas, the Franklin County IDA has approved this request, and

Whereas, this project is transformational for downtown Malone, and

Whereas, the borrower has been current on its payments to the Authority, and

Whereas, all other terms and conditions of the loan would remain the same.

Now, therefore be it

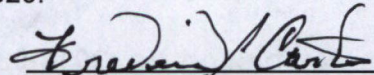
**RESOLVED**, the Development Authority of the North Country does hereby approve the loan modification for MCM Development Malone LLC to allow a co-proportional first mortgage with a private investor in an amount not to exceed \$2.6 million, and authorizes the Executive Director or Deputy Director CFO to execute all necessary documentation.

Motion by: A. Calligaris  
Seconded by: A. MacKinnon

Calligaris - <b>Yes</b>	Hefferon - <b>Yes</b>	Johnson - <b>Yes</b>	Mastascusa - <b>Yes</b>
Carter - <b>Yes</b>	Hollenbeck - <b>Present</b>	MacKinnon - <b>Yes</b>	Murray - <b>Yes</b>
Doheny - <b>Present</b>	Hunt - <b>Present</b>	McGrath - <b>Present</b>	Turck - <b>Yes</b>

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

I, the undersigned, Chairman of the Board of Directors of the Development Authority of the North Country, do hereby certify that I have compared the foregoing copy of Resolution No. 2020-06-84 of the Development Authority of the North Country with the original adopted by the Development Authority of the North Country at a meeting of said Authority on the 26th day of June, 2020, and that same is a true and correct copy of such resolution. In testimony whereof, I have hereto set my hand this 26th day of June, 2020.

  
Frederick J. Carter  
Board Chairman

## TERM SHEET

Borrower: MCM Development Malone, LLC

Loan Fund: North Country Redevelopment Loan Fund

Amount: \$500,000 (\$250,000 loan/\$250,000 grant)  
(New York State Empire State Development Funding); grant  
to loan always 1:1

Loan Term: 240 months

Loan Rate: 1%

Collateral: Co-proportional first mortgage with Franklin County IDA and  
private investor and an assignment of rents and leases on  
399-401 East Main Street, Malone, NY 12953

Guarantors: Michael Roesler and Darren Gough

Contingency: Cash payment equal to 5% of the outstanding principal  
balance to be applied to principal

Motion-  
Second-  
Approved  
BORROWER:

North Country Economic Development Fund  
June 16, 2020

MCM Development Malone, LLC

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BUSINESS ADDRESS: 4 Brayton Court, Commack NY 11725  
Project Location: 399-401 East Main Street,  
Malone, NY 12953

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OWNERSHIP: Darren Gough-50%  
Mike Roesler-50%

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AMOUNT REQUESTED: \$250,000, 240 months, 1%/\$250,000 grant –  
FUNDS DISBURSED

---

PAYMENTS: Interest-only payments during construction; monthly  
principal and interest payments to amortize loan  
over remaining term of the loan.

---

PRIMARY COLLATERAL: Co-proportional first mortgage on Real Estate

REVISED COLLATERAL: **Co-proportional first mortgage and assignment  
of rents and leases with private lender and  
Franklin County IDA on real estate**

---

GUARANTORS: Darren Gough and Mike Roesler

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JOB CREATION: Existing: 0  
New-Year 1: 0  
New-Year 2: 0  
New- Year 3: 0  
Total Jobs: 0 FTE

---

SOURCES: USES:

**Original Project:**

N. C. Redevelopment Fund-Grant	250,000	Acquisition	\$ 105,000
N. C. Redevelopment Fund-Loan**	250,000	Construction	\$ 565,156
Franklin County IDA	250,000	Engineer Study	\$ 20,000
Owner Cash	55,000	Architectural Plans	\$ 20,000
		Soft Costs	\$ 24,695
		Contingency	\$ 70,149
Total Sources	\$805,000	Total Uses	\$ 805,000

Franklin County IDA funding for 10 years at 5%. First 6 months interest only payments.  
Borrower has continued to pay interest only throughout construction.

Motion-  
Second-  
Approved

North Country Economic Development Fund  
June 16, 2020

Revised Project:

N. C. Redevelopment Fund-Grant	250,000	Acquisition	\$ 160,428
N. C. Redevelopment Fund-Loan**	250,000	Predevelopment A&E	\$ 175,000
Franklin County IDA	250,000	Building Stabilization	\$ 218,038
RESTORE NY	988,000	Site Costs	\$ 930,610
Franklin County IDA #2 (Bowe and Arrow)	100,000	399 Bldg Street Level	\$ 305,000
NCA #1 (Bowe and Arrow)	75,000	403 Bldg Street Level	\$1,065,000
NCA #2 (Bowe and Arrow)	100,000	399 Bldg First Floor Ab	\$ 344,446
Private Debt	2,600,000	399 Bldg First Floor Un	\$ 229,340
Cash Equity	500,000	403 Bldg First Floor Ab	\$ 170,000
		403 Bldg 2 <sup>nd</sup> Floor	\$ 73,000
		403 Bldg 1 <sup>st</sup> Fl Tap Room	\$551,000
		Contingency	\$ 200,000
		Carrying Costs	\$ 90,000
		Working Capital*	\$ 210,000
		Credit Line**	\$ 391,138
Total	<u>\$5,113,000</u>	Total Uses	<u>\$5,113,000</u>

\*Working Capital Reserve for restaurant and tap room start-up

\*\*Credit Line for RESTORE NY with Community Bank. Taken out by Private Debt. The LOC has come due.

Private debt: The new debt is by a private investor with ties to Malone. The debt is structured with four installment payments. The borrowers have executed the Note and Mortgage and have received the first \$1.1 million. The 1<sup>st</sup> and 3<sup>rd</sup> installments will be interest only at 8% with the total due by March 1, 2023. The 2<sup>nd</sup> installment will be amortized over 20 years with monthly principal and interest payments at 8% with the total amount due March 1, 2023. The 4<sup>th</sup> installment will be monthly interest only payments at 8% with the total amount due March 1, 2024.

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**SUBORDINATION REQUEST:**

Borrowers have drawn down the entire \$500,000 from the Development Authority of the North Country and has received \$250,000 from the Franklin County IDA for the building. The draws were based upon invoices and cancelled checks submitted for eligible work completed. In addition, under the restaurant, Bowe and Arrow, they have closed on \$75,000 with the North Country Alliance and \$100,000 with the Franklin County IDA for restaurant equipment. The borrowers state that they need the \$2.6 million to complete the project. They have already closed on the financing and have received \$1.1 million to date. In order to obtain the remaining \$1.5 million the public lenders are being asked to take a co-proportional mortgage with the private lender. The balance of the \$1.5 million will be used to pay-off the Community Bank line of credit for \$400,000, and to complete the project, \$800,000.

The borrowers do not have a commitment for take-out financing. They stated that the banks will not look at the project until they have 12-18 months of operations. They also do not think that an appraisal will substantiate the value of the building, therefore, bank financing will be dependent upon the operations of the business.

**PROJECT OVERVIEW:**

MCM Development Malone LLC received \$500,000 from the North Country Redevelopment Fund (\$250,000 loan/\$250,000 grant) to complete Phases I and II of the substantial redevelopment of buildings located at 399-403 East Main Street in Malone. They have drawn these funds based upon invoices and cancelled checks submitted. The phases of the project have morphed over time.

MCM Development Malone would like to continue in the footsteps of The Richardson Building and build on its vision for a redeveloped and revitalized downtown Malone and downtown corridor. If approved, they plan on a complete renovation of "The River Building" to create a development called The North Country Collective.

The North Country Collective would be a destination where small businesses and local companies could come together in a low cost, low impact space which would enable them to achieve their goals without the underlying concerns normally associated with location or relocation. The North Country Collective would eliminate high rents, size & space limitations or constrictions, exorbitant heating costs, and parking concerns as well as other obstacles that conspire to prevent a small business from focusing on their core competency



Existing Buildings



Proposed Updated Renderings

### Construction Project

The original phased approach for the project doesn't exist. A spreadsheet is attached showing what has been completed to date. To date, most of the project funds have been spent on acquisition, winterizing and stabilizing the buildings, site construction costs, and the corporate traveler spaces/apartments. The borrower explains that the overall budget expanded due to several reasons, including a significant increase in costs due to tariffs on foreign made goods and materials; an increase in budgets due to unforeseen delays in permit approvals (now resolved); and decisions to select more premium materials that cost more upfront but will provide cost savings over the life of the project.

When we made the original loan we knew that we would have to subordinate to bank financing in order for the borrowers to complete the project. The issue at hand is that they have been unable to secure traditional bank financing and are borrowing \$2.6 million in short term private financing.

The proposed project would complete both buildings. In regards to leased spaces, at the MCM level the following spaces are leased:

- 1) Restaurant space-by closely held start-up, Bowe and Arrow
- 2) Event space
- 3) Tap room space
- 4) Entrepreneurship/Co-working space
- 5) CTO level
- 6) Building 403 entire 3<sup>rd</sup> Floor

The last several months have seen a significant ramp in activity with the following portions of the project now underway:

- All new infrastructure has been installed, including new electric service, propane and plumbing

Motion-  
Second-  
Approved

North Country Economic Development Fund  
June 16, 2020

- New elevator shaft has been completed and new elevator car has been installed, making The River Building only the second elevator serviced building in downtown Malone
- Restaurant and bar equipment has been designed, ordered and ready to ship
- 2,000 gallon grease trap has been installed
- New coolers for the restaurant and tap room have been designed and ordered
- Street level façade was completely demoed and rebuilt with new façade glass on order
- Restaurant construction is well underway with lighting phase nearing completion- The executive Chef for the hospitality operations will be moving to Malone in May and has already begun recruiting employees
- The project is on track to have the street level restaurant and event space open this August and the event space already has a booking for August

While the borrowers have stated that they have put equity into the project, they have been able to use grant funds to pay for the project up to this point. **Their true equity contribution won't be paid in until project completion and will go toward working capital.**

---

**MANAGEMENT:**

MCM Development Malone LLC will be the managing partner of North Country Collective drawing upon the local development experience of Darren Gough (developer and owner of The Richardson) and the financial experience of Michael Roesler, CFA. Darren's experience as a local developer and business owner has enabled him to develop strong connections within the Malone community and an understanding of the unique opportunities that Malone has to offer. Mike's 20+ years of experience as a financial analyst underpins MCM's building block approach to the North Country Collective development.

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**FINANCIAL ANALYSIS:**

**Income Statement**

FYE December 31	ORIGINAL At 100% Occupancy	REVISED At 95% Occupancy	Year 2 At 95% Occupancy
Income	\$96,200	\$353,173*	\$412,560*
Total Expenses	\$48,000	\$106,002	\$108,906
<b>Net Operating Income</b>	\$48,200	\$247,171	\$303,654
Debt Service			
DANC (\$250,000 @ 1%, 240 months)	\$14,116	\$14,116	\$14,116
Franklin Co IDA (\$250,000 @ 5%, 120 months)	\$20,095	\$31,820	\$31,820
Private Financing (\$1,100,000 @ 8%, Interest only)		\$88,000	\$88,000
Private Financing (\$400,000 @ 8%, Interest Only)		\$21,333	\$32,000
Private Financing (\$400,000 @ 8% P&I)		\$40,149	\$40,149
Private Financing (\$700,000 @ 8% Interest Only)		\$56,000	\$56,000
Total Debt	\$34,211	\$251,418	\$262,085
DSC	1.41	.98	1.16

Motion-  
Second-  
Approved

North Country Economic Development Fund  
June 16, 2020

\*Restaurant income adjusted to reflect NCA Loan #2. It needs to be noted that the NCA/Franklin County IDA debt for Bowe and Arrow is netted out of the restaurant income noted for MCM Development Malone, LLC.

DANC Loan-\$250,000 over 20 years at 1%

Franklin County IDA-\$250,000 over 10 years at 5% (still under construction interest only; may modify to account for P&I payments.

Private financing #1-\$1.1 million at 8% due March 1, 2023, interest only

Private financing #2-\$400,000 at 8% interest only due March 1, 2023 (above assumes first payment 5/1/2021)

Private financing #3-\$400,000 at 8% amortized over 240 months due March 1, 2023

Private financing #4-\$700,000 at 8% interest only due March 1, 2024

- Breakdown of Revenue for Year 1

	Square Footage	Annual Revenue
Event Space	3,046	\$38,164
Restaurant	3,000	\$101,078
Tap Room	2,982	\$46,670
Basement	2,800	\$19,200
Corporate Traveler Space/Apt	3,021	\$72,436
Shared Work Space	1,500	\$18,250
Retail/Office Space	4,810	\$77,136
Vacancy		(\$19,761)
<b>Totals</b>	<b>21,159</b>	<b>\$353,173</b>

- Year one looks at projections for 2021. Income is expected to increase by 15.8% in year two over year one, and by 7% in year three over year two.
- As noted above, the borrowers claim to have leases for the following:
  - 1) Restaurant space-by closely held start-up, Bowe and Arrow
  - 2) Event space
  - 3) Tap room space
  - 4) Entrepreneurship/Co-working space
  - 5) CTO level
  - 6) Building 403 entire 3<sup>rd</sup> Floor
- All tenants will be on triple net commercial leases with 5-7 year terms and 2% annual escalators.
- Restaurant is based on monthly rent plus net income distribution back to MCM after accrued losses are negated (assumed to be January 2021 above). Adjusted to reflect NCA Loan #2 as well.
- Banquet space model uses base case of 80 total events booked over the year, with 2.5% annual escalator.
- Tap Room model is based on monthly rent plus net income from base case scenario starting in 2021.

Motion-  
Second-  
Approved

North Country Economic Development Fund  
June 16, 2020

- CTO's are based off of 5% increase in rates annually off of 2019 actual results for unit 201-205.
- Vacancy and Credit Loss (VACL) assumed at 10% annually and deducted from Revenue.
- Property taxes reflect 50% of increased assessment rolled in over 10 years
- Primary fixed expenses are insurance, \$48,000, maintenance, \$15,000, and real estate taxes which are based on a reassessment, \$7,200, in 2021. Variable expenses include elevator maintenance and legal fees. Interestingly to note that utilities, snow removal, and marketing are fixed and are not adjusted annually by a COLA. This would leave me to assume that operating expenses for MCM Development are underestimated.
- HVAC costs assume centrally provided air conditioning that will be split among tenants based on percentage of space rented. Heating will be provided by furnaces dedicated to each unit. This may change based on tenant requirements and updated cost analysis.
- As per a discussion with Amy Hewitt, Malone Tax Assessor, taxes will be reassessed to a value reflecting lack of occupancy once ownership transfers to MCM Development Company of Malone LLC. And then reassessed as project is completed. The taxes may increase upon project completion. This would impact operating expenses as well.

**Cash Flow Analysis**

- The project will cash flow at 95% occupancy in year 2; however it is entirely based upon projections. As noted above, they do have some commitments for space, however the only space currently occupied is the corporate traveler/apt space. The applicant's will need to put in personal cash to support debt service in year 1.

**Balance Sheet**

	<b>At Closing</b>
Current Assets	\$0
Capital Assets – Net	\$4,248,000
Other Assets	\$90,000
<b>Total Assets</b>	<b>\$4,338,000</b>
Current Liabilities	\$39,524
Long Term Liabilities	\$3,060,476
<b>Total Liabilities</b>	<b>\$3,100,000</b>
<b>Total Shareholders Equity</b>	<b>\$1,238,000</b>
<b>Total Liabilities &amp; Shareholders Equity</b>	<b>\$4,338,000</b>

Motion-  
Second-  
Approved  
Ratio Analysis

North Country Economic Development Fund  
June 16, 2020

Working Capital	(\$39,524)
Current Ratio	----
Debt/Worth	2.5

- At this point in time the LLC does not have working capital. This makes sense as they have been struggling to identify cash flow to cover construction costs. They have a RESTORE NY grant however this is on a reimbursement basis. The max line that they have with Community Bank was for \$400,000. This has come due and the private financing will pay this off.
- 
- The \$90,000 under other assets is assumed to be the carrying costs being amortized.
- Much of the private debt is interest-only. However all of it will be due by 3/1/2023 or 3/1/2024.
- The amount above is the proposed balance sheet for MCM Development Malone and does not include assets or debt of Bowe and Arrow.
- As noted in the write-up, the applicants have really been able to fund this project with minimal cash out of their pockets. While they might front some money, it has been reimbursable through other proceeds. I confirmed with the applicant that their equity will really go in as working capital at the end of the project.

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**PERSONAL:**

Darren Gough – Lists net assets of \$5.1 million against liabilities of \$1.7 million. Primary assets in cash/ira and other savings, life insurance and real estate and the liabilities listed on the personal financial statement are mortgages against real estate. In addition to his personal real estate, he lists the two properties in Malone as well. He lists an income of approximately \$125,000 which includes salary and rental income. On **4/24/20** he had a credit score of 810. He does not have any derogatory comments on public record. He shows open balances of \$358,487 of which \$358,361 is a mortgage.

Michael Roesler – Reports \$1.8 million in assets primarily in real estate and automobile. He reports liabilities of \$942,812 comprised of installment loans and mortgage. He lists income of \$96,000. On **4/24/20** he had a credit score of 682. He does not have any derogatory comments on public record. He shows open balances of \$142,812. This is primarily revolving credit. The difference between his credit report and PFS is the outstanding debt on the property located at 399-401 East Main Street, Malone. He does have a small auto loan.

MCM Development Malone, LLC - The company has a Credit Logic Score of 66, making it a medium risk company with whom to transact. The days beyond terms are 5 or less, good for the industry in general. It has one derogatory item of public record, and that is a state tax lien from 2019 for \$527.00. This is showing released, or in other words paid. There are no other public records or collection accounts. The trades reporting accounts are being paid as agreed. The company was incorporated in New York, is active/for profit. CEO is Mike Roseler according to the report. It has 4 UCC filings with financial institutions. There were no OFAC records found.

**COLLATERAL:**

- Co-proportional second mortgage on real estate with Franklin County IDA located at 399-401 East Main Street, Malone, NY
- Assignment of Rents and Leases
- Co-proportional second lien on all machinery and equipment, furniture and fixtures, inventory, accounts receivable and general intangibles of MCM Development Malone, LLC

	<b>Cost</b>	<b>Discount @ 70%</b>
399-401 East Main Street, Malone-Acquisition	\$160,428	\$112,300
Improvements	\$4,261,436	\$2,983,005
<b>Total</b>	<b>\$4,421,864</b>	<b>\$3,095,305</b>
Private Seller	\$2,600,000	\$2,600,000
Franklin County IDA Loan	\$250,000	\$250,000
DANC Loan	\$250,000	\$250,000
<b>LTV</b>	<b>.70</b>	<b>1.00</b>

- Borrowers have provided a third party broker opinion with a minimum value of \$3.1 million.
- Borrowers provided an appraisal completed by Michael Varley on behalf of Community Bank in September 2019 that showed a value of \$1.785 million as completed and at stabilized operations. Community Bank did not accept the appraisal.
- Working with the Franklin County IDA we spoke with the borrowers and asked them to provide a copy of the appraisal and gave them the opportunity to explain what they see as the weaknesses in the appraisal. The Franklin County IDA noted that there is really only one appraiser in Franklin County, Mr. Varley, and that they have found him conservative. I have put in brackets the borrowers explanation below regarding their issues with the appraisal.

[Please note there are very significant differences between what this “as completed” appraisal assumes for future value and what the actual real market potential of the building will be once it is completed and there is a full year of operating data on which to base a true market value.

- 1) This appraisal is based on valuing the spaces within the building on a rental basis only. It does not take into account in any way the value that MCM Development will derive from being not only the landlord, but the owner of several of the new businesses that are going into the building. A more complete picture of the “as completed” value would include valuation of each of the businesses within the building that flow up to MCM Development. So what this appraisal assumes is basically a “rent only” value not a complete sale value.
- 2) The appraisal has a base capitalization rate of 8.44%, which seems reasonable for the area and the unknowns inherent in an “as completed” appraisal. However, due to uncertainty about what the future property taxes will be on the renovated property, the appraiser adjusts that reasonable capitalization rate upward by 420 basis points. That

Motion-  
Second-  
Approved

North Country Economic Development Fund  
June 16, 2020

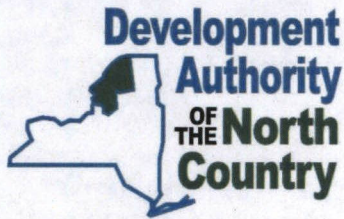
alone reduces the rental only value of the building by \$895,202. Adjusting the appraised value by this amount indicates a rental only value of \$2.7 million.

- a. What we do know is that current property taxes on the property are \$3,676 annually (note: it's unclear what the appraiser based his current tax numbers on). We also know that the project will qualify to have 50% of any increased assessment phased in over a 10 year period. Additionally, our approach to leases for both our businesses and tenants is for them to be "triple net" in which the tenant pays for their portion of building maintenance, taxes etc... So between the phased roll in of the property taxes and the portion paid for by tenants, it doesn't seem reasonable to deduct 1/3 of the rent only value from the appraised value.
- 3) Between the value of MCM businesses not included in the appraisal, and the tremendous value that deducted for property tax we do not believe that this appraisal accurately reflects the true future market value of The River Building.
- a. Our own estimates show 2021 operating cash flow (which includes deductions for operating expenses for property taxes, building maintenance, utilities, insurance, maintenance and reserve) of \$269,462.
    - i. At the same base capitalization rate of 8.44% that would indicate potential value of \$3.2 million.
    - ii. In 2022, the first year of stabilization, we forecast operating income of \$325,945, which at the same cap rate would equate to a value of \$3.9 million.

We acknowledge the difficulty in placing a future value on a large complicated project that is not yet complete and has no direct comparisons in the local market. Therefore, we encourage any readers of the appraisal to take into account the two major factors outlined above in considering its value.]

**CONTINGENCIES:**

- 5% cash payment of outstanding principal balance by borrowers at time of commitment to be applied to outstanding principal as a good faith effort toward subordination. The current principal balance on 4/27/2020 is \$235,353.52. The payment we would receive is \$11,767. They are currently on the 90 day principal and interest moratorium due to Covid-19.



## Board Resolution No. 2020-06-85

June 26, 2020

### TELECOMMUNICATION UTILITY POLE MAKE READY PASS THRU ACCOUNT

Whereas, the Development Authority of the North Country currently has a pole attachment agreement with NYSEG that allows the Development Authority to attach fiber cable to utility poles owned by NYSEG, and

Whereas, the pole attachment agreement includes a provision that, when NYSEG crews are unable to perform the work, the Development Authority must hire one of their pre-approved utility contractors to complete the make ready work in the electrical space, and

Whereas, NYSEG recently revised the agreement to require the Development Authority to complete make ready work that was in a pre-existing condition and is the responsibility of the pole owner (NYSEG), and

Whereas, once the project is complete and passes a post inspection, NYSEG reimburses the Development Authority for the costs that were the responsibility of the pole owner, and

Whereas, the payment of such make ready cost is not an Authority expense nor is the reimbursement of such cost Authority income; but a financial pass-thru resulting in no impact on the Change In Net Position.

Now, therefore be it

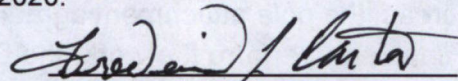
**RESOLVED**, that the Development Authority of the North Country Board of Directors authorizes the Executive Director to create a \$125,000 pass-thru account for the sole purpose of paying make ready costs associated with NYSEG pole attachment and associated reimbursement.

Motion by: G. Turck  
Seconded by: A. MacKinnon

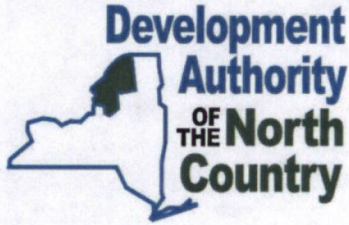
Calligaris - <b>Yes</b>	Hefferon - <b>Yes</b>	Johnson - <b>Yes</b>	Mastascusa - <b>Yes</b>
Carter - <b>Yes</b>	Hollenbeck - <b>Present</b>	MacKinnon - <b>Yes</b>	Murray - <b>Yes</b>
Doheny - <b>Present</b>	Hunt - <b>Present</b>	McGrath - <b>Present</b>	Turck - <b>Yes</b>

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

I, the undersigned, Chairman of the Board of Directors of the Development Authority of the North Country, do hereby certify that I have compared the foregoing copy of Resolution No. 2020-06-85 of the Development Authority of the North Country with the original adopted by the Development Authority of the North Country at a meeting of said Authority on the 26th day of June, 2020, and that same is a true and correct copy of such resolution. In testimony whereof, I have hereto set my hand this 26th day of June, 2020.



Frederick J. Carter  
Board Chairman



**Board Resolution No. 2020-06-86**  
**June 26, 2020**

**OPERATIONS AND MAINTENANCE SERVICE AGREEMENT  
THOUSAND ISLANDS BRIDGE AUTHORITY  
WATER AND WASTEWATER FACILITIES**

Whereas, the Development Authority of the North Country is qualified and equipped to provide contract operator services for municipal water and wastewater facilities, and

Whereas, the Thousand Islands Bridge Authority desires to enter into a new one (1) year Operations and Maintenance Service Agreement with the Development Authority of the North Country to provide water and wastewater operation and maintenance services for the amount of \$37,500, and

Now, therefore be it

**RESOLVED**, the Development Authority of the North Country does hereby authorize and direct the Executive Director to enter into an Operations and Maintenance Service Agreement with the Thousand Islands Bridge Authority, and be it further

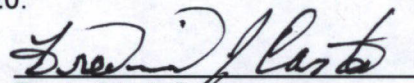
**RESOLVED**, the Executive Director is hereby authorized to execute the required and necessary agreements.

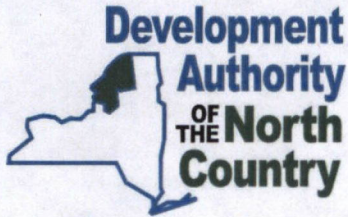
Motion by: D. Mastascusa  
Seconded by: M. Murray

Calligaris - <b>Yes</b>	Hefferon - <b>Yes</b>	Johnson - <b>Yes</b>	Mastascusa - <b>Yes</b>
Carter - <b>Yes</b>	Hollenbeck - <b>Present</b>	MacKinnon - <b>Yes</b>	Murray - <b>Yes</b>
Doheny - <b>Present</b>	Hunt - <b>Present</b>	McGrath - <b>Present</b>	Turck - <b>Yes</b>

**DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY**

I, the undersigned, Chairman of the Board of Directors of the Development Authority of the North Country, do hereby certify that I have compared the foregoing copy of Resolution No. 2020-06-86 of the Development Authority of the North Country with the original adopted by the Development Authority of the North Country at a meeting of said Authority on the 26th day of June, 2020, and that same is a true and correct copy of such resolution. In testimony whereof, I have hereto set my hand this 26th day of June, 2020.

  
Frederick J. Carter  
Board Chairman



**Board Resolution No. 2020-06-87**  
**June 26, 2020**

**MEMORANDUM OF UNDERSTANDING  
FORT DRUM  
COMMUNITY PLANNING COORDINATION  
AND COMMUNICATION**

Whereas, **Resolution No. 2017-02-12** authorized a memorandum of understanding between the Development Authority of the North Country and Fort Drum for Community Planning and Coordination, and

Whereas, the memorandum of understanding expires June 30, 2020, and

Whereas, through the implementation of the Joint Land Use Study recommendations, the Authority has been able to assist Fort Drum by coordinating the Fort Drum Compatibility Committee, the Fort Drum Compatibility website and IMA portal, model ordinances, and outreach by the Community Planner liaising between Fort Drum Garrison and communities to address potential encroachment including renewable energy projects, and

Whereas, Fort Drum and the Authority would like to formally recognize and continue the role of the Authority's Community Planner as a liaison between Fort Drum and the surrounding communities.

Now, therefore be it

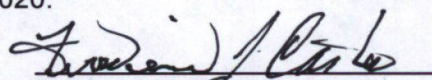
**RESOLVED**, the Development Authority of the North Country does hereby authorize the Executive Director or Deputy Executive Director/CFO to execute the Memorandum of Understanding between the Development Authority of the North Country and Fort Drum for community planning coordination and communication through the Authority's Community Planner position.

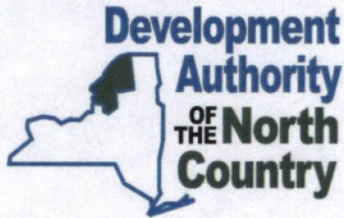
Motion by: D. Mastascusa  
Seconded by: M. Murray

Calligaris - <b>Yes</b>	Hefferon - <b>Yes</b>	Johnson - <b>Yes</b>	Mastascusa - <b>Yes</b>
Carter - <b>Yes</b>	Hollenbeck - <b>Present</b>	MacKinnon - <b>Yes</b>	Murray - <b>Yes</b>
Doheny - <b>Present</b>	Hunt - <b>Present</b>	McGrath - <b>Present</b>	Turck - <b>Yes</b>

**DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY**

I, the undersigned, Chairman of the Board of Directors of the Development Authority of the North Country, do hereby certify that I have compared the foregoing copy of Resolution No. 2020-06-87 of the Development Authority of the North Country with the original adopted by the Development Authority of the North Country at a meeting of said Authority on the 26th day of June, 2020, and that same is a true and correct copy of such resolution. In testimony whereof, I have hereto set my hand this 26th day of June, 2020.

  
Frederick J. Carter  
Board Chairman



**Board Resolution No. 2020-06-88**  
**June 26, 2020**

**REVENUE SHARE AGREEMENT**  
**LAKE PLACID FIBER LLC**

Whereas, the COVID-19 Pandemic has demonstrated the importance of broadband connectivity for businesses as well as students in Northern, New York, and

Whereas, the Development Authority of the North Country (Authority) has existing fiber infrastructure in the Lake Placid area and is interested in utilizing this infrastructure to further last-mile broadband opportunities in Northern, New York, and

Whereas, one strategy that the Authority has used in the past to encourage service providers with limited capital to provide residential broadband was to allow service providers to use our infrastructure and pay for use with a percentage of the revenue the last-mile service provider charges. This reduces the up-front capital requirements for start-ups, eliminates overlapping fiber builds, and allows the Authority to assist with residential broadband, and

Whereas, Lake Placid Fiber, LLC is a new company that would like to work with the Authority to provide residential and small business last-mile broadband in portions of Lake Placid NY, and

Whereas, Lake Placid Fiber, LLC has ordered a circuit from the Authority from Syracuse to their Central Office on 4 Barkeater Way in Lake Placid to transport internet services, and

Whereas, Lake Placid Fiber, LLC would initially like to utilize 4 strands of existing Authority fiber over approximately 2.5 miles from their Central Office to the corner of Wesvalley and McKinley Streets in Lake Placid, NY utilizing a revenue share agreement with the Authority, and

Whereas, the Authority has sufficient spare fiber capacity in that section of Lake Placid.

Now, therefore, be it

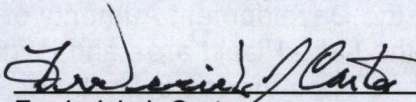
**RESOLVED**, that the Development Authority of the North Country Board of Directors does hereby authorize the Executive Director of the Development Authority of the North Country to enter into a revenue share agreement with Lake Placid Fiber. Such agreement will initially be limited to the Wesvalley and McKinley Road area of Lake Placid, with further expansion allowed upon agreement of both parties and formalized in an exhibit to the agreement.

Motion by: A. Calligaris  
Seconded by: A. MacKinnon

Calligaris - <b>Yes</b>	Hefferon - <b>Yes</b>	Johnson - <b>Yes</b>	Mastascusa - <b>Yes</b>
Carter - <b>Yes</b>	Hollenbeck - <b>Present</b>	MacKinnon - <b>Yes</b>	Murray - <b>Yes</b>
Doheny - <b>Present</b>	Hunt - <b>Present</b>	McGrath - <b>Present</b>	Turck - <b>Yes</b>

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

I, the undersigned, Chairman of the Board of Directors of the Development Authority of the North Country, do hereby certify that I have compared the foregoing copy of Resolution No. 2020-06-88 of the Development Authority of the North Country with the original adopted by the Development Authority of the North Country at a meeting of said Authority on the 26th day of June, 2020, and that same is a true and correct copy of such resolution. In testimony whereof, I have hereto set my hand this 26th day of June, 2020.

  
Frederick J. Carter  
Board Chairman