



**Board Resolution No. 2023-06-48**  
**June 22, 2023**

**APPROVING AUDITED FINANCIAL STATEMENTS, SINGLE AUDIT,  
AGREED UPON PROCEDURES, AND REPORT ON INVESTMENTS  
FOR FISCAL YEAR ENDING MARCH 31, 2023**

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, 2023, 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, 2023 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, 2023.**

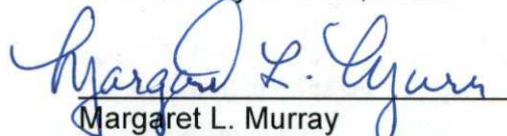
Motion by: T. Hefferon  
Seconded by: A. MacKinnon

Bibbins – <b>Yes</b>	Hefferon – <b>Yes</b>	Hunt - <b>Present</b>	Mastascusa - <b>Absent</b>
Doheny – <b>Yes*</b>	Henry - <b>Present</b>	MacKinnon – <b>Yes</b>	Murray - <b>Yes</b>
Hall – <b>Yes</b>	Hollenbeck – <b>Present</b>	McGrath – <b>Absent</b>	Virkler - <b>Yes</b>

\*- indicates attendance via videoconference.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

I, the undersigned, Chairperson 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. 2023-06-48 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 22nd day of June, 2023, and that same is a true and correct copy of such resolution. In testimony whereof, I have hereto set my hand this 22nd day of June, 2023.

  
Margaret L. Murray  
Board Chairperson



**Board Resolution No. 2023-06-49**  
**June 22, 2023**

**APPROVING THE ASSESSMENT OF THE EFFECTIVENESS  
OF INTERNAL CONTROLS OF THE DEVELOPMENT AUTHORITY OF  
THE NORTH COUNTRY FOR FISCAL YEAR 2023**

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 2023 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 2023.**

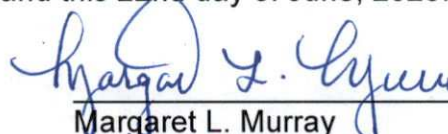
Motion by: E. Virkler  
Seconded by: K. Bibbins

Bibbins – Yes	Hefferon – Yes	Hunt - Present	Mastascusa - Absent
Doheny – Yes*	Henry - Present	MacKinnon – Yes	Murray - Yes
Hall – Yes	Hollenbeck – Present	McGrath – Absent	Virkler - Yes

\*- indicates attendance via videoconference.

**DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY**

I, the undersigned, Chairperson 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. 2023-06-49 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 22nd day of June, 2023, and that same is a true and correct copy of such resolution. In testimony whereof, I have hereto set my hand this 22nd day of June, 2023.

  
Margaret L. Murray  
Board Chairperson

### Assessment of the Effectiveness of Internal Controls – FY 2023

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 into 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 Comptroller.
- 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, 2023.

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. 2023-06-50**  
**June 22, 2023**

**APPROVING ANNUAL BOND SALES REPORT  
FOR FISCAL YEAR ENDING MARCH 31, 2023**

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, 2023, 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 approves the Annual Bond Sales Report for the fiscal year ending March 31, 2023, attached hereto and incorporated in this Resolution.**

Motion by: M. Hall

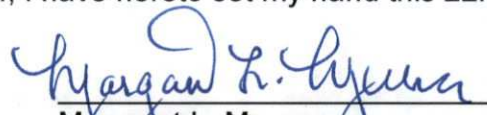
Seconded by: A. MacKinnon

Bibbins – <b>Yes</b>	Hefferon – <b>Yes</b>	Hunt - <b>Present</b>	Mastascusa - <b>Absent</b>
Doheny – <b>Yes*</b>	Henry - <b>Present</b>	MacKinnon – <b>Yes</b>	Murray - <b>Yes</b>
Hall – <b>Yes</b>	Hollenbeck – <b>Present</b>	McGrath – <b>Absent</b>	Virkler - <b>Yes</b>

\*- indicates attendance via videoconference.

**DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY**

I, the undersigned, Chairperson 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. 2023-06-50 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 22nd day of June, 2023, and that same is a true and correct copy of such resolution. In testimony whereof, I have hereto set my hand this 22nd day of June, 2023.

  
Margaret L. Murray  
Board Chairperson

**Development Authority of the North Country**  
**Annual Bond Sales Report**  
**Fiscal Year Ended March 31, 2023**

**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>
No Debt Issued	NA	NA	NA	NA	NA	NA	NA

**Outstanding Bonds as of March 31, 2023**

<b><u>Bond Issue</u></b>	<b><u>Balance @ 3/31/23</u></b>	<b><u>Maturity</u></b>
Series 2019 SWMF Revenue Bonds	\$ 9,970,000	2044
Series 2015 SWMF Revenue Bonds	\$ 6,730,000	2040



**Board Resolution No. 2023-06-51**

**June 22, 2023**

**APPROVING MODIFICATIONS TO ASSET MANAGEMENT POLICY**

Whereas, the Development Authority of the North Country operates according to Board policies that are adopted and/or amended by the Board of Directors, as appropriate, and

Whereas, the Asset Management Policy of the Development Authority of the North Country is posted on the Development Authority's website, and

Whereas, Executive Management has recommended making modifications as reflected in the attached Asset Management Policy.

Now, therefore be it

**RESOLVED, that the Development Authority of the North Country does hereby approve the Asset Management Policy, attached hereto and incorporated in this Resolution.**

Motion by: T. Hefferon  
Seconded by: E. Virkler

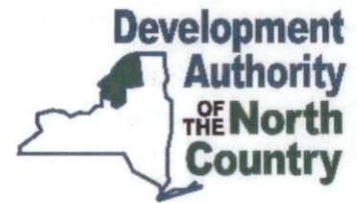
Bibbins – <b>Yes</b>	Hefferon – <b>Yes</b>	Hunt - <b>Present</b>	Mastascusa - <b>Absent</b>
Doheny – <b>Yes*</b>	Henry - <b>Present</b>	MacKinnon – <b>Yes</b>	Murray - <b>Yes</b>
Hall – <b>Yes</b>	Hollenbeck – <b>Present</b>	McGrath – <b>Absent</b>	Virkler - <b>Yes</b>

\*- indicates attendance via videoconference.

**DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY**

I, the undersigned, Chairperson 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. 2023-06-51 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 22nd day of June, 2023, and that same is a true and correct copy of such resolution. In testimony whereof, I have hereto set my hand this 22nd day of June, 2023.

Margaret L. Murray  
Board Chairperson



**Subject: Asset Management Policy**  
**Adopted: June 22, 2023**  
**Resolution: 2023-06-51**

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## ASSET MANAGEMENT POLICY

### Table of Contents

SECTION 1.0 INTRODUCTION .....	3
SECTION 2.0 PURPOSE.....	3
SECTION 3.0 VISION .....	3
SECTION 4.0 SCOPE.....	3
SECTION 5.0 ASSET MANAGEMENT FRAMEWORK.....	3
SECTION 6.0 POLICY PRINCIPLES .....	4
6.1 ASSETS.....	4
6.2 AUTHORITY ASSET MANAGEMENT .....	4
6.3 OWNERSHIP RISK .....	4
6.4 LONG TERM SUSTAINABILITY.....	4
SECTION 7.0 ASSET OPERATION AND MAINTENANCE.....	5
7.1 LIFE CYCLE .....	5
7.2 PLANNED MAINTENANCE REGIMES .....	5
7.3 MAINTENANCE PLAN DESIGN.....	5
7.4 INFORMATION CAPTURE .....	5
7.5 MAXIMIZE ASSETS .....	5
7.6 USAGE .....	5
SECTION 8.0 FINANCIAL RESPONSIBILITIES .....	5
8.1 CAPITALIZE ASSETS .....	5
8.2 VALUE.....	5
8.3 EFFECTIVE ECONOMIC LIVES.....	5
8.4 INSURANCE.....	5
SECTION 9.0 INVENTORY CONTROL .....	5
9.1 SOFTWARE SYSTEM .....	5
9.2 COMPLIANCE.....	6
9.3 DIVISION MANAGERS AS DIVISION CUSTODIANS .....	6
9.4 ACCURACY AND COMPLETENESS .....	6

9.5 ASSET MARKING ..... 6

9.6 RESTRICT ACCESS ..... 6

SECTION 10.0 RISK MANAGEMENT AND PLANNING ..... 6

10.1 STAFF ..... 6

10.2 DIVISION DIRECTORS ..... 6

10.3 ASSET MANAGEMENT PLAN DEVELOPMENT ..... 6

10.4 LONG TERM FINANCIAL NEEDS ..... 6

SECTION 11.0 RECORD OF REVISION ..... 7

## SECTION 1.0 INTRODUCTION

The Development Authority of the North Country (Authority) possesses assets to enable the delivery of services to their customers. These services include materials management, water quality, telecommunications, engineering and regional development. These assets are critical for the protection of public health, the environment and economic stability of the region. The Authority also possesses other 'corporate infrastructure' assets which are utilized by the organization to administer, manage and support the services provided by the Authority to municipal customers. As a NYS Public Authority, the Authority has a fiscal responsibility to properly manage our assets while providing the best service within the surrounding communities in which we serve.

Asset Management is a broad term that encompasses all the various actions that the Authority undertakes to ensure that its assets are efficiently planned, delivered, managed and reviewed in a cost effective, sustainable manner. Asset Management is a core activity of the Authority and every employee is either directly or indirectly involved in the management of the Authority's assets.

This policy is issued by the Board of Directors. Development of procedures and implementation of the policy is the responsibility of the Executive Director, ~~and the Director of Information Systems Technology.~~

## SECTION 2.0 PURPOSE

This policy sets the vision, outlines the fundamental principles and assigns general responsibilities for how the Authority will manage its assets. It will also serve as an aid in the development of asset management and budget planning.

## SECTION 3.0 VISION

The Authority's vision for asset management is to meet our stakeholder and customer needs by managing our assets in a cost effective, sustainable, and transparent manner while sharing a culture of knowledge internally and externally in order to reduce duplication of effort within the Authority and across the sectors in which we serve.

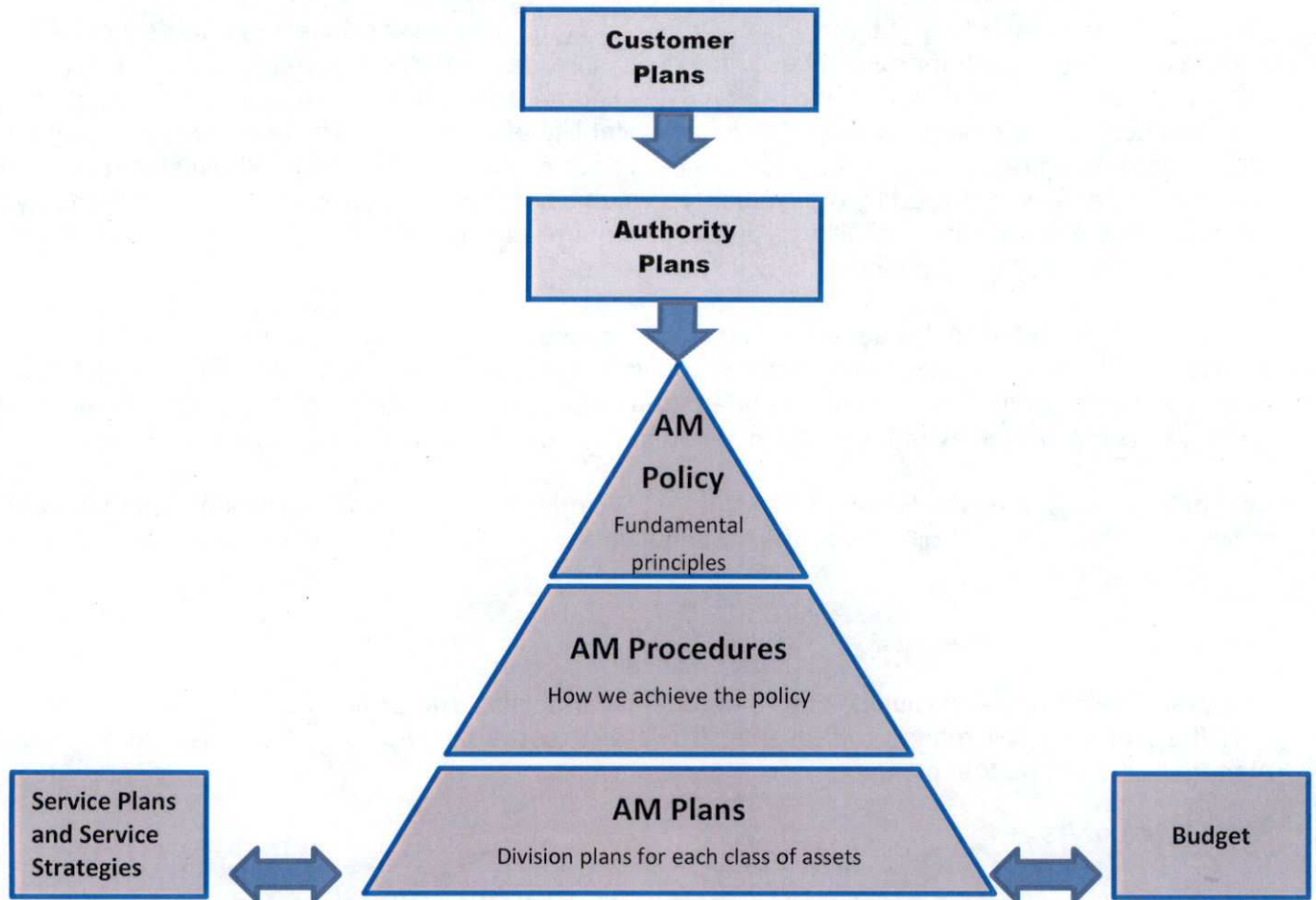
## SECTION 4.0 SCOPE

This policy applies to the acquisition, operation, use, maintenance and rehabilitation of Authority owned assets. The disposal of assets is covered under the Disposition of Real Property Policy.

## SECTION 5.0 ASSET MANAGEMENT FRAMEWORK

The framework below represents the relationship between the various elements of the asset management process and shall be used as a guide in understanding the relationship between the overall Authority Plans and the Asset Management Plans.

## Asset Management (AM) Framework



### SECTION 6.0 POLICY PRINCIPLES

#### 6.1 ASSETS

When assets are planned, acquired, renewed, upgraded or divested/decommissioned, customer needs shall be considered.

#### 6.2 AUTHORITY ASSET MANAGEMENT

The Authority's Asset Management activities will be based on applicable policies, plans and strategies of the Authority while understanding the service needs of the customer and the availability of resources.

#### 6.3 OWNERSHIP RISK

Risk associated with the ownership and operation of the Authority's assets should be understood, with plans in place to address and respond to the elimination or mitigation of those risks, as part of the asset management activities.

#### 6.4 LONG TERM SUSTAINABILITY

The Authority will own and operate assets in a manner that ensures long-term sustainability while providing a safe and healthy environment.

## SECTION 7.0 ASSET OPERATION AND MAINTENANCE

### 7.1 LIFE CYCLE

The Authority will ensure that the optimum life cycle is achieved by properly maintaining assets.

### 7.2 PLANNED MAINTENANCE REGIMES

The Authority shall have planned maintenance regimens in place to ensure assets meet their design lives in the most cost effective manner.

### 7.3 MAINTENANCE PLAN DESIGN

Maintenance plans will be designed using the best available analysis techniques, as appropriate, and shall incorporate a cost/benefit approach.

### 7.4 INFORMATION CAPTURE

Information shall be captured within the Authority's information systems to assist in the analysis of current and future asset management activities.

### 7.5 MAXIMIZE ASSETS

The Authority will act to maximize the utilization/capacity of its assets where appropriate.

### 7.6 USAGE

The Authority will ensure that assets are used in a manner deemed proper.

## SECTION 8.0 FINANCIAL RESPONSIBILITIES

### 8.1 CAPITALIZE ASSETS

The Authority will capitalize assets over \$10,000 with a useful life of over one year.

### 8.2 VALUE

Assets will be valued in accordance with accepted accounting principles.

### 8.3 EFFECTIVE ECONOMIC LIVES

Effective economic lives will be assigned to each asset grouping with the written down and/or depreciated value determined based on accepted accounting principles.

### 8.4 INSURANCE

The appropriate level of insurance will be maintained for the Authority assets.

## SECTION 9.0 INVENTORY CONTROL

### 9.1 SOFTWARE SYSTEM

The Authority will maintain an asset software system that will contain assets by division with a value over \$~~1,000~~500 at a minimum. For high-risk inventory items such as tools, vehicle parts and office equipment, Executive Management will establish lower dollar thresholds as required. Information contained in the software will include a picture of the asset (where applicable), area which it primarily resides, a description of the item, approximate date of purchase, approximate price and/or appraised value (if known). The life expectancy ~~will should~~ be based on the category of the asset and previous knowledge of like items. Adjustments to the life expectancy

~~should will~~ be made as necessary, but at a minimum be reviewed ~~periodically annually~~ for accuracy. Any pertinent information pertaining to the asset ~~should will~~ be housed in the asset software system or other appropriate systems decided upon by the Authority.

## **9.2 COMPLIANCE**

The Compliance Officer or designee shall track the capital assets of the Authority for accuracy and usefulness by performing audits.

## **9.3 DIVISION MANAGERS AS DIVISION CUSTODIANS**

Division Directors, are designated as division custodians that may appoint someone to act on behalf of them to ensure control over the divisions assets. The Division Director or their designee(s) will ensure assets are recorded, maintained, used and accounted for in the proper manner.

## **9.4 ACCURACY AND COMPLETENESS**

To maintain the accuracy and completeness of assets, Division Directors or their designee(s) shall conduct periodic inventory counts. The results of these counts shall be compared to detailed inventory records. Appropriate adjustments should be made and a list of such adjustments submitted to the Comptroller.

## **9.5 ASSET MARKING**

The Division Directors will determine what assets need markings, tags and/or identification numbers in order to properly identify the asset as Authority owned. Such identification methods will be used to deter theft, add protection and/or quickly identify the asset.

## **9.6 RESTRICT ACCESS**

The Authority may restrict access to assets in order to establish individual or group accountability. Only those employees with a functional need will be provided access.

## **SECTION 10.0 RISK MANAGEMENT AND PLANNING**

### **10.1 STAFF**

Staff directly responsible for activities associated with the management of assets shall take appropriate measures to ensure risk assessment practices are applied. This includes risks pertaining to the Authority's information systems housing asset information.

### **10.2 DIVISION DIRECTORS**

Division Directors will periodically assess their overall asset risks and determine the most appropriate strategies to manage these risks.

### **10.3 ASSET MANAGEMENT PLAN DEVELOPMENT**

An Asset Management Plan will be developed by considering risks, lifecycles, strategies, customer needs and safety and environmental responsibilities.

### **10.4 LONG TERM FINANCIAL NEEDS**

Asset Management Plans will be used as input when determining short and long-term financial needs.

**SECTION 11.0 RECORD OF REVISION**

<b>Revision Date</b>	<b>Resolution #</b>
June 21, 2018	2018-06-90
June 22, 2023	2023-06-51



**Board Resolution No. 2023-06-52**  
**June 22, 2023**

**AUTHORIZING THE WRITE-OFF OF CERTAIN ACCOUNTS  
RECEIVABLE AS BAD DEBTS**

Whereas, the Development Authority of the North Country ("Authority") reviews its receivables using Generally Accepted Accounting Principal guidelines to determine the collectability of all accounts on the Authority's Statement of Net Position, and

Whereas, based on such review, the following accounts receivable has been deemed uncollectable and recommended for write-off by Management:

PetaWatt Properties, LLC                      \$2,469.00

**RESOLVED**, the Authority authorizes the write-off of the above identified receivable and further directs the Chief Financial Officer to make adjustments to the Authority's financial statements to reflect this transaction.

Motion by: K. Bibbins

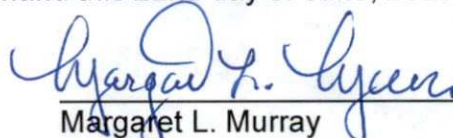
Seconded by: A. MacKinnon

Bibbins – <b>Yes</b>	Hefferon – <b>Yes</b>	Hunt - <b>Present</b>	Mastascusa - <b>Absent</b>
Doheny – <b>Yes*</b>	Henry - <b>Present</b>	MacKinnon – <b>Yes</b>	Murray - <b>Yes</b>
Hall – <b>Yes</b>	Hollenbeck – <b>Present</b>	McGrath – <b>Absent</b>	Virkler - <b>Yes</b>

\*- indicates attendance via videoconference.

**DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY**

I, the undersigned, Chairperson 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. 2023-06-52 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 22nd day of June, 2023, and that same is a true and correct copy of such resolution. In testimony whereof, I have hereto set my hand this 22nd day of June, 2023.

  
Margaret L. Murray  
Board Chairperson



**Board Resolution No. 2023-06-53**  
**June 22, 2023**

**MATERIALS MANAGEMENT DIVISION  
CAPITAL PROJECT BUDGET AMENDMENT  
EQUIPMENT REPLACEMENT**

Whereas, pursuant to **Resolution No. 2022-02-10** the Development Authority of the North Country established an \$85,000 capital project budget for the replacement of a 2009 Service Truck (Project 20199), and

Whereas, due to supply chain issues, a Service Truck meeting the Authority's specifications could not be located, and

Whereas, the initial project budget was established based on the procurement of a comparable model through New York State Centralized Contracts, and

Whereas, given that no vehicles meeting the Authority's specifications can be located the Authority researched available truck bodies that could be customized to include the service boxes and required crane attachment, and

Whereas, the additional cost of the customization is estimated to be \$89,000, and

Whereas, pursuant to **Resolution No. 2023-02-08** the Development Authority of the North Country established a \$688,600 capital project budget for the replacement of a 2015 Hydraulic Excavator (Project 20207), and

Whereas, this procurement will be less than estimated due to the inclusion of additional contingency in the initial project budget and receiving a \$90,000 trade-in for the existing equipment that was not anticipated, and

Whereas, the additional increase in the project budget for the replacement of the Service Truck (Project 20199) will be offset by the decrease in the capital project budget for the replacement of the Hydraulic Excavator (Project 20207).

Now, therefore be it

**RESOLVED**, that the Development Authority of the North Country does hereby amend the Materials Management Division Capital Budget for a Service Truck (Project 20199) to increase the budget from \$85,000 to \$174,000, and

**BE IT FURTHER RESOLVED**, that the Development Authority of the North Country does hereby amend the Materials Management Division Capital Budget for a Hydraulic Excavator (Project 20207) to decrease the budget from \$688,600 to \$599,600.

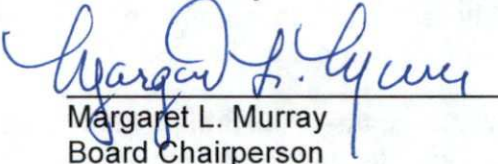
Motion by: M. Hall  
Seconded by: E. Virkler

Bibbins – <b>Yes</b>	Hefferon – <b>Yes</b>	Hunt - <b>Present</b>	Mastascusa - <b>Absent</b>
Doheny – <b>Yes*</b>	Henry - <b>Present</b>	MacKinnon – <b>Yes</b>	Murray - <b>Yes</b>
Hall – <b>Yes</b>	Hollenbeck – <b>Present</b>	McGrath – <b>Present*</b>	Virkler - <b>Yes</b>

\*- indicates attendance via videoconference.

#### DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

I, the undersigned, Chairperson 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. 2023-06-53 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 22nd day of June, 2023, and that same is a true and correct copy of such resolution. In testimony whereof, I have hereto set my hand this 22nd day of June, 2023.



Margaret L. Murray  
Board Chairperson



**Board Resolution No. 2023-06-54**  
**June 22, 2023**

**WATER QUALITY DIVISION**  
**REGIONAL WATER LINE**  
**FY 2023-2024 OPERATING BUDGET AMENDMENT**

Whereas, the Development Authority of the North Country adopted an Operating Budget for the Regional Water Line for FYE 2024 pursuant to **Resolution No. 2023-02-11**, and

Whereas, the budget authorized expenditures of \$20,000 for pipeline maintenance, and

Whereas, on April 30, 2023 a water main break was discovered in the Town of Lyme Water District 1. The break was repaired by the Town of Lyme Highway Department. The Town was unable to reconnect a hydrant and this required the Authority to hire an external contractor to move the hydrant, and reset the thrust block, and

Whereas, the total cost of the repairs was \$14,155, and

Whereas, additional pipeline repair work will likely be necessary throughout the remaining fiscal year, and

Whereas, the capital reserve balance for the Regional Water Line was \$201,256 as of April 30, 2023, and

Whereas, the additional expenses for pipeline maintenance will be paid from Regional Waterline Reserves; as customer rates will not be adjusted until April 1, 2024.

Now, therefore be it

**RESOLVED**, that the Development Authority of the North Country hereby amends the FY 2023-2024 Regional Water Line Budget as follows:

	<u>Current Budget</u>	<u>Amended Budget</u>
Pipeline Maintenance	\$ 20,000	\$ 34,155

**BE IT FURTHER RESOLVED**, that such additional expenditures be funded from Regional Waterline Reserves.

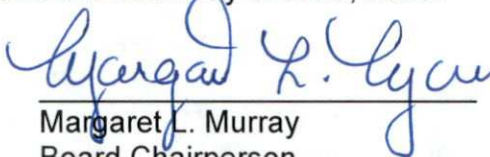
Motion by: K. Bibbins  
Seconded by: A. MacKinnon

Bibbins – <b>Yes</b>	Hefferon – <b>Yes</b>	Hunt - <b>Present</b>	Mastascusa - <b>Absent</b>
Doheny – <b>Yes*</b>	Henry - <b>Present</b>	MacKinnon – <b>Yes</b>	Murray - <b>Yes</b>
Hall – <b>Yes</b>	Hollenbeck – <b>Present</b>	McGrath – <b>Present*</b>	Virkler - <b>Yes</b>

\*- indicates attendance via videoconference.

#### DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

I, the undersigned, Chairperson 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. 2023-06-54 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 22nd day of June, 2023, and that same is a true and correct copy of such resolution. In testimony whereof, I have hereto set my hand this 22nd day of June, 2023.

  
Margaret L. Murray  
Board Chairperson



**Board Resolution No. 2023-06-55**

**June 22, 2023**

**REGIONAL TOURISM TRANSFORMATIONAL COMMUNITY  
REVOLVING LOAN FUND  
PSR HOLDINGS FOUR LLC  
LOAN RATIFICATION**

Whereas, **Resolution No. 2013-08-12** establishes the Regional Tourism Transformational Community Revolving Loan Fund, and

Whereas, the Regional Loan Review Committee has the authorization to commit loans of up to \$250,000 with the Authority Board ratifying the loan at its next meeting, and

Whereas, the Regional Loan Review Committee met June 9, 2023 to review an application from PSR Holdings Four, LLC requesting \$110,800.00 from the Regional Tourism Transformational Community Revolving Loan Fund in order to make improvements to a RV campground located at 42 Bridge Road, Crown Point, NY (Essex County), and

Whereas, the Regional Loan Committee felt that the improvements to the facility meet the objectives of the Fund, and

Whereas, the Regional Loan Review Committee approves a commitment of \$110,800 from the Regional Tourism Transformational Community Revolving Loan Fund at the terms and conditions attached.

Now, therefore be it

**RESOLVED, Development Authority of the North Country does hereby ratify a loan in the amount of \$110,800 from the Regional Tourism Transformational Community Revolving Loan Fund to PSR Holdings Fours 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, and further be it**

**RESOLVED, this is considered a Type II Action under the State Environmental Quality Review (SEQRA) and is considered an exempt activity requiring no further action.**

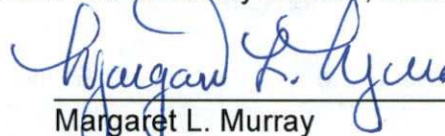
Motion by: T. Hefferon  
Seconded by: A. MacKinnon

Bibbins – <b>Yes</b>	Hefferon – <b>Yes</b>	Hunt - <b>Present</b>	Mastascusa - <b>Absent</b>
Doheny – <b>Yes*</b>	Henry - <b>Present</b>	MacKinnon – <b>Yes</b>	Murray - <b>Yes</b>
Hall – <b>Yes</b>	Hollenbeck – <b>Present</b>	McGrath – <b>Present*</b>	Virkler - <b>Yes</b>

\*- indicates attendance via videoconference.

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Margaret L. Murray  
Board Chairperson

## TERM SHEET

Borrower: PSR Holdings Four LLC

Loan Fund: Regional Tourism Transformational Community Revolving Loan Fund [Empire State Development Funds]

Amount: \$110,800.00

Loan Term: 20 years

Loan Rate: 1%

Loan Payment: 6 months interest-only, monthly principal and interest to term out loan over 234 months

Collateral: First mortgage and assignment of rents and leases on 42 Bridge Road, Crown Point, NY 12928;

1st lien on all machinery and equipment, furniture and fixtures, inventory, accounts receivable, and general intangibles of PSR Holdings Four LLC relating to Laku Campground.

Conditions:

- Cash equity of a minimum of \$166,200 has been committed to project.
- Labor peace does not apply as it will have less than 15 FTE.
- Personal Guaranty of Todd Drake; corporate guaranty of Tri City Holdings Incorporated.
- All required permits and approvals, if any additional needed.
- Copies of invoices, and cancelled checks or bank statements.
- Essex County real property records already demonstrate an acceptable LTV.

## TRANSFORMATIONAL TOURISM FUND

**Borrower:** PSR Holdings Four, LLC d/b/a Laku RV Campground

**Project Location:** 42 Bridge Road, Crown Point, NY 12928 (parcel #107.4-2-2.00)

**Borrower Address:** 3382 Lakeshore Drive, Lake George, NY 12845

**Ownership:** Tri City Holdings Incorporated-100% (Todd Drake 100% shareholder)

**Loan Amount:** \$110,800.00

**Term:** 20 years

**Rate:** 1%

**Payments:** 6 months interest-only, Monthly principal and interest thereafter to amortize over remaining 234 months

**Guarantor:** Todd Drake, Tri City Holdings Inc.

**Use of Funds:** Improvements

**Collateral:** First mortgage and assignment of leases and rents.

**Jobs:** Existing: 2 FTE  
Years 1-3: 1.75 FTE

### Total Project Costs

#### Sources of Funds

Tourism Loan Fund	\$110,800.00
Cash Equity	<u>\$166,200.00</u>
Total	\$277,000.00

#### Uses of Funds

Septic Installation	\$ 262,000.00
Contingency	<u>\$ 15,000.00</u>
Total	\$ 277,000.00

Cash equity-Cash contributed by applicant

### Description of Project

Mr. Todd Drake with Tri City Holdings Inc. is requesting \$110,800 from the Tourism fund to install septic to 75 sites at the RV campground in Crown Point. PSR Holdings Four, LLC owns the real estate and will be the borrower. Tri City Holdings Inc. is the guarantor.

Laku RV Campground is a 75-site RV campground situated near the south west shores of Lake Champlain, near the Vermont border at 42 Bridge Rd, Crown Point, NY. The 11 acre site has been operated as a campground for over 50 years. The park offers electric and water hook-ups for camping purposes on each site, however, over time the demand for direct sewer line hook up for RV campers

d/b/a Laku RV Campground

Page 2

June 2, 2023

has become the industry standard. To be competitive and to draw campers to New York's Adirondack and Champlain Valley Regions, the park must be upgraded to provide "full hook up" sites that include electricity, water and sewer, while utilizing septic methods that meet modern environmental standards.

As the site is in the Champlain water shed and just a few hundred feet from its shores, this initiative brings with it an aspect of environmental stewardship that combines with sustainable tourism for the area. PSR Holdings Four, LLC, wholly owned by Todd Drake, principal, is a family-run hospitality real estate company specializing in "mom and pop" style traditional Adirondack family vacation properties. They presently own and operate 3 campgrounds and 3 small motel/cabin seasonal properties within Warren & Essex counties.

Mr. Drake's investment and working procedure is to purchase and improve properties, which he has done with strong results at his other acquisitions. At Laku, he identified an opportunity to improve a well-known but long neglected park which was part of an estate. The previous owner passed away at an advanced age, and had operated the park for over 30 years. During that time, the appearance and functionality of the park declined due to deferred maintenance and lack of improvement over the years. Since Mr. Drake purchased the facility in 2021, he has upgraded the park's electrical and water systems, working with NYS Department of Health to effect positive change. He has also cleaned up the grounds, improved drainage and prepared for the sewer infrastructure improvement project now underway by removing older campers and clearing space for the installation.

Mr. Drake's experience in operating other RV campgrounds shows that this park is and has been significantly under-utilized. Nearby parks in the region have new site rental rates at 2.5 times the current rate at Laku RV. Comparable parks in the area have little or no available space and charge at least 50% more. Maple RV to the south and the two Port Henry-owned RV parks to the north are full with long waiting lists. Laku stands to capture a large portion of those waiting for sites at these parks once improvements have been completed. Just over the border in Vermont, camping is dominated by large KOA style parks that carry a high price and offer no vacancy. Overall, camping in the Adirondack Park operates at approximately 98% occupancy each summer, varying year to year.

Presently, and partially by design, Laku is operating at less than 50% capacity, since, the construction season, unfortunately, coincides with the operating/camping season. Once the improvements are in place, the park will be re-marketed to a broader market of visitors and at a higher price point. Mr. Drake intends to stabilize at full occupancy by 2025, utilizing all 75 sites for seasonal and transitional use, with an ultimate operation of approximately 55/45 ratio (seasonal to transitional) respectively. At present, he has little to offer travelers until improvements are in place. His income is dependent upon a ratio of approximately 85/15 percent of business, respectively. The sewer installation will triple the capability to offer transitional campsites.

#### **Justification for Tourism Funds**

RV campgrounds play an integral role in the health of the local economy. The Crown Point/Port Henry area suffers from a lack of outside investment. The area has not seen the resurgent investment from down state or out of state home buyers, and little in the way of business. Camping brings a wide variety of visitors into the area with available cash for use at local vendors, retailers, farms, and activity destinations. While expensive second homes provide strong tax base benefits, it is well known that many of the owners of these properties spend little time in the area and rarely buy locally. Campers, both seasonal and transitional, take advantage of a very affordable way to make the area their home for a few days or months, and spend their free cash there, rather than at home, on local

goods and services, generating healthy businesses and sales tax revenue. RV camping provides an inclusive opportunity for the Adirondack/Champlain experience by lowering the cost and barriers to entry as compared with second home ownership or hotel costs. Site rentals at \$40 per night are a fraction of the cost for hotels and cabin accommodations, while seasonal camping at \$1,500 for the season equates to just \$59 per night. The target market draws from a professional, working class and low-income customer base. The campgrounds, in serving their needs, employ local labor and engage local vendors for services. Visiting campers often advocate for the region and send their friends and family there. Mr. Drake has found a best marketing approach through word-of-mouth referral of friends and family who fall in love with the area, the campground or both. When the sewer installation project is complete, he will be continuing to improve amenities, such as the pavilion and game room, play areas, basketball court, and new outdoor game areas for kids and families.

**Project**

The project kicked off on May 9, 2023, and is underway. This is not unusual as the construction season has started and, if approved, the Tourism funds will not be available until likely August. Mr. Drake has already paid out \$48,000 toward materials, labor and machinery in advance payments. The financing available from the Tourism fund will allow Mr. Drake to continue to make much needed improvements to the facility while freeing up cash to be used in other projects at the site. Assisting with the overall operating costs for the park while allowing the park to grow will bring hundreds of additional visitors to the area each year.

The project involves excavating and installing septic piping from all 75 campsites to a total of 9 septic tanks; setting each of the 9 septic and pump tanks for all systems; installing a total of 9 mound leach systems and connecting piping to pumps located in the pump tank. A quote dated 4/17/2023 was provided by Bentley Property Maintenance.

**Financial Review**

**Income Statement-Laku Campground Only**

	<b>Actual 2021</b>	<b>Actual 2022</b>	<b>Projected 2023</b>	<b>Projected 2024</b>
Sales	43,800	49,920	40,076	84,000
Gross Profit	43,800	49,920	40,076	84,000
Expenses	33,624	26,325	25,073	33,339
Other Income/(Exp)	0	0	0	0
Net Operating Income/(Loss)	10,176	26,325	15,003	50,661
Cash for Debt Service	10,176	26,325	15,003	50,661
Tourism Fund	6,330	6,330	6,330	6,330
Total Debt	6,330	6,330	6,330	6,330
Debt Service Coverage	1.61	4.16	2.37	7.9

Tourism Fund-\$527.50/mo

d/b/a Laku RV Campground

Page 4

June 2, 2023

- The 2021 and 2022 information was provided by the applicant. The 2023 and 2024 information was internally prepared.
- The 2023 income is lower as they have cleared sites for installation of the septic and will likely not lease those sites until 2024.
- The website shows seasonal special offer through March 1, 2023 of \$1,350; \$1,500 standard seasonal rate plus metered electricity usage; \$275 weekly rate. Electricity and water provided to sites, RVs must empty water at the septic dump station.
- Based on an average of \$1500 per site, it would appear that conservatively, 29 sites were rented in 2021, and 33 in 2022. He is projecting to rent around 27 sites in 2023, 56 in 2024, and all 75 in 2025.
- As stated above, Mr. Drake intends to stabilize at full occupancy by 2025, utilizing all 75 sites for seasonal and transitional use, with an ultimate operation of approximately 55/45 ratio (seasonal to transitional) respectively. At present, he has little to offer travelers until improvements are in place. His income is dependent upon a ratio of approximately 85/15 percent of business, respectively. The sewer installation will triple the capability to offer transitional campsites.
- Primary expenses are real estate taxes, \$3,543, property insurance, \$3,770, maintenance and repairs, approx. \$5,000 annually, and office and admin wages, approx. \$5,000 annually. There is no other debt on this property.

#### Laku Campgrounds Only

	At Closing
Assets	
Current	0
Fixed	521,938
Other	0
Total Assets	521,938
Liabilities	
Current	2,580
Long Term	108,220
Other	0
Total Liabilities	110,800
Equity	411,138
Total Liabilities & Equity	521,938

- Balance sheet provided by Applicant. Fixed assets reflect real estate and improvements.
- Current portion of long term debt is the new Tourism loan. There is no other long-term debt other than the new Tourism loan.
- The Applicant has contributed a significant amount of equity to the project.

#### Tri City Holdings Incorporated

	2020	2021
Sales	169,495	527,910
Gross Profit	169,495	518,863
Expenses	100,021	634,566
Other Income/(Exp)	0	(23,576)
Net Income (Loss) before Taxes	69,474	(139,279)

- 2020 and 2021 information from IRS Form 1120-S. As mentioned, Tri City Holdings Incorporated owns PSR Holdings Four, LLC. PSR Holdings Four, LLC is reported on the tax return for Tri City Holding Incorporated. The tax returns for 2022 have not been filed yet.
- The primary business activities for Tri City Holdings are real estate rental and rental property. Depreciation was \$309,308 in 2021. The taxes are reported on a cash basis.

**Tri City Holdings Incorporated**

	2020	2021
<b>Assets</b>		
Current	335,205	447,299
Fixed	3,383,717	4,185,292
Other	47,329	41,701
Total Assets	3,766,251	4,674,292
<b>Liabilities</b>		
Current	164,837	179,444
Long Term	2,725,881	2,965,107
Other	220,236	267,396
Total Liabilities	3,110,954	3,411,947
Equity	655,297	1,262,345
Total Liabilities & Equity	3,766,251	4,674,292
Working Capital	170,368	267,855
Current Assets	2.03	2.49
Debt to Equity	4.75	2.7

- Tax returns for 2022 have not been filed; on extension.
- Cash totaled \$218,080 in 2020, and \$287,438 in 2021.
- Fixed assets include several residential rental real estate, as well as other holdings.
- Loans from shareholders increased from \$34,837 in 2020 to \$40,480 in 2021.
- Long term debt increased by \$239,226 in 2021.
- Equity injection of \$895,589 in 2021. Coincides with cash purchase of Laku Campground. There was an investment of \$882,244 into PRS Holdings Four LLC in 2021.

**Personal Credit:**

Todd reports assets of \$36,835,300 and liabilities of \$13,232,470. Primary assets in real estate of \$36,063,500, automobiles and recreational vehicles, \$94,000, and other business assets, \$600,000. Real estate is held under LLCs: Philip Street Realty, LLC, PSR Holdings Five LLC, Tri City Holdings, Black Rock Holdings, Schroon Realty LLC, PSR Holdings One, Ampersand Resort LLC, Cornerstone Building, C&W Development and PSR Holdings Four. Todd lists four properties in his own name totaling \$1,760,000. Primary liabilities are notes payable to SBA, \$317,000, and mortgages, \$12,915,470. His schedule K-1 for 2021 showed ordinary business loss of \$139,279 against net rental real estate income of \$223,185. Todd has a TransUnion credit score of 829. He has no derogatory comments on record. He lists open balances of \$1,261,934, of which \$42,134 is in revolving, and \$1,219,800 is in mortgage credit.

The Logic Score for Tri City Holdings Inc. is a high risk score of 55, with a warning business failure assessment. There are no days beyond terms reported, either currently, or historically. It has no trade lines present. There are no derogatory public records, collection accounts, or pending lawsuits. It has a total of 11 UCC filings, and no OFAC records were found. The Logic Score is influenced by the absence of days beyond terms, the lack of trade lines, the numbers of years having conducted business, and no corporate linkage information found.

The Logic Score for PSR Holdings Four, LLC, is also a high risk score of 55, with a warning business failure assessment. There are no days beyond terms reported, either currently, or historically, it has no trade lines present. There are no derogatory public records, collection accounts, or pending lawsuits. The company was incorporated in 2010 in New York, for profit, but status inactive, which could simply mean that an annual corporate report was not filed with the state of New York. Checking the DOS website, the company's status is active and reports are current. It has no UCC filings, and no OFAC records were found. As in Tri City Holdings, Inc., the Logic Score is influenced by the absence of days beyond terms, lack of trade lines, and no corporate linkage information found.

**Collateral:**

- First mortgage on real estate located at 42 Bridge Road, Crown Point, NY 12928 (parcel #107.4-2-2.00);
- Assignment of Leases and Rents

	<u>Cost</u>	<u>Discount</u>
Real Property (70%)	\$214,458	\$150,121
Collateral Available	\$214,458	\$150,121
Tourism Fund	\$110,800	\$150,121
Total Debt	\$110,800	\$110,800
<b>Loan to Value</b>	<b>52%</b>	<b>74%</b>

Total parcel is 11.70 acres and has a (tentative 2023) full market value of \$214,458 per Essex County real property records. The value provided by the Essex County real property records is sufficient documentation to show a 1:1 loan-to-value.

**Contingencies:**

- Cash equity has been committed to the project
- Essex County real property records already demonstrate an acceptable LTV
- All required permits and approvals, if any additional are needed
- Labor Peace does not apply as it has less than 15 FTE employees
- Personal guaranty of Todd Drake and Tri City Holdings Incorporated
- Copies of invoices, and cancelled checks or bank statements