



Board Resolution No. 2024-06-47
June 27, 2024

**APPROVING AUDITED FINANCIAL STATEMENTS, SINGLE AUDIT,
AGREED UPON PROCEDURES, AND REPORT ON INVESTMENTS
FOR FISCAL YEAR ENDING MARCH 31, 2024**

Whereas, the Development Authority of the North Country appointed the accounting firm of EFPR CPAs, PLLC, 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, 2024, and

Whereas, EFPR CPAs, PLLC, has completed all necessary procedures in compliance with Generally Accepted Auditing Standards and have issued an unmodified opinion on the financial statements, and

Whereas, EFPR CPAs, PLLC, 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, EFPR CPAs, PLLC, 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, EFPR CPAs, PLLC, 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, 2024 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, 2024.

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

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

*- indicates attendance via videoconference.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

I, the undersigned, Vice 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. 2024-06-47 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 27th day of June, 2024, and that same is a true and correct copy of such resolution. In testimony whereof, I have hereto set my hand this 27th day of June, 2024.



Mary R. Doheny
Board Vice Chairperson



Board Resolution No. 2024-06-48
June 27, 2024

**APPROVING THE ASSESSMENT OF THE EFFECTIVENESS
OF INTERNAL CONTROLS OF THE DEVELOPMENT AUTHORITY OF
THE NORTH COUNTRY FOR FISCAL YEAR 2024**

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 2024 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 2024.

Motion by: D. Mastascusa

Seconded by: K. Bibbins

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

*- indicates attendance via videoconference.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

I, the undersigned, Vice 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. 2024-06-48 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 27th day of June, 2024, and that same is a true and correct copy of such resolution. In testimony whereof, I have hereto set my hand this 27th day of June, 2024.



Mary R. Doheny
Board Vice Chairperson

Assessment of the Effectiveness of Internal Controls – FY 2024

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, 2024.

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. 2024-06-49
June 27, 2024

**APPROVING ANNUAL BOND SALES REPORT
FOR FISCAL YEAR ENDING MARCH 31, 2024**

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, 2024, 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, 2024, attached hereto and incorporated in this Resolution.

Motion by: M. Hall

Seconded by: E. Virkler

Bibbins – **Yes**

Hefferon – **Yes**

MacKinnon – **Yes**

Murray – **Absent**

Doheny – **Yes***

Henry - **Absent**

McGrath – **Present***

Virkler – **Yes**

Hall – **Yes**

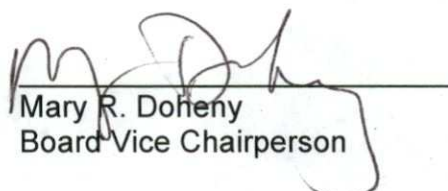
Hunt - **Present**

Mastascusa – **Yes**

*- indicates attendance via videoconference.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

I, the undersigned, Vice 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. 2024-06-49 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 27th day of June, 2024, and that same is a true and correct copy of such resolution. In testimony whereof, I have hereto set my hand this 27th day of June, 2024.



Mary R. Doheny
Board Vice Chairperson

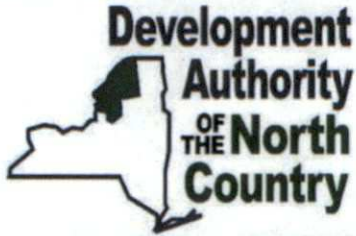
**Development Authority of the North Country
Annual Bond Sales Report
Fiscal Year Ended March 31, 2024**

Issuances

<u>Bond/Note Issue</u>	<u>Date Issued</u>	<u>Amount</u>	<u>Net Interest Cost</u>	<u>True Interest Cost</u>	<u>Underwriter Compensation</u>	<u>Method of Sale</u>	<u>Maturity</u>
AWL Drinking Water Facility Note	6/1/2023	\$12,485,771	3.20%	3.175%	NA	Private Placement	6/1/2028
ASL Sewer Revenue Note	9/1/2023	\$11,000,000	6.716%	6.716%	NA	Private Placement	9/1/2025
Telecom Letter of Credit	12/20/2023	\$3,636,938	1.25%	1.25%	NA	Private Placement	12/20/2024 with one year auto renewals

Outstanding Bonds as of March 31, 2024

<u>Bond Issue</u>	<u>Balance @ 3/31/24</u>	<u>Maturity</u>
Series 2019 SWMF Revenue Bonds	\$ 9,695,000	2044
Series 2015 SWMF Revenue Bonds	\$ 6,445,000	2040



Board Resolution No. 2024-06-50
June 27, 2024

**AUTHORIZING THE SALE OF CARBON CREDITS
MATERIAL MANAGEMENT FACILITY**

Whereas, the Development Authority of the North Country operates the original landfill and landfill extension, located at the Materials Management Facility in Rodman, NY, and

Whereas, the Development Authority of the North Country is eligible to sell carbon credit offsets associated with the collection of landfill gas coming from the original landfill and landfill extension, and

Whereas, pursuant to Resolution No. 2021-08-109, the Board of Directors authorized the Executive Director to act on behalf of the Authority to engage in necessary professional services and pay required fees in order to register and sell carbon credit offsets associated with the collection of landfill gas, and

Whereas, pursuant to Resolution No. 2021-08-109, the Authority retained Environmental Attribute Advisors (EAA), a New York State Certified Women Business Enterprise, to provide environmental consulting services to assist in carbon offset development, registering the project for approval through the Climate Action Reserve (CAR) and placement services at a rate of 10% of each carbon credit offset sale completed, and

Whereas, EAA's principal, Denise Farrell was actively involved in selling carbon credits on behalf of the Authority from 2009 to 2011 which resulted in \$2,394,144 in revenue, and

Whereas, the Authority is in the process of submitting a final report to Climate Action Reserve (CAR) for approval of 77,517 carbon credit offsets for the period July 1, 2021 through December 31, 2021 and 131,174 carbon credit offsets for the calendar year 2022. Once approved, the 2021 and 2022 verified carbon credit offsets will be placed in an account and available for sale, and

Whereas, an activation fee of \$.22 per carbon credit offset (\$45,912) is required for the sale to commence, and

Whereas, the estimated sale price per carbon credit offset is quoted between \$3.50 to \$5.00 per credit. Vintage carbon credit offsets (older than 2023) usually sell for less, unless bundled with newer/future carbon credit offsets, and

Whereas, upon CAR's approval of the 2021 and 2022 carbon credit offsets, the Development Authority of the North Country shall commence the 2023 carbon credit

offset verification process to include estimated revenue and fees associated with the verification and sale of approximately 140,000 carbon credit offsets.

Now, therefore be it

RESOLVED, that the Development Authority of the North Country hereby amends the FY 2025 Material Management Facility Budget to include the estimated revenue and expenditures associated with the sale of the 2021 and 2022 carbon credit offsets as well as recognize the estimated revenue and expenditures to complete the verification and sale of 2023 carbon credit offsets as follows:

<u>Revenue</u>	<u>Current Budget</u>	<u>Amended Budget</u>	<u>Change</u>
Carbon Credit Revenue	\$0	\$1,220,420	\$1,220,420
 <u>Expense</u>			
Carbon Credit Expense	\$0	\$ 300,000	\$ 300,000

and be it further

RESOLVED, that the Executive Director is hereby authorized to act on behalf of the Authority to engage in necessary professional services, pay required fees, register and sell carbon credit offsets associated with the original landfill and landfill extension, and be it further

RESOLVED, that the Chief Financial Officer will report the detail of such sales annually to the Authority Board of Directors once sales commence.

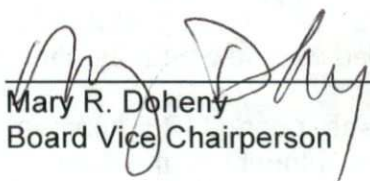
Motion by: M. Hall
Seconded by: K. Bibbins

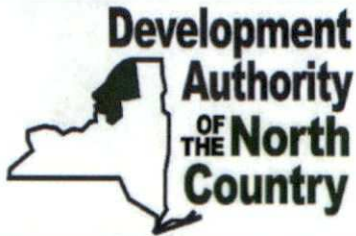
Bibbins – Yes	Hefferon – Yes	MacKinnon – Yes	Murray – Absent
Doheny – Yes*	Henry - Absent	McGrath – Present*	Virkler – Yes
Hall – Yes	Hunt - Present	Mastascusa – Yes	

*- indicates attendance via videoconference.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

I, the undersigned, Vice 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. 2024-06-50 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 27th day of June, 2024, and that same is a true and correct copy of such resolution. In testimony whereof, I have hereto set my hand this 27th day of June, 2024.


Mary R. Doheny
Board Vice Chairperson



Board Resolution No. 2024-06-51
June 27, 2024

AFFORDABLE RENTAL HOUSING PROGRAM
DGGL PROPERTIES LLC
LOAN MODIFICATION

Whereas, **Resolution No. 2021-06-94** authorized a loan of \$1,000,000 from the Affordable Rental Housing Program to DGGL Properties LLC for the substantial rehabilitation of 118 units of affordable rental housing in the villages of Gouverneur and Lowville, and

Whereas, **Resolution No. 2021-06-94** allowed for the assumption of existing debt of Conifer Bateman Associates by DGGL Properties LLC, and

Whereas, a condition of the assumption of the Conifer Batemen Associates debt was that DGGL Properties LLC would pay down the outstanding principal balance by \$100,000 upon conversion to permanent financing, and

Whereas, DGGL Properties LLC has struggled with lease-up as it converts a market-rate property to affordable housing having achieved the initial qualified occupancy to convert to permanent financing in December 2023 which was 10 months later than scheduled, and

Whereas, the leasing challenges resulted in less income, along with the need to pay higher costs associated with extending a letter of credit and a reduction in tax credit equity due to the inability to meet the initial qualified occupancy as planned, have all resulted in DGGL Properties LLC not having the cash resources to pay down the Conifer Batemen Associates debt, and

Whereas, the outstanding principal owed on the Conifer Bateman Associates loans are \$823,977.22, and

Whereas, all other terms and conditions of the loan will stay the same.

Now, therefore be it

RESOLVED, the Development Authority of the North Country does hereby modify the condition of a loan to DGGL Properties LLC to remove the condition to pay down the Conifer Bateman Associates debt by \$100,000 with all other terms and conditions remaining the same, and further be it

RESOLVED, the Development Authority of the North Country does hereby authorize DGGL Properties LLC to assume the outstanding principal and accrued interest of the Conifer Bateman Associates debt upon conversion to permanent financing, and authorizes the Executive Director or Chief Financial Officer to execute all necessary documents.

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

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

*- indicates attendance via videoconference.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

I, the undersigned, Vice 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. 2024-06-51 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 27th day of June, 2024, and that same is a true and correct copy of such resolution. In testimony whereof, I have hereto set my hand this 27th day of June, 2024.



Mary R. Doheny
Board Vice Chairperson

TERM SHEET

BORROWER: DGGL Properties, LLC

AMOUNT: NEW \$1,000,000 construction loan converted to permanent upon completion of construction

AMOUNT: EXISTING approximately \$823,977.22 at 06/2024; [amount will be adjusted at permanent loan closing to include accrued interest]

FUND: Affordable Rental Housing Program

PURPOSE: Improvements to The Bateman and Woodcreek Villages

CONSTRUCTION LOAN: \$1 million construction loan at 1%, interest only paid monthly during construction period

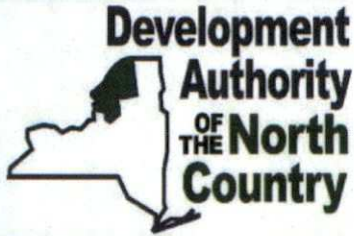
EXISTING LOANS: \$1,000 monthly principal and interest at 1% during construction period

CONVERSION TO PERMANENT: At conversion to permanent financing, the two loans are consolidated into one loan at .5% for 30 years with annual interest only payments due on 12/31

COLLATERAL: Co-proportional second mortgage with approximately \$5,842,786 in NYS Housing Finance Agency sub debt on 7574 S. State Street, Lowville, NY 13367 and 1100 Larch Circle, Gouverneur, NY 13642; Assignment of Rents and Leases

GUARANTORS: None

CONDITIONS: 1% processing fee paid on \$1,000,000 due at construction loan closing
1% processing fee paid on refinanced amount due at permanent loan closing
All required permits and approvals
Proof of all funding commitments
DANC will accept the state's regulatory agreement for affordability in lieu of its own recorded regulatory agreement
Copy of appraisals
Support letter from community



Board Resolution No. 2024-06-52
June 27, 2024

ECONOMIC DEVELOPMENT FUND
JEFFERSON COUNTY HISTORICAL SOCIETY
LOAN EXTENSION

Whereas, **Resolution No. 2021-06-95** authorized a loan of up to \$285,000 from the Economic Development Fund to the Jefferson County Historical Society to bridge New York State grant funding for improvements to their facility in Watertown, and

Whereas, **Resolution No. 2023-12-92** extended the loan for an additional 4-months to April 1, 2024, and

Whereas, the Authority has a participation loan with the Watertown Local Development Corporation which is also providing \$285,000 in construction financing, and

Whereas, the Authority is the lead lender, and

Whereas, the Jefferson County Historical Society has completed their project and is awaiting final disbursements from New York State for its grants, and

Whereas, the Jefferson County Historical Society has requested an additional 6-month extension of this loan to mature October 1, 2024, and

Whereas, all other terms and conditions of the loan will stay the same.

Now, therefore be it

RESOLVED, the Development Authority of the North Country does hereby extend the term of the Jefferson County Historical Society loan for an additional 6 months subject to the attached Term Sheet.

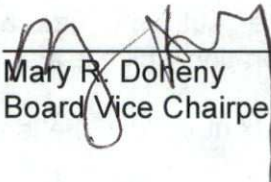
Motion by: D. Mastascusa
Seconded by: T. Hefferon

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

*- indicates attendance via videoconference.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

I, the undersigned, Vice 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. 2024-06-52 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 27th day of June, 2024, and that same is a true and correct copy of such resolution. In testimony whereof, I have hereto set my hand this 27th day of June, 2024.



Mary R. Doheny
Board Vice Chairperson

TERM SHEET

Borrower: Jefferson County Historical Society

Loan Fund: Economic Development Fund

Loan Amount: up to \$285,000.00

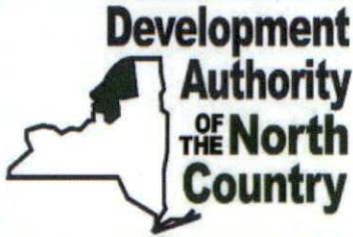
Term: 24 months, or upon receipt of the final grant funds,
whichever occurs first

Rate: 1.5%, construction interest-only

Payment: Monthly interest-only

Collateral: Assignment of grant proceeds

Conditions: Watertown Local Development financing of \$285,000



Board Resolution No. 2024-06-53
June 27, 2024

**CONSENT TO RELEASE INVESTOR MEMBER
CARTHAGE APARTMENTS LLC**

Whereas, **Resolution No. 2007-12-08** authorized acceptance of \$600,000 from the NYS Housing Trust Fund Corporation to administer a loan of \$600,000 to Carthage Apartments LLC for the construction of 40 units of affordable housing in the Village of Carthage, and

Whereas, an additional \$300,000 was awarded through the Community Rental Housing Program to Carthage Apartments LLC for the same purpose, and

Whereas, per the loan documents, the Borrower must notify the Authority when there are changes to the ownership of the property, and

Whereas, the project initially received federal low income housing tax credits from New York State, and WNC Inc. was the investor, and

Whereas, the 15-year compliance period for the federal low income housing tax credits have ended and WNC Inc. is requesting to leave the partnership, and

Whereas, WNC's Investor Member interests will be replaced with a DiMarco family entity that has yet to be formed, and

Whereas, DiMarco Group is the property developer, and

Whereas, this is a normal situation whereby an investor leaves a partnership at the end of the first 15-year tax credit compliance period as there are no further risk or credit recapture provisions, or any future economic benefits to the investor, and

Whereas, the current principal balance on the Authority's loan is \$236,013 and the current principal balance on the NYS Housing Trust Fund loan is \$600,000 and both loans are being paid as agreed, and

Whereas, all other terms and conditions of the loans will stay the same.

Now, therefore be it

RESOLVED, the Development Authority of the North Country does hereby consent to WNC Inc. withdrawing from Carthage Apartments LLC to be replaced by a DiMarco family entity to be formed, and subject to NYS Housing Trust Fund's similar consent.

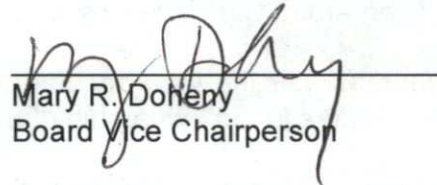
Motion by: T. Hefferon
Seconded by: M. Hall

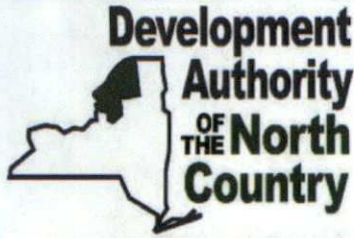
Bibbins – Yes	Hefferon – Yes	MacKinnon – Yes	Murray – Absent
Doheny – Yes*	Henry - Absent	McGrath – Present*	Virkler – Yes
Hall – Yes	Hunt - Present	Mastascusa – Yes	

*- indicates attendance via videoconference.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

I, the undersigned, Vice 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. 2024-06-53 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 27th day of June, 2024, and that same is a true and correct copy of such resolution. In testimony whereof, I have hereto set my hand this 27th day of June, 2024.


Mary R. Doheny
Board Vice Chairperson



Board Resolution No. 2024-06-54
June 27, 2024

**ECONOMIC DEVELOPMENT LOAN FUND
CLAYTON IMPROVEMENT ASSOCIATION LTD
LOAN**

Whereas, the Clayton Improvement Association (CIA) is requesting a loan of up to \$400,000 from the Economic Development Loan Fund to bridge a NYS Main Street Stabilization grant and a Northern Border Regional Commission grant to complete phase one of the redevelopment of a blighted building in downtown LaFargeville, Jefferson County, and

Whereas, the CIA is a 501(c)(3) not for profit organization, and

Whereas, the CIA meets the criteria of the Economic Development Loan Fund, and

Whereas, the grant funds will be used to repay the Authority loan.

Now, therefore be it

RESOLVED, Development Authority of the North Country does hereby authorize a loan in the amount of up to \$400,000 from the Economic Development Loan Fund to Clayton Improvement Association LTD at the terms and conditions outlined on the attached Term Sheet, and further authorizes the Executive Director or the Chief Financial Officer to execute all documents necessary to make the loan, 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.

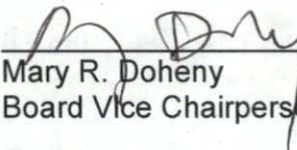
Motion by: M. Hall
Seconded by: D. Mastascusa

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

*- indicates attendance via videoconference.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

I, the undersigned, Vice 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. 2024-06-54 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 27th day of June, 2024, and that same is a true and correct copy of such resolution. In testimony whereof, I have hereto set my hand this 27th day of June, 2024.



Mary R. Doheny
Board Vice Chairperson

TERM SHEET

Borrower: Clayton Improvement Association

Loan Fund: Economic Development Loan Fund

Amount: up to \$400,000.00

Loan Term: 12 months

Loan Rate: ½ Wall Street Journal Prime Plus 1 set at closing

Loan Payment: Monthly interest only payments

Collateral: Assignment of grant proceeds co-proportionally with Watertown Savings Bank.

Conditions:

- Grant award letters
- If there are issues with the grant repayment, then Authority would take a lien on the building.
- Watertown Savings Bank financing of \$400,000
- All required permits and approvals

Economic Development Fund

BORROWER: Clayton Improvement Association, Ltd.

BUSINESS LOCATION: 913 Strawberry Lane, Clayton, NY 13624

PROJECT LOCATION: 36323-36331 NYS Route 180, LaFargeville, NY

OWNERSHIP: 501 C 3 not for profit

OFFICERS:

Michael Pavlot	President
Megan Kendall	Vice President
Alex Buduson	Treasurer
Elizabeth Daugherty	Secretary

AMOUNT: \$400,000.00

TERM: Revolving line of credit, 12 months

RATE: ½ Wall Street Journal Plus 1 fixed at closing (5.25% as of 6/14/2024)

PAYMENTS: Interest Only

COLLATERAL: Assignment of Grant Proceeds

GUARANTORS: None

USE OF FUNDS:

SOURCES OF FUNDS

NBRC Catalyst Grant	\$400,000
NY Main Street Stabilization Grant	\$400,000
Total Sources	<u>\$800,000</u>

USES OF FUNDS

Hazardous Materials	
Abatement/Debris Removal	\$ 800,000
Total Uses	<u>\$800,000</u>

**Authority and Watertown Savings Bank to provide \$800,000 bridge loan (50% DANC/50% WSB)*

PROJECT:

The Clayton Improvement Association (CIA) is requesting \$400,000 from the Authority, and has a commitment of \$400,000 from Watertown Savings Bank to complete hazardous materials abatement and debris removal located in LaFargeville as part of an overall

Clayton Improvement Association



Economic Development Fund

downtown revitalization project. This is phase one of the project. The Authority/Bank funds will be used to bridge NYS grant funding.

CIA purchased the proposed project site in 2019. As a NYS Rural Preservation Company whose mission is to preserve rural communities, the organization purchased the building due to the location, the condition, and the potential of the building.

The building is centrally located in a small agricultural community, directly in the center of the main street with immediate proximity to the important community pillars, such as the school, the Post Office, and the feed store. The community is located a convenient distance from a major highway and 20 minutes from Fort Drum, making the community a desirable location.

The building is in poor condition after many decades of disinvestment and disrepair. Because of the dilapidated condition, only portions of the building can currently be utilized. Those portions are utilized by the US Post Office, which is essential to the community, and a local beauty salon. Substantial funding is required to renovate the building. A private investor would not take on the project due to the considerable funding required and the limited potential for return on the investment. The residents and small businesses would not be able to pay large rents to provide a return to a private investor. This is why public funding is essential and part of the reason why the CIA purchased the building.

Because of the very large size of the property, 9,240 square feet, and the central location, rehabilitating the property will have a momentous impact on the community. The newly renovated building will attract new businesses, new residents, and associated foot traffic. This will create a vibrant hub, a core of activity that will spur more activity and future development in the community.

After purchasing the building, CIA conducted a feasibility study, a hazardous materials assessment, a structural assessment, and a building utilization plan including a rehabilitation budget. Based on these assessments, CIA began applying for funding and prioritizing the work to be completed. Designs have been completed to renovate almost all aspects of the building, to include interior and exterior. The project will create 4 to 5 commercial spaces on the street level and new ADA access to all the commercial spaces. The two current commercial tenants, the Post Office and beauty salon, will remain in their newly renovated space. There will be space for 2 to 3 new small businesses. The second story will create 4 newly renovated, modern, efficient residential units. The community needs updated modern housing stock for existing and new residents. There is a need for quality housing for average income workers who are wanting to live in the area, but struggle to find affordable, quality housing. The proposed project will attract individuals, families and businesses to the community and create a central core of activity, bringing new life to the rural area. The proposed project and businesses will supplement the tax base of the municipality.

The project has received funding from NY Main Street Stabilization, NYS Empire State Development, Northern Border Regional Commission and National Grid Main Street Program. There is funding gap of \$1.14 million to complete the entire project. Therefore, the Authority is only considering funding at this time for the hazardous materials abatement and debris removal. This phase of the project will clear the spaces for phase two to begin the construction of the residential and

Economic Development Fund

commercial spaces. There are grant funds available to be able to take out the Authority and Bank loans when this work is completed. CIA will need to bring the project back to the Authority to request additional funding if the larger project (phase two) is entirely funded.

FINANCIALS:

Statement of Activities

	6/30/2022	6/30/2023	4/30/2024
Government grants	\$408,458	\$182,992	\$336,628
Rental revenue-NYS housing projects	\$76,069	\$79,598	\$74,767
Other rental revenue	\$136,176	\$139,295	\$97,641
Management fees	\$125,523	\$121,353	\$88,891
Investment income (loss)	(\$8,527)	\$6,688	\$9,186
Miscellaneous revenue	<u>\$36,356</u>	<u>\$36,797</u>	<u>\$30,824</u>
Total Support and Revenue	\$774,055	\$566,723	\$637,937
Expenses			
Grants paid	\$279,696	\$84,155	\$248,788
Salaries	\$281,967	\$290,407	\$257,731
Payroll taxes	\$23,916	\$23,671	\$22,332
Advertising	\$2,207	\$1,978	\$3,754
Conferences and training	\$1,761	\$105	\$8,169
Dues and subscriptions	\$2,249	\$1,449	\$6,856
Insurance	\$16,611	\$17,747	\$15,593
Interest	\$30,010	\$26,674	\$21,378
License and permits	\$0	\$50	
Miscellaneous	\$1,385	\$4,349	(\$96)
Office supplies and expense	\$12,120	\$9,077	\$15,988
Payroll processing fees	\$9,750	\$4,908	
Pest control	\$475	\$420	\$1,120
Postage	\$624	\$757	\$809
Professional fees	\$9,675	\$5,532	\$11,578
Real estate taxes	\$2,325	\$1,936	\$1,893
Repairs and maintenance	\$7,787	\$3,848	\$12,109
Snow and trash removal	\$3,523	\$4,659	\$8,087
Telephone	\$3,591	\$4,333	\$3,129
Travel and meals	\$2,688	\$3,198	\$663
Utilities	\$19,669	\$20,682	\$18,874
Depreciation	<u>\$109,792</u>	<u>\$107,323</u>	
Total Expenses	\$821,821	\$617,258	\$658,755
Increase in Net Assets	(\$47,766)	(\$50,535)	(\$20,818)
Add Depreciation	\$109,792	\$107,323	\$0
Cash available for debt	\$62,026	\$56,788	(\$20,818)

Economic Development Fund

- The historical financial information for 2022 and 2023 was from the independent audit. The interim financial information was internally prepared by the applicant. The financials also include the operations of the French Bay Elder Cottages and the LaFargeville Apartments.
- Fiscal year-end is 6/30.
- CIA programs include:
 - Rural preservation-perform housing and community renewal activities including, but are not limited to, housing rehabilitation and home buyer counseling.
 - Community service-developer and owner of Clayton Family Health Center located in Clayton. CIA leases the facility to Samaritan Medical Center under an operating lease expiring in 2029.
 - Affordable tenancy-management of several affordable housing rental properties.
 - Homeowners assistance-provide grant assistance to income eligible individuals for rehabilitation of existing homes.
- The major sources of revenue are through rental revenue and management fees. For the years ended June 30, 2023 and 2022, respectively, approximately 60% and 43% of its total support and revenue is provided from management fees and rental revenue.
- Primary expenses are Payroll and Payroll Taxes of \$314,078 in 2023 and \$305,883 in 2022, interest of \$26,674 in 2023 and \$30,010 in 2022, utilities of \$20,682 in 2023 and \$19,669 in 2022, and insurance of \$17,747 in 2023 and \$16,611 in 2022. Grants paid in 2023 were \$84,155 and in 2022 were \$279,696. Depreciation was \$107,323 in 2023 and \$109,792 in 2022.
- Cash increased by \$32,568 in 2023.
- Assuming worse case that \$800,000 is disbursed for one year at 5.25%, then CIA would owe \$42,000 in interest. CIA has sufficient cash from operations to repay the debt.

Balance Sheet

	2022	2023	4/30/2023
Current Assets	\$778,138	\$787,468	\$631,749
Fixed Assets	\$2,715,670	\$2,608,347	\$2,849,028
Other Assets	\$0	\$0	\$0
Total Assets	\$3,493,808	\$3,395,815	\$3,480,777
Current Liabilities	\$8,744	\$45,262	\$53,106
Long-Term Liabilities	\$1,778,706	\$1,694,730	\$1,629,182
Total Liabilities	\$1,787,450	\$1,739,992	\$1,682,288
Net Assets	\$1,706,358	\$1,655,823	\$1,798,489
Total Liabilities & Net Assets	\$3,493,808	\$3,395,815	\$3,480,777

- 2022 and 2023 information from FYE 2023 audit. 4/30/2024 information was internally prepared.
- Cash increased by \$32,568 in 2023 over 2022, while accounts receivable decreased by \$13,005.

Economic Development Fund

- Fixed assets included a medical clinic facility that CIA leases to Samaritan Medical Center. The lease is through 2029. Fixed assets also include French Bay Elder Cottages and the building in LaFargeville.
- Accrued Payroll and Related Expenses increased in 2023 over 2022 by \$569. Grant received in advance was \$35,000 in 2023 and \$0 in 2022. Long-term debt decreased by \$84,069 in 2023 over 2022.
- Long-term liabilities include two USDA mortgage for the medical clinic totaling \$624,591 at FYE 2023, and a NYS SRDI loan for \$1,065,372 at 0% that balloons in October 2036 for improvements to the French Bay Elder Cottages.
- Net Assets without Donor Restrictions was \$579,259 and \$531,105 in 2022 and 2023 respectively, and Net Assets with Donor Restrictions was \$1,127,099 and \$1,124,718 in 2022 and 2023 respectively.
- In 2024 cash has decreased as they have been using their own cash to pay for work being completed in LaFargeville.

Credit:

The logic score is Low Risk at 92 with an average business failure assessment. The average days beyond terms is 1. There are no collections, judgments, liens, bankruptcies, or charge offs.

STAFF RECOMMENDATION:

Staff recommends a revolving line of credit loan not to exceed \$400,000 in outstanding principal at any time to Clayton Improvement Association contingent upon a \$400,000 line from Watertown Savings Bank.