



MINUTES

PROJECT DEVELOPMENT COMMITTEE MEETING
Monday, December 16, 2019 – 9:51 AM
State Office Building – Conference Room 100, 1st Floor
317 Washington Street, Watertown, New York

The Development Authority of the North Country Project Development Committee met in regular session at the State Office Building, Conference Room 100, 1st Floor, 317 Washington Street, Watertown, New York on Monday, December 16, 2019 at 10:20 am.

Committee Members - Present

Alex MacKinnon, Chairman
Thomas Hefferon – 10:10
James Hollenbeck – 9:53
Steve Hunt – 9:55
Margaret Murray
Gary Turck

Committee Members - Absent

Other Board Members Present

Al Calligaris
Frederick Carter – 10:07
John Johnson, Jr.
Dennis Mastascusa

Staff Present:

James W. Wright, Executive Director – 10:07
Carl Farone, Deputy Executive Director, Chief Financial Officer
Michelle Capone, Director, Regional Development Division
Laurie Marr, Director of Communications and Public Affairs
Brian Nutting, Manager, Water Quality Division
Patricia Pastella, Manager, Materials Management Division
Jennifer Staples, Director of Information Systems
Carrie Tuttle, Director, Engineering and Environmental Division
Angela Marra, Executive Assistant
Melissa Durant, Administrative Associate
Nicholas Moulton, IT Application Analyst

Guests:

1. Chairman MacKinnon opened the meeting at 9:51 AM. A. MacKinnon then turned the meeting over to M. Capone.
2. Resolution No. 2019-12-123, approves the loan modification for the Lewis County Development Corporation for an additional fifteen months beginning December 1, 2019 and ending March 1, 2021 with an interest-only payment due December 2020. This resolution further authorizes the Executive Director or Deputy Executive Director/CFO to execute all necessary documentation.

M. Capone stated that they do not expect to have the project completed until the middle of this year, and then it may still take six to nine months to receive all reimbursements from the funding sources. M. Capone recommends the approval of their request for an extension on their loan through March 31, 2021. They recently made an interest only payment on November 27th, bringing all of their interest current.

The committee is one member short of establishing a quorum. A vote on this resolution will have to wait until another committee member arrives.

3. M. Capone continued the meeting with a review of the Grown and Certified Grant Program. There is one new grant to Diane Sivigny of Kate Mountain Maples of Franklin County, bringing the balance available for grants down to \$18,000. M. Capone reported that this program is moving along, and that half of the grants issued have already been closed. M. Capone feels this program has been successful, and does not foresee there being future funds available in this program.

J. Hollenbeck entered the meeting at 9:53 AM, establishing a quorum.

Upon a motion by A. Calligaris, and seconded by M. Murray, Resolution No. 2019-12-123, approving the Community Development Loan Fund, Lewis County Development Corporation, Loan Modification, was unanimously approved by the Project Development Committee.

3. Resolution No. 2019-12-124, approves the loan modification for Gervera Inc. per the terms and conditions cited within the resolution attachment. This resolution further authorizes the Executive Director or Deputy Executive Director/CFO to execute all necessary documentation.

Upon a motion by D. Mastascusa, and seconded by M. Murray, Resolution No. 2019-12-124, approving the North Country Redevelopment Loan Fund, Gervera Inc., Loan Modification, was unanimously approved by the Project Development Committee.

S. Hunt entered the meeting at 9:55 AM.

4. Resolution No. 2019-12-132, Community Development Loan Fund, Thompson Park Conservancy.

M. Capone presented this resolution to the committee. This resolution would be in addition to a previous loan already in place with the Thompson Park Conservancy in the amount of \$100,000 that was used to bridge grant funds under the Dormitory Authority about a year ago. The Conservancy came to the Authority asking if they could keep the funds a while longer as they are having cash flow issues. At that time, they also provided a new strategic plan that they had adopted in August of 2019. This new request is for public funds to assist with cash flow to implement parts of the plan. A portion of these funds would be used to pay off an existing line of credit with Community Bank. This would be a co-proportional third lien with the Watertown Local Development Corporation on machinery and equipment, furniture and fixtures, inventory, accounts receivables and general intangibles. The real estate is owned by the City of Watertown. The Conservancy has gone back to the city requesting additional support, which hasn't been finalized yet, although they did get an additional \$25,000 recently for marketing. They have also requested \$40,000 from the Watertown Local Development Corporation, which will be recommended to their Board this week. M. Capone spoke of some items listed in their Strategic Plan they are going to be focusing on; such as expanding educational offerings for elementary aged kids,

strengthening new technology programs, cultivating new conservation partnerships and activities, supporting research, incorporating cultural experiences, and providing stewardship of Thompson Park in partnership with the City of Watertown. On the financial side, there is an increase in overall budgetary funding for an increase in corporate sponsorships, government support, and raising additional capital through a major capital campaign.

M. Capone stated that based upon historical data, the Conservancy has shown losses although a significant piece of that was depreciation. M. Capone further stated this is a risky loan. One of the main issues is many changes in leadership over the last few years. Within their strategic plan, they are hoping that with discussions with the City they might have the ability to turn this around. Their current credit report has a logic score of 80, indicating a lower risk.

A. MacKinnon asked if the only source of income, other than mechanisms of borrowing, grants, and government contributions, is the entrance fee to the zoo. M. Capone responded that the revenue is broken down by contributions, gifts, and grants of about \$200,000, government contributions of about \$164,000, and guest services of about \$162,000. M. Capone further stated that the Conservancy understands that they need to diversify and invest in their animal displays, and get the word outside of just Watertown and Jefferson County.

D. Mastascusa asked M. Capone if she had seen their strategic plan, and what her opinion was of it. M. Capone responded that they have all good concepts, but they cannot be done until they have the dollars behind it to implement them.

M. Murray asked how many staff members are employed with the Conservancy. M. Capone responded they have nine full time staff members. 11 were budgeted, with two vacancies pending cash availability. These two positions are a full-time zookeeper, and one full-time education curator.

A. MacKinnon asked what happens if we say no to the loan. M. Capone responded that ultimately, if they cannot make this work it goes back to the City of Watertown, without actual certainty of what that means. G. Turck commented that he feels we are flush now and would recommend that we stay away from this and see what the City does. A. MacKinnon stated that they want to keep the zoo, and while on one hand the Authority is here to take more risks than the bank would, but on the other hand we do not wish to lose it as well.

M. Murray asked M. Capone what her opinion was of the current leadership. M. Capone stated that he has a good resume, and he's worked at other institutions, but ultimately it all comes down to the money and having the resources.

D. Mastascusa asked about their strategies, and do they have recognized sources for that within their plan. M. Capone replied yes, but they did not specify who they would be reaching out to. It stated that they think they're first going to try going to the city to increase government support if that is feasible. After which they would move to corporate sponsorships and then attendance. The attendance is predicated upon the corporate support because the funds are needed in order to enhance all of the opportunities. After that would be when you would seek out grant funding to support institutional goals. M. Capone further commented that grants are specific to specific things like displays or

marketing. They are not usually helpful with payroll. They would need to match the funding source in order to move forward. The capital funds through a capital campaign are also going to be very specific, unless funding such as a reserve for future operations is factored into the capital campaign. This seems to be a very ambitious plan.

A. MacKinnon asked if it would be possible to table this and give the Conservancy time to put together some of these unknowns, for example what other agencies are going to come forward, will the City of Watertown come forward, will certain corporations come forward, and then in light of all this information the Authority could join that partnership. Maybe this will also give them some incentive to put some of these plans in writing.

Upon a motion by G. Turck, and seconded by J. Hollenbeck, Resolution No. 2019-12-132, approving the Community Development Loan Fund, Thompson Park Conservancy Inc., was tabled at the committee level pending additional information.

5. Resolution No. 2019-12-133, Community Development Loan Fund, Thousand Island Habitat for Humanity.

M. Capone reported that an additional loan in the amount of \$100,000 would be to help pay for a new roof. The work has already been completed. The contractor is proposing to give them one year to identify funding sources to pay him. The only explanation they have offered for their source of income is what they have generated from liquidating mortgages. They are currently under contract to sell a duplex which was donated to them, generating about \$40,000 in cash. They currently have a few other homes they are looking into selling after rehabilitating them. We currently do not have reassurances based on historical cash flow that they will be able to repay us.

G. Turck asked if we wanted to get into repair work. At least they have some assets that they can sell in theory. M. Capone stated their Restore Store has provided them with a diversified revenue stream. There is opportunity for revenue, but they have not provided projections.

G. Turck asked that if when they sell an asset, can they guarantee the money come back to the loan. M. Capone responded that would be our intention, and we could probably write that in as a contingency to help with a guarantee, but there are other lenders involved. M. Capone further stated that the intention seems to be for a short-term loan, however she would still prefer amortizing the loan for at least five years, just in case they cannot repay it in 12 months. The contingency could be written in, but they may not agree to it and that would be the end of the deal. There is no prepayment clause or penalty so this would not be an issue.

D. Mastascusa made a motion to accept the resolution as it currently reads, however there was no second.

A. MacKinnon made a motion to approve the resolution with a contingency that the assets mentioned in the application be assigned to the Development Authority as a prepayment process.

A. Calligaris stated that he does not believe we have the legal ability to assign those. Even with bigger grants we can say we want assignment on them, but they are not legally binding. The terms can always be changed back to 12 months and put the burden on them

to repay within that timeframe. They can always come back to the board requesting an extension.

The committee did not take action, and A. MacKinnon moved that, Resolution No. 2019-12-133, approving the Community Development Loan Fund, Thousand Islands Habitat for Humanity, be moved from the committee to the full board without recommendation. This was unanimously approved by the Project Development Committee.

6. Resolution No. 2019-12-134, approving the loan modification for Woods Inn 1894, LLC for an additional six (6) months beginning with the October 1, 2019 payment and ending with the March 1, 2020 payment with the loan re-amortizing to be repaid over the remaining term. This resolution further authorizes the Executive Director or Deputy Executive Director/CFO to execute all necessary documentation.

Upon a motion by D. Mastascusa, and seconded by M. Murray, Resolution No. 2019-12-134, approving the Regional Tourism Transformational Community Revolving Loan Fund, Wood Inn 1894, LLC, Loan Modification, was approved by the Project Development Committee. S. Hunt recused himself from the vote.

The meeting was adjourned at 10:20 AM.

Respectfully submitted,


Alex MacKinnon
Chairman, Project Development Committee