



MINUTES
GOVERNANCE COMMITTEE
Thursday, June 20, 2019 – 9:30 AM
Authority Conference Room, 4th Floor, Suite 414
Dulles State Office Building

The Development Authority of the North Country Governance Committee met in regular session at the State Office Building, Development Authority Conference Room, 4th Floor, 317 Washington Street, Watertown, New York on Thursday, June 20, 2019 at 9:30 am.

Members Present

Frederick Carter, Chairman
Alfred Calligaris
Thomas Hefferon
John B. Johnson Jr.
Dennis Mastascusa – 9:40 AM
Margaret Murray
Mary Doheny

Staff Present

James W. Wright, Executive Director
Angela Marra, Executive Assistant

Guests Present

Committee Members - Absent

Other Board Members Present

1. Chairman Carter called the meeting to order at 9:40 AM.
2. Chairman Carter requested a roll call by A. Marra.
 - All committee members were present except for Dennis Mastascusa, confirming there was a quorum.
3. Resolution No. 2019-06-72, authorizes the selection of Roosevelt & Cross as the Senior Managing Underwriter for the Issuance and sale of Authority Solid Waste Management System Revenue Bond Series 2019 in an aggregate principal amount not to exceed \$11,000,000.

J. Wright stated that this resolution went before the Underwriter Selection Committee this morning, chaired by Mary Doheny, and that the firm of Roosevelt & Cross was selected for recommendation. This was a competitive process. The Authority had received four proposals, one was disqualified for failure to meet the stated minimums. The other three were well established, experienced firms. These firms were evaluated by internal staff, as well as the Authority's fiscal advisor. The committee concurred with the recommended firm.

Upon a motion by T. Hefferon, and seconded by M. Doheny, Resolution No. 2019-06-72, Authorizing the Selection of a Senior Managing Underwriter for the Issuance of Up to \$11,000,000 in Solid Waste Management System Revenue Bonds, was unanimously approved by the Governance Committee.

4. Resolution No. 2019-06-73, appropriates to the FYE 2019-2020 Engineering Budget for legal services of \$50,000 to cover legal services related to the Petawatt matter. The Authority will also make every effort to recover the legal costs incurred.

J. Wright stated that the request is a result of the Petawatt litigation against us, the Village of Carthage, and the Village of West Carthage. The Authority is being represented by council, being paid by public officer's liability insurance which carries a \$50,000 deductible. We have already received an initial \$16,000 billing. The Authority is in the process of establishing an account with \$50,000 as the deductible, and also indicate the resolve which directs our counsel to make every effort to recover the legal costs incurred by the Authority. J. Granzow will brief the entire Board in detail regarding the first hearing. There are originally five issues, three have been dismissed at our request, leaving two outstanding. Judge McClusky issued a warning to Petawatt that they need to come up with something, otherwise he is going to allow the Authority to take action to recover all costs. Our legal counsel believes we are currently in a strong position.

J. Johnson asked if they are doing anything there. J. Wright responded not that we can ascertain. They do have telecommunications services there, which they have paid the Authority for.

D. Mastascusa arrived at 9:40 AM.

F. Carter asked if they had picked up what the prior company had. J. Wright replied yes, that as part of the sale they agreed to certain conditions with the Village and later decided they should be entitled to a better deal. When the litigation started, the Authority got dragged in on the basis of rate structure that had been established 15 years ago. However, the Authority doesn't set rates. These are up to their elected officials who serve on the respective boards. This was part of an economic development package the Authority prepared on behalf of the municipalities. This was presented as a one-time specialized rate as an incentive. Once the sale was complete, it was adopted by everyone. The Villages forgot about it, and the rate stayed in place for over 15 years. This didn't draw any attention until the property came up for sale again. The Authority never had an agreement with this company.

F. Carter asked if the Authority ever had an agreement with those suing us. J. Wright responded that we did not, but we did with the Villages. F. Carter asked if we had an agreement with the previous owner. J. Wright explained that the Authority worked on previous deal as economic developers, preparing a formula working with the two Villages. It was never an agreement between them and the Authority. They are claiming to have a contract, the Authority is asking that they produce it. There is a contract with the Village to manage their activities, but this contract expressly prohibits the establishment of rates.

F. Carter asked if this resolution would be discussed with the full Board in Executive Session. J. Wright responded that the resolution itself will be discussed within Executive Session. The progress of the lawsuit will be discussed in Executive Session.

Upon a motion by M. Murray, and seconded by D. Mastascusa, Resolution No. 2019-06-73, FYE 2020 Budget Appropriation, Petawatt Properties LLC and Metro Paper Industries of NY, Inc., Lawsuit, was unanimously approved by the Governance Committee.

5. Resolution No. 2019-06-74, approving the purchase of a Certificate of Deposit from the Carthage Federal Savings and Loan in an amount of \$1,944,521 plus accrued interest. Furthermore, the Chairman, Treasurer, Executive Director, Comptroller, and Deputy Comptroller are to be named as authorized signatories on such Authority account and that all documents required as evidence of this authority be executed by appropriate Authority Officers/personnel. The Accountant I, and Accounting Associate be designated authorized representatives for the purposes of executing transfers of Authority funds electronically, when authorized by the designated Authority Officers/personnel.

J. Wright stated this would be an investment made with a local bank. The Authority found 2.5% available at Carthage Federal Savings, resulting in an additional \$40,000 worth of revenue.

F. Carter asked if they could accept State deposits. J. Wright responded yes.

Upon a motion by A. Calligaris, and seconded by D. Mastascusa, Resolution No. 2019-06-74, Certificate of Deposit, Telecommunications Investment, was unanimously approved by the Governance Committee.

M. Murray asked if the Authority has any other business with Carthage Savings and Loan. J. Wright replied that we do have some Community Development funds there.

6. Progress Report – Harrisville Site

Lewis County Industrial Development Agency (LCIDA) has concluded the transaction with the private owner. They have title now, and filed the deed yesterday. The Authority is waiting for the LCIDA to finish up the pieces we had dictated the terms on. The two biggest pieces are providing us the documentation for the abatement, and the environmental issues that are areas of concern. J. Granzow will be working with the LCIDA attorney to have this lien expedited with the Federal government within the next 30 days. In the meantime, Lewis County assured us access to the site.

NYPA is now demanding a Phase II Environmental study, although the Authority disagrees due to the Phase I determination that the site is clean. Without the Phase II as requested, NYPA is claiming they may not be able to lease what they had previously requested. This would only result in a loss of roughly \$20,000. The Authority sees this project as more about the Recycling Center, not about the lease with NYPA. Issues are also arising with the disposal of the poles, as they are requesting a competitive proposal for Materials Management, and it is likely they are soliciting proposals from other

transfer facilities, possibly Franklin County. The Authority is not going to bid against ourselves, and we do not need their poles or their problems.

J. Johnson Jr. asked if those poles have to be ground up. J. Wright responded that we want them ground up. If another facility will take them cut up, they can but that is not the way we want to do business.

J. Johnson Jr. further asked if this threatens the viability of the landfill. J. Wright replied that it does and that is one reason we are being so selective about what goes in.

F. Carter commented that when the poles are ground, the chemicals they are treated with begin moving around. This is similar to railroad ties. When these are pulled up there is no place to put them. Grinding these poles will result in the Authority handling materials we do not want to. J. Wright responded that this is why the Authority is requiring they file a special waste permit and go through an analysis. The Authority would request this of any other business, however the Power Authority doesn't want to.

A. Calligaris stated that this is all something we need to look at before we begin grinding these poles up, as they may give us another problem. J. Wright responded that is why we are requiring the special waste permit. We reject certain waste on the basis of this, but you don't know what it is until you have the results from the analysis. This would be the waste generator's responsibility before the decision is made to accept the material. Right now, NYPA is requesting the Authority predetermine we will accept the material, and give them a competitive bid.

J. Johnson Jr. commented that this will also generate more expense in hauling cost.

F. Carter stated a further problem would also be what years the poles were put in, as approved chemicals changed over the years.

F. Carter then asked about another problem that needed to be resolved at the transfer station. J. Wright stated this is the expectation that the lead and asbestos be resolved. Lewis County did not like the amount of cost. Since it is below \$10,000, the Authority is going to take care of it. Initially the Authority asked for an inspection of lead and asbestos as this was not a part of the Phase I inspection, and our counsel advised us to have this looked into. Lewis County and the Authority shared the cost of the assessment. Now that we have a removal situation, the county obtained several quotes and to keep the project moving forward we are going to pay for it.

A Calligaris asked how big the building is. J. Wright responded that this involves one trailer, one handrail, a couple of ceiling baffles, and a door.

A Calligaris asked again how big the building is. J. Wright stated there are multiple big buildings. A. Calligaris asked if it is over 20,000 square feet. J. Wright yes. A. Calligaris asked how much the Authority was paying for this property. J. Wright responded roughly \$400,000, to which A. Calligaris stated you couldn't build this space for that amount. J. Wright stated that for this price we built one building at the landfill, and this site with the whole bid we are getting five buildings that are all 1990 vintage and in good shape.

J. Wright further stated that the telecom division is going to be storing material here. Water Quality would also like to stage equipment out of this location too. It is a good central location on 40 acres.

D. Mastascusa left the meeting at 9:57 to conduct the Facilities Committee Meeting.

F. Carter asked if the Authority would agree to NYPA's terms for Phase II testing if they were to pay for it. J. Johnson Jr. responded not unless they were also willing to pay for any remediation.

J. Johnson Jr. asked how big of a buy in all of these poles are. J. Wright stated that they gave an estimate when they submitted the RFP, Pattie has that number. It is a significant number, and they would be spreading it out over five years over various staging areas.

F. Carter further stated that we don't know where they are coming from with these poles. They are in Rochester, they are in the Buffalo area, and they are all over the state doing this. Is it just St. Lawrence, Jefferson and Lewis Counties, or is it the whole state? J. Wright replied that he is not sure, but that the discussion has been along the existing line that runs through the region, and there has been no mention of other areas.

J. Wright stated that moving forward, this deal is projected to be completed in July, and our hope is to be functional by September. The necessary equipment will have a lead time to be ordered and arrive.

7. Upon a motion by T. Hefferon, and seconded by M. Murray, the committee meeting was adjourned at 10:00 AM.

Respectfully submitted,



Fredrick J. Carter
Chairman, Governance Committee