



MINUTES

PROJECT DEVELOPMENT COMMITTEE MEETING

Tuesday, May 24, 2022 – 8:30 AM

Zoom Videoconference

Dulles State Office Building

Watertown, New York

The Development Authority of the North Country Project Development Committee met in regular session via Zoom Videoconference, Watertown, New York on Tuesday, May 24, 2022 at 8:30 am.

Committee Members - Present

Alex MacKinnon, Chairman

Nancy Henry

James Hollenbeck

Steve Hunt

Eric Virkler

Thomas Hefferon

Committee Members - Absent

Mark Hall

Other Board Members Present

Margaret Murray – Board Chairperson

Staff Present:

Carl Farone, Executive Director

Michelle Capone, Director of Regional Development

Angela Marra, Executive Assistant

Guests:

1. M. Capone called the meeting to order at 8:31 AM.

2. Roll call – Quorum established

Resolution No. 2022-05-XX, consenting to the interest transfers and assignment of management rights, further authorizing and empowering the Development Authority of the North Country to execute, and deliver certain documents including, but not limited to, any consent letters, waivers of rights granted under any purchase options, or rights of first refusal, as well as any and all other agreements, documents, certificates, instruments and amendments to be executed in connection with such consents. This resolution further resolves that the Development Authority transfer interest of Creekwood I LLC and Creekwood II LLC to Beacon. All action taken and all instruments executed by authorized persons on behalf of Development Authority prior to the adoption of these resolutions, with respect to the financing and operation of the properties and all matters related thereto, are ratified, confirmed and approved. The Executive Director is authorized and empowered to act on behalf of the Development Authority, Creekwood I HDFC, and/or Creekwood II HDFC, as applicable, and take any and all other actions as the Executive Director may deem

necessary or desirable in connection with Interest Transfer and the Assignment of Management Rights, and execute and deliver the Transaction Documents and to otherwise carry out the intent of the foregoing resolutions and the consummation of the transactions described therein. Lastly, this resolution may be executed by facsimile, electronic signature, or PDF, for all purposes to be deemed an original.

T. Hefferon joined the meeting at 8:38 am.

E. Virkler asked why we are the sole member. M. Capone responded that at the time the HDFCs were created the projects were located outside the city. The HDFCs were created to provide a tax break to the Developer. This also allowed the main taxing jurisdiction, in this case the City of Watertown, to do a ten year tax deal allowing for increasing the percentage of taxation over the last three years to full taxation in year 11. The Authority will be involved as long as this remains affordable housing, and we will always be the sole member of the Housing Development Fund Company.

C. Farone commented that the ownership is .001%. M. Capone confirmed this, and stated that we are still the beneficial owner with the Housing Development Fund Company on the mortgage and the Authority on the deed. M. Capone further stated that all current backup has been included with the resolution, as well as what the new structure will look like. She further stated there are no guarantees on the loans, we are not losing anything by this change in ownership, and they will continue to perform as is. Beacon is a strong company with a good track record. The state also looks favorably on them.

Upon a motion by A. MacKinnon, and seconded by E. Virkler, Resolution No. 2022-05-XX, Consent and Resolutions, Creek Wood Housing Development Fund Company Inc., Creek Wood II Housing Development Fund Company, Inc., Creekwood I, LLC, Creekwood II, LLC, Summit Wood Homes, LLC, was unanimously recommended for Board approval.

3. Resolution No. 2022-05-XX, authorizes a loan from the Economic Development Fund in an amount up to \$350,000 to the Potsdam Consumer Cooperative Inc. at the terms and conditions outlined in the term sheet attached to the resolution, and authorizes the Executive Director or Chief Financial Officer to execute all appropriate documents necessary to make the loan. This resolution further resolves this to be a Type II Action under the State Environmental Quality Review and is considered an exempt activity requiring no further action.

A. MacKinnon asked if the drawing provided with the resolution was a rendition of what it is going to look like, and if part of this loan was going to creating that effect. M. Capone responded yes, and that it is transformational and part of their DRI initiative.

Upon a motion by T. Hefferon, and seconded by A. MacKinnon, Resolution No. 2022-05-XX, Economic Development Fund, Potsdam Consumer Cooperative, Inc, Bridge Financing Loan, was unanimously recommended for Board approval.

4. Resolution No. 2022-05-XX, approves a loan up to \$250,000 for the Cambray Housing Corporation from the Affordable Rental Housing Program at the terms and conditions

attached to the resolutions, and authorizes the Executive Director or Chief Financial Officer to execute all necessary documentation. This resolution further accepts the action of the Village of Gouverneur Planning Board taken under the State Environmental Quality Review and affirms negative declaration for this project.

A. MacKinnon concurred that these improvements are very much needed.

Upon a motion by E. Virkler, and seconded by J. Hollenbeck, Resolution No. 2022-05-XX, Affordable Rental Housing Program, Cambray Housing Corporation, Loan #3, was unanimously recommended for Board approval.

5. MCM Development Malone Work-

M. Capone explained that this will not have a resolution, but should be reviewed by the Project Development Committee and then reported to the full Board. Following the Board meeting in March when it was decided to write-off the loan for MCM Development Malone, she received an email from them stating they would like to bring their account current. As was reported at the March Board meeting, litigation had already been started, so additional information including their financial statements was requested as well as their plan to pay. Because we have not heard from them in almost a year, M. Capone expressed she is not comfortable with giving up the litigation already in process.

S. Hunt asked what their reasoning was for going silent for a year. M. Capone stated there was no explanation. We had served them three or four times making it difficult to believe they didn't know that they owed us money. She further stated that recent emails she received from them stated they weren't going to pay us because they needed the money to pay their staff. The restaurant is preparing to reopen with some new staff and anticipate coming back better.

S. Hunt asked what the tax credits are that they are waiting for. M. Capone replied that these are federal tax credits, but she is unsure as to which ones exactly. S. Hunt asked what the anticipated timeframe is for them to receive these funds is. M. Capone stated they are anticipating mid-June. S. Hunt asked if we could check to see if these federal tax credits are a real thing. M. Capone responded they are on their tax returns showing as a federal credit. S. Hunt further asked if it stated what program it is or what qualifies them for it. M. Capone stated the kind of tax only states employment.

S. Hunt commented that at the end of the day we reserve the ability to pursue this if they are unsuccessful with their tax. M. Capone suggested that we do not execute this until they have the cash on hand. At that time in exchange for them making us current we have them sign the Confession of Judgement for all future payments. S. Hunt stated he is in favor of trying to make this project successful, but we should be extra interested in what they are promising because they have not been completely forthright in the past.

S. Hunt asked if the Franklin County Office of Economic Development brought this project to us. M. Capone stated she will run it by them, but they are in a co-proportional first position with the Authority on the real estate. They are aware of and understand this situation. S. Hunt stated that they received an ESD Restore NY grant, and he will look into their obligations with that.

M. Capone stated there was a lack of communication between the owners where one of the principals had not realized how bad it had gotten. The restaurant and the building are under the same ownership, however our loan was specifically to the building, MCM Development Malone, and we have no guarantee with the restaurant because it did not exist when the project originated.

M. Capone stated this does not need Board action because it has already been written off, but for the purpose of the meeting minutes and for the report to the Board she requested a motion be made at the committee level.

A. MacKinnon stated that these people do not feel an urgency to pay the government. M. Capone responded that she does not want to stop the judgment and feels the confession of judgement is the best course of action until they have improved their track record.

A. MacKinnon asked how the judgement would be handled moving forward. M. Capone explained that the notice to respond has been extended. They have requested extensions while they are waiting for the money to come in, and M. Capone told them she would need to review this with the committee where the response date was extended to June 16th. With an active judgement against them it would be more difficult to refinance the project or obtain other monies to improve their credit. A Confession of Judgement is not giving up our ability to file a judgement. We are not filing it against them at this time based on their promise to make payments and remain current.

A. MacKinnon asked if they currently have cash flow. M. Capone responded that while last year they had a loss of \$39,956, they are projecting revenue of \$161,196 and should have enough operating income to pay. They are also hoping to reopen the restaurant.

Upon a motion by E. Virkler, and seconded by S. Hunt, the workout for MCM Development Malone was unanimously approved.

E. Virkler left the meeting at 9:03 AM.

6. Resolution No. 2022-05-XX, ratifying the grant/loan commitment in the amount of up to \$144,000 (\$72,000 loan/\$72,000 grant) from the North Country Redevelopment Fund to BRB Café, LLC at the terms and conditions outlined in the term sheet attached to the resolution, consistent with the Empire State Development program requirements, and further authorizes the Executive Director to execute all documents necessary to make the loan. This resolution further resolves this to be a Type II Action under the State Environmental Quality Review and is considered an exempt activity requiring no further action.

M. Capone stated that the guarantors are Betsy and Sean Hennessey. Mr. Hennessey is the deputy director with the Department of Transpiration, but there is no conflict of interest. M. Capone asked them to reapply as it had been over one year since we last approved their loan and construction costs have increased due to COVID. M. Capone reviewed their updated information and felt comfortable recommending this for approval again.

Upon a motion by A. MacKinnon, and seconded by T. Hefferon, Resolution No. 2022-05-XX, North Country Redevelopment Loan Fund, BRB Café, LLC, Ratifying Loan and Grant, was recommended to the Board for approval. S. Hunt has recused himself from this vote.

7. Resolution No. 2022-05-XX, ratifying the grant/loan commitment in the amount of up to \$500,000 (\$250,000 loan/\$250,000 grant) from the North Country Redevelopment Fund to 259 JB Wise Partners, LLC at the terms and conditions outlined in the term sheet attached to the resolution, consistent with the Empire State Development program requirements, and further authorizes the Executive Director or Chief Financial Officer to execute all documents necessary to make the loan. This resolution further resolves this to be a Type II Action under the State Environmental Quality Review and is considered an exempt activity requiring no further action.

Upon a motion by T. Hefferon, and seconded by J. Hollenbeck, Resolution No. 2022-05-XX, North Country Redevelopment Loan Fund, 259 JB Wise Partners, LLC, Ratifying Loan and Grant, was unanimously recommended for Board approval.

8. Resolution No. 2022-05-XX, ratifying the grant/loan commitment in the amount of up to \$300,000 (\$150,000 loan/\$150,000 grant) from the North Country Redevelopment Fund to River Creek, LLC at the terms and conditions outlined in the term sheet attached to the resolution, consistent with the Empire State Development program requirements, and further authorizes the Executive Director or Chief Financial Officer to execute all documents necessary to make the loan. This resolution further resolves this to be a Type II Action under the State Environmental Quality Review and is considered an exempt activity requiring no further action.

Upon a motion by T. Hefferon, and seconded by A. MacKinnon, Resolution No. 2022-05-XX, North Country Redevelopment Loan Fund, River Creek, LLC, Ratifying Loan and Grant, was unanimously recommended for Board approval.

9. Resolution No. 2022-05-XX, approves the loan modification for Cambray Housing Corporation through September 1, 2022, and authorizes the Executive Director or Director of Regional Development to execute all necessary documentation.

Upon a motion by A. MacKinnon, and seconded by T. Hefferon, Resolution No. 2022-05-XX, Affordable Rental Housing Program, Cambray Housing Corporation, Loan #1 Modification, was unanimously recommended for Board approval.

10. Resolution No. 2022-05-XX, accepts the Annual Report, waives the Annual Meeting of the Housing Development Fund Company by written consent, and appoints Dennis Mastascusa as Vice President and effective May 26, 2022 the remaining directors of the HDFC shall continue in office until the next Annual Meeting.

M. Capone stated the other remaining offices, T. Hefferon, C. Farone, and herself, would continue in office until the next annual meeting.

Upon a motion by T. Hefferon, and seconded by A. MacKinnon, Resolution No. 2022-05-XX, Annual Report, Creek Wood Housing Development Fund Company, Inc., Waiving the Annual Meeting, Appointing Directors, was unanimously recommended for Board approval.

11. Resolution No. 2022-05-XX, accepts the Annual Report , waives the Annual Meeting of the Housing Development Fund Company by written consent, and appoints Dennis Mastascusa as Vice President and effective May 26, 2022 the remaining directors of the HDFC shall continue in office until the next Annual Meeting.

Upon a motion by T. Hefferon, and seconded by A. MacKinnon, Resolution No. 2022-05-XX, Annual Report, Creek Wood II Housing Development Fund Company, Inc., Waiving the Annual Meeting, Appointing Directors, was unanimously recommended for Board approval.

12. Upon a motion by T. Hefferon, and seconded by J. Hollenbeck, the meeting was adjourned at 9:13 AM.

Respectfully submitted,


Alex MacKinnon
Project Development Committee Chair