MINUTES
BOARD OF DIRECTORS MEETING
Thursday, June 20, 2019 – 10:15 AM
State Office Building – Conference Room 100, 1st Floor
317 Washington Street, Watertown, New York

The Development Authority of the North Country Board of Directors met in regular session at the State Office Building, Conference Room 100, 1st Floor, 317 Washington Street, Watertown, New York on Thursday, June 20, 2019 at 10:15 am.

Members Present:
Voting
Frederick Carter, Chair
Alfred Calligaris
Thomas Hefferon
John Johnson, Jr.
Alex MacKinnon
Dennis Mastascusa
Margaret Murray
Gary Turck

Non-Voting
Mary Doheny
James Hollenbeck
Stephen Hunt

Members Absent
Brian McGrath

Staff Present:
James W. Wright, Executive Director
Michelle Capone, Director, Regional Development Division
Carl Farone, Comptroller
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
David Wolf, Director, Technology Division
Angela Marra, Administrative Associate
Melissa Durant, Administrative Associate

Guests:
Jennifer Granzow, Counsel, Wladis Law Firm
Terrence Phillips, Bonadio Group
Cyril Mouaikel, RBC
John Nuber, RBC

1. Chairman Carter called the meeting to order at 10:22 AM.

2. Chairman Carter requested a roll call by A. Marra.
   - All Board Members were present except for B. McGrath.
3. Chairman Carter offered the Privilege of the Floor.

4. Upon a motion by A. Calligaris, and seconded by D. Mastascusa, the May 16, 2019 Meeting Minutes were unanimously approved.

5. Chairman’s Report –

Chairman Carter took this time to recognize M. Capone and C. Farone for 20 years of service to the Authority.

6. Executive Director’s Report –

Annual Report – (handout)

J. Wright reported how the Authority continues to grow based on the contracts with our community partners. These contracts are detailed within the report itself and continue to be our initiative. As old projects are completed, new projects arise in their place. There are also more municipalities recognizing what we can do for them.

Telecom continues to fill gaps within the region. There is an upcoming resolution that deals with some of the contracts we have that continue with carrier networks which all of the providers utilize. We not only have 4G service, but are positioning ourselves to have 5G so that our business and area residents can stay current.

There are a number of successful projects with Fort Drum, as it is part of the Authority’s obligation to represent their interests. An example of this is the negotiated settlement with the City of Watertown earlier this year which in turn benefited both Fort Drum and the City.

The Authority is continuing a regional role at both the federal and state levels, serving on the Northern Regional Border Commission, providing administrative services for their projects as well as serving on the Governor’s Regional Council.

The landfill expansion continues to be a prime project, as we continue to place emphasis on waste diversion so we are in a position to demonstrate to the state our commitment to recycle and reuse.

The Authority is constantly improving the facilities which they own. This can be demonstrated with the screen replacement at water quality and the change with the chlorine system so that we are no longer storing potentially dangerous chlorine gas at Materials Management.

A great deal of work took place in Lewis County this past year. The Authority not only supported, but invested in the telecommunications between the new education center in Lewis County and Jefferson Community College. We connected the Lewis County Center for Business manufacturer site, making them more prepared to service new customers as they arrive. We also continue to address two major re-development sites in St. Lawrence County, the Lyons Falls and J & L Site are both unrecognizable compared to one year ago.

We will continue expanding the community housing network and increasing GIS systems. We recognize Fort Drum as they were awarded as a Great American Defense Community
this year, a national award, and obviously we are a significant factor in that since the Authority provided over $4 million dollars in services to Fort Drum annually. This annual report also includes a list of all the contracts within Franklin County, showing the role which the Authority now plays in terms of our services to those municipalities, which has continued to grow.

This report will be posted to the Authority website as part of the PARIS reporting, along with the audit and the other financials, and as part of the Authority’s compliance with full disclosure and transparency.

J. Wright commented about two points of information he wished to follow up on with the Board.

An agreement has been reached with St. Lawrence County to locate office space in their Human Services Building, consisting of three offices and a conference space, St. Lawrence County was reasonable with their negotiations, and we hope to be in there early July. This space will prove very useful with an increasing number of contracts in St. Lawrence and Franklin Counties.

Things are continuing to move forward on the Harrisville Site. Lewis County has now acquired a Title Two for the property, and filed their deed earlier this week. The lien with Lewis County IDA and the federal government should be completed soon.

7. Finance – Comptroller’s Report –

C. Farone reported on the financials for the month of April 30, 2019.

Total assets have increased by $42,000; and noted that total capital assets decreased slightly as depreciation expenses exceeded capital adjustments. Revenues are right on track. Interest income is slightly behind the month’s projection of $144,000.

8. FYE 2019 Investment Report – RBC

C. Mouaikel and J. Nuber reported from RBC on the Authority’s investments.

The Authority Investment Policy mandates that when they are investing for us, it has to be FDIC, US Government, or 100% government agencies. With this mandate, your returns have been very conservative. Last year when we finished the year, the market value adjust was up very little, this year it was the opposite. In September and October we were far from normalized rates. In January they decided not to raise the rates, now they may cut them in 2019. When you have money maturing, we need to calculate the best deployment, and we need to make sure we have all the money we need when we need it. This has been managed so well within the Authority that over the last ten years we have not had to sell a single bond. We may have moved bonds from one account to the other reducing the need to sell. Before any of these changes can take place the comptroller reviews the proposal, then it is approved by the Executive Director. Rates have been good, but are going down. We currently have an inverted yield curve, which will go down once they cut rates over the next several months. Within your packet the numbers for the year are listed, showing generated income of $1,740,000, or 1.83%. With the predicted market value adjustment, you will be up almost 3%. This portfolio is currently running at roughly 2% in terms of income. The numbers are excellent compared to last year, and we are doing very well compared to the market. The biggest concern
would be interest rates drops or fluctuations. The Authority portfolio is virtually bulletproof because there is so much money maturing at different times, resulting in being able to reinvest at a higher rate so that will also protect your investments. The main concern with your comptroller is lowering the risk as much as possible. We are not speculating so it is all cash flow driven. We do not anticipate any problems, and we expect to be in a low interest rate environment for a long while.

A. MacKinnon commented how it is interesting when you hear on the radio that the stock market fell 500 points, and then four days later it hits a record high. He further stated that maybe we shouldn’t pay too much attention to what we hear on the news. C. Mouiakel concurred, stating how we have moved into an economy where 1-1.5% daily moves are very common.

C. Mouiakel concluded by saying the money will be here for Authority projects, as we will try to make money for you.

C. Mouiakel and J. Nuber left the meeting at 10:50 AM.


M. Capone presented following loans:

Under the Housing Revolving Loan Fund, AYDM Associates is three months past due. She has been made aware that they are in the process of looking to sell. M. Capone is in the process of trying to meet with the bank and the IDA to discuss this property in more detail.

Mr. Winkler is at eight months. He did make a $1,000 payment one month ago. We are hopeful he will come in with another $1,000 payment, but that will go to collections if we don’t hear from him.

Under the Tourism Fund we have Eastern Resort Management, which we will be discussing today. Wind-Water is one month past due and we currently have an email out to them for payment.

Downtown Massena and the Redevelopment Fund is currently two months past due, and will hopefully be making a payment shortly.

Under the North Country Economic Development Fund, Northwoods Inn is two months past due. They did make one payment this month. LKR Enterprises is one month past due. They have recently sold their building in Boonville, Great American, and we’re hopeful that the sale will close sometime before the end of this month.

10. Independent Audit – Bonadio Group

T. Phillips presented the Independent Audit to the Board. Two documents were passed out, on being a complete board package, the other is a summary report of highlights which was reviewed at the meeting. The information presented at the meeting was also presented to the Audit Committee at two different previous meetings, one being a planning and scope meeting the other being an audit results meeting. Detailed questions were answered at the committee level, a quick summary will be presented to the Board.
The Audit of the Financial Statements which is required for fiscal oversite, was reviewed first. Their job is to assist the Board with their fiscal responsibilities. Pending the acceptance at the meeting, the Bonadio Group will issue a modified or clean opinion.

Internal Controls – there were no material weaknesses identified in Internal Controls. There were no internal control issues to be brought to the attention of the Audit Committee. All books and records were well maintained and very clear.

Government Accounting Standards Board (GASB), specifically #75, implements clarifications, and changed how liabilities are accounted for relating to post-employment benefits. This impact should be very minimal to the Board, however when you adopt new accounting practices you have to go a bit backwards, resulting in a $200,000 net asset adjustment listed in the footnotes to the financial statements.

No other new accounting policies were adopted during the year. All 47 pages within the Authority's financial statements are needed to clarify the fiscal position. Following the audit, these will be reported to be neutral, clear, and reasonable. Regarding audit matters there is no note of any disagreements with management or financial reporting, and no journal entries were made. There were no corrections or misstatements, which is a compliment to Authority management, Jim, Carl, and the team.

A new accounting policy, GASB 87, will be coming-up regarding leases. It will not be implemented until the following year. This should have no or very little impact on the Authority. The only leases the Authority currently holds are some minor office equipment and building space within the Dulles State Office Building.

Under financial highlights, $1.5 million was added to the net assets.

Other financial highlights for the year include: Total Assets to the organization is at $227 million. Total liabilities are at $56 million. The difference of $168 million is the net assets of the organization. These funds are set up in different ways; $57 million is related to investment and capital, $182 million in cost of capital assets versus $128 million of accumulated depreciation, $57 million in the capital mix, $61 million in restricted net assets, $49 million are unrestricted or designated with about $7 million of that being truly undesignated and could be used for ongoing operations of the organization.

Noted fluctuations over the year would be tonnage at Materials Management which increased significantly. Also, Water Quality Reserve decreased $451,000 due to the activity with the Army Water Line.

Two cells that were fully depreciated in the prior year caused a drop in depreciation expense. This resulted in a significant impact to the Authority's bottom line. Salary and fringe benefits increased by $334,000 due to some vacancies being filled, as well as staff wage increases and a couple new positions within the Engineering department being filled.

Because the Authority received more than $750,000 in federal dollars, a single audit for uniform guidance is required. There were no material weaknesses noted and there was no non-compliance.

Two other agreed upon procedures were the Regional Water Line and the investment compliance, both of which are in compliance. Seven different procedure tests were done.
on the Regional Water Line, and there were no findings which is a compliment to the team. The Authority has a very strict guidance on what can be invested in, which is all in compliance as well.

A. MacKinnon commented that he has been doing this kind of public sector work since 1976. Since he has been on the Development Authority Board, he has not seen a negative conclusion. It is an amazing feat to hear reported time and again that there are no discrepancies. This is all done the way it is supposed to be done, and that is a credit to the Development Authority and primarily a credit to Carl and rest of the team. T. Phillips stated that he believes the Authority to be in the top 1% for preparedness, readiness and cleanliness of their accounting records.

T. Phillips left the meeting at 11:05 AM.

J. Wright asked the Board to move Resolution 2019-06-76 first due to them having a closing at 11:00.

Resolution No. 2019-06-76, approves the modification to a lease with Agbotic Incorporated subordinating to funding from the NYS Green Bank in an amount of $6 million, and further authorizes the Executive Director or Authority Comptroller to execute all necessary documentation.

Upon a motion by A. Calligaris, and seconded by M. Murray, Resolution No. 2019-06-76, Agbotic Incorporated, Lease Modification, was unanimously approved.


Upon a motion by A. Calligaris, and seconded by D. Mastascusa, Resolution No. 2019-06-69, Approving Audited Financial Statements, Single Audit, Agreed Upon Procedures and Report on Investments, for the Fiscal Year Ending March 31, 2019, was unanimously approved.


J. Wright stated that attached to the resolution is the summary of the assessment process and in turn the auditors confirmed that the internal controls were effective and they had no recommendations.

Upon a motion by D. Mastascusa, and seconded by A. Calligaris, Resolution No. 2019-06-70, Approving the Assessment of Effectiveness of Internal Controls for the Fiscal Year 2019, was unanimously approved.


J. Wright commented that this report is to be posted as an annual requirement, even though there were no bond activities in the fiscal year ending 03/31/19.
Upon a motion by A. Calligaris, and seconded by D. Mastascusa, Resolution No. 2019-06-71, Approving the Annual Bond Sales Report for the fiscal year ending March 31, 2019, was unanimously approved.

11. Resolutions – Governance -

a. Resolution No. 2019-06-72, authorizes the selection of Roosevelt & Cross as the Senior Managing Underwriter for the issuance and sale of the Authority Solid Waste Management System Revenue Bond Series 2019 in an aggregate principal amount not to exceed $11,000,000.

J. Wright stated this underwriter was selected for recommendation this morning at the Underwriter Selection Committee meeting. Following a competitive process and a review by Authority staff and the Authority’s municipal advisor (Fiscal Advisors), the committee concurred with this recommendation.

Upon a motion by A. Calligaris, and seconded by D. Mastascusa, 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.

b. F. Carter requested an Executive Session to discuss legal matters.

Upon a motion by T. Hefferon, and seconded by M. Murray, the committee moved into Executive Session at 11:16 AM.

Upon a motion by D. Mastascusa, and seconded by A. Calligaris, the committee moved out of Executive Session at 11:29 AM.

Returning from Executive Session, no action was taken.

c. 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.

Upon a motion by A. Calligaris, 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.

d. 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 are to be designated authorized representatives for the purposes of executing transfers of Authority funds electronically, when authorized by the designated Authority Officers/personnel.
Upon a motion by D. Mastascusa, and seconded by M. Murray, Resolution No. 2019-06-74, Certificate of Deposit, Telecommunications Investment, was unanimously approved.

12. Resolutions – Engineering –

a. Resolution No. 2019-06-75, approving the Technical Services Agreement Amendment No. 2, between the Authority and the Town of Fine. Furthermore, the Executive Director is authorized to execute this agreement amendment.

Upon a motion by D. Mastascusa, and seconded by M. Murray, Resolution No. 2019-06-75, Technical Services Agreement Amendment, Town of Fine, Waterfront Revitalization Project, was unanimously approved.

13. Resolutions - Project Development –

a. Resolution No. 2019-06-76 was moved to be the first resolution approved due to an 11:00 AM closing taking place.

b. Resolution No. 2019-06-77, authorizing the Development Authority of the North Country to enter into a contract with the North Country Procurement Technical Assistance Center (PTAC) and the Greater Watertown North Country Chamber of Commerce in an amount not to exceed $12,500 for the federal fiscal year 9/1/19-8/31/20 to provide economic and business development activities. Furthermore, the Director of Regional Development is authorized to execute all necessary contracts and agreements.

J. Wright commented that PTAC has proven to be very successful in terms of small businesses in the region actively working with federal and state government contracts.

Upon a motion by A. Calligaris, and seconded by D. Mastascusa, Resolution No. 2019-06-77, Authorizing Agreement, North Country Procurement Technical Assistance Center, was unanimously approved.

c. Resolution No. 2019-06-78, approves a loan/grant not to exceed $100,000 ($50,000 grant/$50,000 loan) from the Community Rental Housing Program Regional Development Housing Program to Neighbors of Watertown, Inc. for the renovation of 825 Academy Street, Watertown. Furthermore, the Executive Director or Authority Comptroller are authorized to execute all appropriate documents necessary to execute the loan. This is considered a Type II Action under the State Environmental Quality Review (SEQRA) and is considered an exempt activity requiring no further action.

Upon a motion by T. Hefferon, and seconded by D. Mastascusa, Resolution No. 2019-06-78, Community Rental Housing Program, Regional Redevelopment Housing Program, Neighbors of Watertown, Inc., Loan Authorization, was unanimously approved.

d. Resolution No. 2019-06-79, approves the loan modification for Gervera Inc. per the attached terms and conditions. This resolution further authorizes the Executive Director or the Authority Comptroller to execute all necessary documentation.
Upon a motion by T. Hefferon, and seconded by A. Calligaris, Resolution No. 2019-06-79, North Country Redevelopment Loan Fund, Gervera Inc., Loan Modification, was unanimously approved.

e. Resolution No. 2019-06-80, approves the loan modification for GOCO Ventures, LLC for an additional three months of interest-only payments beginning with the July 1, 2019 payment and ending with the September 1, 2019 payment with the loan re-amortizing to be repaid over the remaining term. Furthermore, the Executive Director is authorized to execute all necessary documentation.

Upon a motion by M. Murray, and seconded by D. Mastascusa, Resolution No. 2019-06-80, North Country Redevelopment Loan Fund, GOCO Ventures, LLC, Loan Modification, was unanimously approved.

f. Resolution No. 2019-06-81, ratifies the grant/loan commitment in the amount of up to $110,000 ($55,000 loan/$55,000 grant) from the North Country Redevelopment Fund to the Village of Heuvelton at the terms outlined on the Term Sheet, consistent with the Empire State Development program requirements. This resolution further authorizes the Executive Director or Authority Comptroller to execute all documents necessary to complete this loan. This is considered a Type II Action under the State Environmental Quality Review (SEQRA) and is considered an exempt activity requiring no further action.

Upon a motion by A. MacKinnon, and seconded by A. Calligaris, Resolution No. 2019-06-81, North Country Redevelopment Loan Fund, Village of Heuvelton, Loan Modification, was unanimously approved.

g. Resolution No. 2019-06-82, approves the loan modification for Eastern Resort Management, LLC as per the written terms and conditions. Furthermore, this resolution authorizes the Executive Director or Authority Comptroller to execute all necessary documentation.

J. Wright reiterated that M. Capone made it clear during the committee meeting that this is a high-risk loan even with these modifications. However, having fully disclosed that, one committee member pointed out that this will not weaken our already weak position.

Upon a motion by D. Mastascusa, and seconded by A. Calligaris, Resolution No. 2019-06-82, Regional Tourism Transformational Community Revolving Loan Fund, Eastern Resort Management, LLC, Loan Modification, was unanimously approved.


a. Resolution No. 2019-06-83, authorizes the increase to capital project 30543 for Wireless Tower Service of $1,100,000. Furthermore, this resolution authorizes the Executive Director or Authority Comptroller to execute all necessary documentation.

J. Wright stated this will result in the building of 22 new T-Mobile and 8 AT&T towers, who are adding to their circuits in preparation for 5G.

J. Johnson stated there has been some serious discussion about the impact 5G may have on the National Weather Service, and further asked if this raised any questions
with the radar on Fort Drum. J. Wright referred this question to D. Wolf, who stated we are not aware of any impact on Ft. Drum, but it certainly warrants looking in to.

Upon a motion by D. Mastascusa, and seconded by A. MacKinnon, Resolution No. 2019-06-83, Wireless Tower Service, Capital Project Increase, was unanimously approved.

15. Resolution – Water Quality

a. Resolution No. 2019-06-84, authorizes the Executive Director to enter into an Operations and Maintenance Service Agreement with the Town of DeKalb. The resolution further authorizes the Executive Director to execute the required and necessary agreements.

Upon a motion by A. Calligaris, and seconded by D. Mastascusa, Resolution No. 2019-06-84, Operations and Maintenance Service Agreement, Town of DeKalb, Water and Sewer Districts, was unanimously approve.

   Please note there is no July meeting.
   The next meeting will be held the same day as the Open House.

17. F. Carter requested an Executive Session to discuss personnel matters.

   Upon a motion by D. Mastascusa, and seconded by A. Calligaris, the committee moved into Executive Session at 11:40 AM.

   Upon a motion by A. Calligaris, and seconded by T. Hefferon, the committee moved out of Executive Session at 11:48 AM.

   Returning from Executive Session, no action was taken.

18. Upon a motion by J. Johnson, and seconded by A. MacKinnon, the meeting was adjourned at 11:48 AM.

Respectfully submitted,

Thomas Hefferon
Secretary