



MINUTES

BOARD OF DIRECTORS MEETING

Thursday, June 22, 2023 – 10:30 AM
Warneck Pump Station
James W. Wright Conference Room
23557 NYS Rt 37, Watertown, New York

The Development Authority of the North Country Board of Directors met in regular session in person and via Zoom Videoconference at the Warneck Pump Station, 23557 NYS Rt 37, Watertown, New York on Thursday, June 22, 2023 at 10:30 AM.

Members Present

Voting
Margaret Murray, Chairperson
Thomas Hefferon
Alex MacKinnon
Kenneth Bibbins
Mary Doheny*
Mark Hall
Eric Virkler

Non-Voting
Nancy Henry
James Hollenbeck
Stephen Hunt
Brian McGrath*

*Attended via videoconferencing.

Members Absent

Dennis Mastascusa

Staff Present:

Carl Farone, Executive Director
Jennifer Staples, Chief Financial Officer
Carrie Tuttle, Chief Operating Officer
Alex Barham, Environmental Health and Safety Manager
Stephen Bohmer, Director of Information Technology
Dawn Caccavo, Comptroller
Michelle Capone, Director of Regional Development
Kevin Feuka, Director of Engineering
Laurie Marr, Director of Communications and Public Affairs
Brian Nutting, Director of Water Quality
Regina Rybka-Lagattuta, Director of Human Resources
Shawn Thornton, Director of Materials Management
David Wolf, Director of Telecommunications
Angela Marra, Executive Assistant
Erin Ackley, Administrative Associate

Guests:

Jennifer Granzow, Counsel, Wladis Law Firm*
Cyril Mouaike, RBC Wealth Management
John Nuber, RBC Wealth Management
Tania Budge, The Bonadio Group

1. Chairperson Murray called the meeting to order at 10:31 AM.
2. Chairperson Murray requested a roll call.
 - A quorum of voting and non-voting members was established.
3. Privilege of the Floor -
4. Upon a motion by T. Hefferon, and seconded by M. Hall, the minutes from the May 25, 2023 Board Meeting, were approved.
5. Chairperson's Report
 - a. Following the meeting, there will be a formal dedication of the conference room to James W. Wright, along with a luncheon.
 - b. The Authority will host an Open House at the Materials Management Facility on August 24 from 4:00 to 6:00 pm. The Board meeting will be held the same day at the facility at 10:30 am. Following the meeting, a bus will be available to tour the facility. Even for those who have been before, there is always something new to see. Lunch will also be provided.

M. Murray extended her appreciation to C. Farone and staff for all the hard work that went into securing the NTIA Grant. This is a huge step in helping the North Country get broadband for those unserved areas. C. Farone did a great job at the press conference the other day, and we are very fortunate this is moving forward.

6. Executive Director's Report

- a. NTIA Grant –
C. Farone reported that we received notice that the Authority's \$14.5 million grant application to expand broadband in northern New York has been funded by the National Telecommunications and Information Administration (NTIA). This grant will go toward the broadband expansion project totaling roughly \$25 million to construct approximately 350 miles of new middle mile fiber that will provide service to unserved residences and community anchors. The NTIA grant application pool was \$5.5 billion of which they awarded \$980 million. At the press conference on Tuesday with Senator Gillibrand, we learned that this was the only grant award received in New York State. M. Capone and D. Wolf put a great deal of time and effort into working with National Grid to make this a success.
- b. City of Watertown – Disinfection Byproducts –
C. Farone stated that he, C. Tuttle, and B. Nutting attended a Disinfection Byproducts Stakeholder's meeting hosted by the City of Watertown on June 15. While the consulting engineer continues analyzing the data, the City Council passed the bond ordinance of \$50 million for the project. This will include the holding basin, granulated activated carbon filters, and pre-ozonation. This project continues to progress in the right direction. We hope

to see the city break ground in 2024 and solve this longstanding issue. They have also applied for a \$20 million Defense Community Infrastructure Pilot program (DCIP) grant, and will be applying for other various federal and state grants as well.

c. Army Sewer Line – Pipeline Rehabilitation –

C. Farone reported that six bids were received for this project. The bids were opened yesterday, with three of the six well within our budget. Engineering is currently in the process of vetting each bid.

d. Shawn Thornton –

C. Farone introduced Shawn Thornton as the Authority's new Director of Material Management. S. Thornton comes to the Authority with 20 years of experience in organizational leadership and risk management, and he served as a Commander in the US Navy.

S. Thornton continued by saying that he is originally from Louisiana and moved to the North Country five years ago. He expressed how much he enjoys the North Country, and is looking forward to working with everyone at the Authority.

7. FYE 2023 Investment Report – RBC

J. Staples introduced the Authority's investment advisors, Cyril Mouaikel, Managing Director and John Nuber, Associate Vice President of RBC Wealth Management, who attended the meeting to provide an investment report to the full Board regarding the investments from the previous year.

C. Mouaikel offered a brief fiscal recap of 2008 financial crisis when interest rates dropped dramatically to almost zero. Because of this, the Authority's CFO and CEO have made sure that they were investing in short term investments based on cash flow needs. Preservation of principle is the Authority's first objective, and the second is to get as much income as possible. These funds are intended to be safe so they can be used for the projects they are intended for in the time of need. This year has seen many bank failures, and the Authority has had zero losses. In the last 12 months, the Federal Reserve has increased rates from about 1% to about 5%. Stress tests are done on these portfolios every few months to see what would happen if rates increase, and even with this recent increase the Authority's investments are down less than 1%. This is due to the leadership who have made certain that things are monitored very carefully. Investments have not been made in anything other than safe and secure investments. Maturities are always sent to the CFO for review, RBC then comes back with recommendations after they shop the country for the best options. This process is re-visited every month for approval with the CFO.

J. Nuber spoke about this being the first time in 15 years that reasonable returns on safe investments have been available leaving us with a period where the rates have stayed relatively stable. The Federal Reserve has indicated they do not anticipate cutting rates soon and there may be a few more increases in place. For the Authority, this means you have \$1 million maturing every month where lower interest rate investment can be turned into higher interest rate investments. This was best shown over the months of January, February and March where the effects of the

higher income could be easily seen and the year-end total was just under \$1 million in income. This should continue to improve as time goes on.

C. MouaikeI concluded by stating that the Authority portfolio is in great shape.

M. Hall asked for clarification that what was being discussed was net income on investments, not our business income. C. MouaikeI confirmed this and further stated that they only provide support on the investment portfolios. The current system in place ensures these investments are well protected and everything is in excellent shape.

C. MouaikeI and J. Nuber left the meeting at 10:47 AM.

8. Independent Audit – Bonadio Group

J. Staples introduced the audit report. She stated that March 31 marked the end of the Authority's fiscal year, and in April, the finance team worked to close the year and complete the audit work papers. On May 8 the audit work papers and final trial balance were turned over to the Bonadio Group for auditing. The audit concluded in early June and on June 14 G. Evans, a partner at the Bonadio Group, met with the Audit Committee to review the audit results in detail. Tania Budge, the manager at the Bonadio Group, reviewed a summary of the audit findings with the full Board to answer any questions.

T. Budge continued with offering a high-level review of the audit results. She further stated that the purpose of this meeting was to assist the Board in its governance responsibilities with fiscal oversight, and pending the Board's acceptance on the presented financial statements, The Bonadio Group plans to issue an unmodified opinion, which is the highest level of assurance the auditors can provide. During the audit procedures, there were no material weakness identified within internal controls, and all books and records were found to be maintained in a clear and orderly fashion. She reviewed the required communications for management and current accounting developments, including GASB 87. She reported that the single audit and review of agreed upon procedures both resulted in no findings, and there were no corrective misstatements in connection with the current year audit. There were also no internal control deficiencies or material weaknesses identified during the audit. T. Budge informed the Board that this coming fiscal year there will be two new GASB's going into effect, GASB 94, regarding public-private and public partnerships and the availability of payment, and GASB 96, regarding subscription based IT arrangements. She concluded by stating that the independent auditors report will be expressed as an unmodified opinion with no findings or costs questioned. There were no findings within the performance of agreed upon procedures. The Authority was found in compliance with the investment policy as well as the State Comptrollers investment guidelines.

A. MacKinnon commented that in 40 years of reviewing these reports, he has learned to go to the last page to find the "stuff", but each year at the Authority the "stuff" is not there. He expressed kudos to C. Farone and his staff, as well as the entire organization, for staying on top of this. He concluded by saying that the recent \$14 million grant award was not an accident, but is expected because of the people who work here.

M. Doheny agreed and expressed appreciation to the whole team, especially this year with such a tight timeline.

9. Finance –

- a. Resolution No. 2023-06-48, accepting the Audited Financial Statements, Single Audit, Agreed Upon Procedures and Report on Investments, as of and for the year ended March 31, 2023.

Upon a motion by T. Hefferon and seconded by A. MacKinnon, Resolution No. 2023-06-48, Accepting Audited Financial Statements, Single Audit, Agreed Upon Procedures, and Report on Investments for Fiscal Year Ending March 31, 2023, was unanimously approved.

- b. Resolution No. 2023-06-49, approving the Assessment of Effectiveness of Internal Controls of the Development Authority of the North Country, for the fiscal year 2023, as attached to the resolution.

Upon a motion by E. Virkler and seconded by K. Bibbins, Resolution No. 2023-06-49, Approving the Assessment of Effectiveness if Internal Controls of the Development Authority of the North Country for Fiscal Year 2023, was unanimously approved.

- c. Resolution No. 2023-06-50, approving the Annual Bond Sales Report for the fiscal year ending March 31, 2023, as attached to and incorporated in this resolution.

Upon a motion by M. Hall and seconded by K. Bibbins, Resolution No. 2023-06-50, Approving Annual Bond Sales Report of Fiscal Year Ending March 31, 2023, was unanimously approved.

Tania Budge left the meeting at 10:56 AM.

10. Finance Report – Chief Financial Officer

J. Staples presented the financial statements without a detailed review as the information reflects only one month since the yearend closed. These statements were provided within the read ahead packets for review.

Upon a motion by M. Hall, and seconded by K. Bibbins, Financials ending April 31, 2023, were unanimously approved.

11. Governance –

- a. Resolution No. 2023-06-51, approving the Asset Management Policy, attached to and incorporated in this resolution.

C. Farone reviewed the changes noted within the policy attached to the resolution, and offered an explanation on the benefits of these changes.

Upon a motion by T. Hefferon and seconded by E. Virkler, Resolution No. 2023-06-51, Approving Modifications to Asset Management Policy, was unanimously approved.

b. Resolution No. 2023-06-52, authorizing the write-off of the receivable identified within the resolution, and further directs the Chief Financial Officer to adjust the Authority's financial statements to reflect on this transition.

J. Staples explained that this customer is a foreign limited liability corporation who operated from the former Metro paper plant in Carthage, where they experienced a fire in March of 2021. The customer provided data center infrastructure for large-scale clients in cryptocurrency mining and high performance computing. They struggled to make payments for several months before we provided them with the required disconnect notices. Following these disconnect notices, we received two additional payments, however they were unable to bring the account current. Later attempts to contact them were unsuccessful and we then processed a soft disconnect. Following several more weeks without any contact or payment, a hard disconnect was issued and the balance left on their account is the \$2,469 stated in the resolution.

Upon a motion by K. Bibbins and seconded by A. MacKinnon, Resolution No. 2023-06-52, Approving Annual Bond Sales Report of Fiscal Year Ending March 31, 2023, was unanimously approved.

B. McGrath entered the meeting via Zoom at 11:03 AM.

12. Technical Services Summary Report –

a. Non-Lewis County Contracts –

I. Town of LeRay, O&M, Operation & Maintenance Service Agreement Amendment (effective 7/1/2023), Total Agreement Amount of \$636,172, 10/01/22 – 09/30/28, Jefferson County

Upon a motion by M. Hall, and seconded by A. MacKinnon, Board Contract Summary Table items numbered I for the month of June was unanimously approved.

13. Materials Management –

a. Resolution No. 2023-06-53, amending the Materials Management Division Capital Budget for a Service Truck to increase the budget from \$85,000 to \$174,000 and further amends the Materials Management Division for a Hydraulic Excavator to decrease the budget from \$688,600 to \$599,600.

C. Farone asked C. Tuttle to explain a service truck. C. Tuttle stated that the service truck is a four-wheel drive pick-up truck that is customized with a flatbed, boxes, and a crane. The crane is used in the field at the landfill to maintain our leachate collection system and landfill gas system. This vehicle needs to be rated to have the crane installed and be able to lift manhole covers and other similar weight items in the field.

M. Hall asked if we could obtain this truck for \$85,000. C. Tuttle explained that the truck body and chassis cost is \$85,000. The customization items will be an additional \$89,000. C. Farone stated that the budgeted \$85,000 was based on a search done prior to COVID.

Upon a motion by M. Hall and seconded by E. Virkler, Resolution No. 2023-06-53, Approving Materials Management Division, Capital Project Budget Amendment, Equipment Replacement, was unanimously approved.

14. Water Quality –

- a. Resolution No. 2023-06-54, amending the FY 2023-2024 Regional Water Line Budget for Pipeline Maintenance from \$20,000 to \$34,155 and it is further resolved that such additional expenditures be funded from the Regional Waterline Reserves.

C. Farone stated that this change has been communicated with the partners at the Regional Waterline and they are in favor of this transaction.

K. Bibbins asked if the reason for the lack of reconnection was expediency or the lack of parts. C. Tuttle replied it was expediency, but the highway department did not have what they needed to get the service back up with the hydrant connected. This resulted in the hydrant being moved and a live tap being done which resulted in the additional expense.

Upon a motion by K. Bibbins and seconded by A. MacKinnon, Resolution No. 2023-06-54, Approving Water Quality Division, Regional Water Line, FY 2023-2024 Operating Budget Amendment, was unanimously approved.

15. Regional Development –

a. Loan Report –

M. Capone reported that all loans are being paid as agreed, with the exception of one in the North Country Economic Development Fund. These funds come from New York Power Authority money. Johnson Newspaper is three months past due at this time. They did make their March payment in June and are slowly working to be caught up.

- b. Resolution No. 2023-06-55, ratifying a loan in the amount of \$110,800 from the Regional Tourism Transformational Community Revolving Loan Fund to PSR Holdings Four LLC at the terms and conditions outlined on the Term Sheet attached to the resolution, and further authorizes the Executive Director or the Chief Financial Officer to execute all documents necessary to make the loan. Furthermore, 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 A. MacKinnon, Resolution No. 2023-06-55, Approving Regional Tourism Transformational Community Revolving Loan Fund, PSR Holding Four LLC, Loan Ratification, was unanimously approved.

16. Executive Session for the purpose of discussion regarding the medical, financial, credit, or employment history of a particular person or corporation, or matters leading to the appointment, employment, promotion, demotion, discipline, suspension, dismissal or removal of a particular person or corporation.

Upon a motion by M. Hall, and seconded by K. Bibbins, the Board moved into Executive Session at 11:12 AM.

Upon a motion by M. Hall, and seconded by K. Bibbins, the Board moved out of Executive Session at 11:36 AM.

No action was taken during Executive Session.

17. Next Board Meeting Date – August 24, 2023

This meeting will be held at the Materials Management Facility.

Following the meeting today, we will be holding a room dedication and luncheon to celebrate Jim Wright.

18. Adjourn -

a. Upon a motion by A. MacKinnon, and seconded by E. Virkler, the meeting was adjourned at 11:37 PM.

Respectfully submitted,



Dennis Mastascusa
Board Secretary