



Board Resolution No. 2022-09-71
September 22, 2022

**AUTHORIZING APPLICATION TO BE SUBMITTED
NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION
MIDDLE MILE GRANT PROGRAM**

Whereas, the Development Authority of the North Country has submitted applications and been awarded funding for several Telecommunication projects since the inception of the Open Access Telecom Network in 2004, and

Whereas, a Notice of Funding Opportunity was issued by the National Telecommunications and Information Administration (NTIA) in May of 2022 to provide nearly \$1 billion in federal funding for middle mile telecommunication networks with applications being due September 30, 2022, and

Whereas, the Middle Mile Broadband Infrastructure Grant (MMG) Program, provides funding for the construction, improvement, or acquisition of middle mile infrastructure. The purpose of the grant program is to expand and extend middle mile infrastructure to reduce the costs of connecting areas that are unserved or underserved to the internet backbone, and

Whereas, the Authority was approached by National Grid to develop a project that would construct approximately 335 miles of new middle mile fiber in twelve North Country counties, and

Whereas, the proposed project would require the Authority to design, construct, own and operate approximately 275 miles of new fiber and associated electronics, and a private Internet Service Provider (ISP) would design, construct, own and operate 60 miles of fiber in Fulton, Herkimer, and Montgomery counties, and

Whereas, the proposed \$24,450,000 project would result in the construction of additional middle mile infrastructure that will result in modernization of the electric grid, improved public emergency services, and would enable broadband access to approximately 2,444 unserved homes and 287 Community Anchor Institutions in twelve North Country counties, including healthcare and educational institutions, public emergency and municipal locations, and

Whereas, the NTIA Middle Mile Grant will pay 50% of the capital expenditures and the remaining 50% of the capital costs will be paid for by National Grid, and

Whereas, the Authority's ownership and operation of the Open Access Telecommunication Network uniquely positions the Authority to be the lead on the Middle Mile Grant application and to work with private ISPs to deliver customer services, and

Whereas, the project would involve the development of Memorandums of Understandings (MOUs) between the Authority and National Grid, as well as other private Internet Service Providers, and

Whereas, the proposed project meets the mission of the Authority and the priorities outlined in our Strategic Plan.

Now, upon the recommendation of the Telecommunications Committee, therefore be it

RESOLVED, the Development Authority of the North Country does hereby authorize the Executive Director or designee to submit an application in the amount of \$24,450,000 to the National Telecommunications and Information Administration Middle Mile Grant Program, and be it further,

RESOLVED, if awarded, the Executive Director is hereby authorized to execute all documents necessary to accept and implement the Middle Mile Grant Program project, to include establishing a NTIA Middle Mile Capital Project in the amount of \$24,450,000, and be it further,

RESOLVED, the Development Authority of the North Country does hereby authorize the Executive Director to enter into a Memorandum of Understanding with National Grid detailing the roles and responsibilities of each party should the grant be awarded, and be it further,

RESOLVED, the Development Authority of the North Country does hereby authorize the Executive Director to enter into a Memorandum of Understanding with private Internet Service Providers detailing the roles and responsibilities of each party should the grant be awarded.

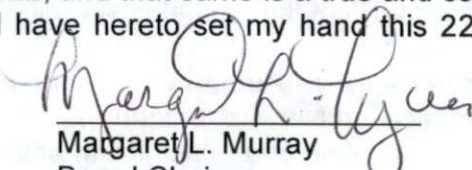
Motion by: A. MacKinnon
Seconded by: M. Hall

Doheny - Yes	Henry - Present	MacKinnon - Yes	Murray - Yes
Hefferon - Yes	Hollenbeck* - Present	McGrath* - Present	Virkler - Yes
Hall - Yes	Hunt - Present	Mastascusa - Yes	

*- indicates attendance via videoconference.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

I, the undersigned, Chairperson of the Board of Directors of the Development Authority of the North Country, do hereby certify that I have compared the foregoing copy of Resolution No. 2022-09-71 of the Development Authority of the North Country with the original adopted by the Development Authority of the North Country at a meeting of said Authority on the 22nd day of September, 2022, and that same is a true and correct copy of such resolution. In testimony whereof, I have hereto set my hand this 22nd day of September, 2022.


Margaret L. Murray
Board Chairperson



Board Resolution No. 2022-09-72
September 22, 2022

AFFORDABLE RENTAL HOUSING PROGRAM
CAMBRAY HOUSING CORPORATION
LOAN MODIFICATION

Whereas, **Resolution No. 2021-05-75** approved a loan up to \$150,000 from the Affordable Rental Housing Program for predevelopment costs associated with the substantial rehabilitation of 21 units of affordable rental housing in the village of Gouverneur, and

Whereas, **Resolution No. 2021-12-132** approved a permanent loan of up to \$750,000 from the Affordable Rental Housing Program for a term of 25 years at 2% with a co-proportional first mortgage position with NYS Homes and Community Renewal, and

Whereas, **Resolution No. 2022-02-16** extended the term of the financing to 30 years, and

Whereas, **Resolution No. 2022-05-48** approved a loan up to \$250,000 for 30 years at 1% with a co-proportional first mortgage position with NYS Homes and Community Renewal,

Whereas, NYS Homes and Community Renewal has asked the Authority to subordinate its two loans to its \$3.1 million Community Investment Fund loan, and

Whereas, Staff recommends subordinating the \$250,000 loan to the NYS Homes and Community Renewal loan, and

Whereas, the Authority's \$750,000 loan will remain in a co-proportional first mortgage position with NYS Homes and Community Renewal, and

Whereas, all other terms and conditions will remain the same, and

Whereas, the Applicant will pay-off the predevelopment loan at the start of construction, and

Now, therefore be it

RESOLVED, the Development Authority of the North Country does hereby modify the commitment for its loan of \$250,000 to Cambray Housing Corporation from the Affordable Rental Housing Program to be subordinated to the NYS Homes and Community Renewal loan at the attached terms and conditions, and authorizes the Executive Director or Chief Financial Officer to execute all necessary documentation, and further be it

RESOLVED, that the Development Authority of the North Country accepts the action of the Village of Gouverneur Planning Board taken under the State Environmental Quality Review (SEQRA) and affirms a Negative Declaration for this Project.

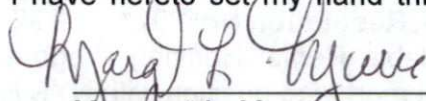
Motion by: D. Mastascusa
Seconded by: A. MacKinnon

Doheny - Yes	Henry - Present	MacKinnon - Yes	Murray - Yes
Hefferon - Yes	Hollenbeck* - Present	McGrath* - Present	Virkler - Yes
Hall - Yes	Hunt - Present	Mastascusa - Yes	

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Margaret L. Murray
Board Chairperson

TERM SHEET

BORROWER: Cambray Housing Corporation

AMOUNT: up to \$250,000.00 for permanent financing

FUND: Affordable Rental Housing Program

PURPOSE: Improvements to facilities

RATE: 1%

TERM: 30 years

PAYMENTS: Annual interest only payments

COLLATERAL: Second mortgage behind NYS HCR and assignment of leases and rents on property located at the corner of West Main Street and Mill Street, Gouverneur, NY 13642 (parcel id# 173.032-1-30.11)

Second lien position on all other assets of Cambray Housing Corporation

CONDITIONS:

- NYS HCR Community Investment Funding of at least \$3,100,000
- Federal Home Loan Bank funding of \$353,000
- NYS Weatherization funding of \$105,000
- Cambray Housing Corporation equity of up to \$142,000
- DANC loan #2 of \$750,000

AFFORDABLE RENTAL HOUSING PROGRAM

BORROWER: Cambray Housing Corporation

LOCATION: 68 West Main Street & 4 Mill Street, Gouverneur, NY
13642
(parcel id#173.032-1-30.11)

BOARD OF DIRECTORS: Ron McDougall, President Judy Peck
Kenneth Snyder Ronald Tuttle
Duane Winters Kathy Bigarel
Dave Blevins Scott Gillan

LOAN #2: approved \$750,000, 30 years, 2%, annual P&I (Resolution #2022-02-16)

LOAN #3: **\$250,000, 30 years, 1% annual, annual interest only**

COLLATERAL: **Second mortgage on real estate located at 68 West Main Street, Gouverneur, NY 13676**

USE OF FUNDS: Permanent financing toward improvements to the facilities

SOURCES OF FUNDS

USES OF FUNDS

Development Authority	\$1,000,000.00	Construction	\$3,870,335.00
NYS HCR Community Inv. Fund	\$3,100,000.00	Soft costs/fees	\$ 629,665.00
Federal Home Loan Bank of NY	\$ 353,000.00	Developer's Fee	\$ 200,000.00
NYS Weatherization Program	\$ 105,000.00		
Cambray Housing Corp Equity	<u>\$ 142,000.00</u>		
Total Sources	\$4,700,000.00	Total Uses	<u>\$4,700,000.00</u>

NYS HCR Community Investment Loan-Pending-Interest only payments at .5% annually for 30 years.

Federal Home Loan Bank-Committed-Requires a grant enforcement mortgage on the real estate. No repayment requirement.

NYS Weatherization Program-grant

DANC PREDEVELOPMENT LOAN:

Resolution No. 2021-05-75 approved **loan #1** of up to \$150,000 for pre-development costs to Cambray Housing Corporation. The loan closed on June 16, 2021. As of 5/16/2022, they had drawn \$75,042.34 on this loan. It is their intent to pay this loan off at the closing for construction financing. This loan was secured by proceeds from Community Bank.

UPDATE TO PROJECT:

The general contractor, ConTech, provided a revised construction cost with an increase of about \$270,000. They plan to revisit with subs to identify any potential savings, but is not optimistic about this. The state will not provide any additional cash resources into the

AFFORDABLE RENTAL HOUSING PROGRAM

project, nor will a bank lend to the project. The cost increases are not specific to this project alone but all projects that are currently underway. The project has been slowed down as the Village needed to act on a release of property for the project that took over 4 months to complete. For those familiar with the project in Gouverneur, it needs to be renovated and it currently an eyesore along the river. The Authority has affordable housing funds, and while it is a 30-year interest only loan at 1%, it is needed to allow this project to move forward otherwise it is in jeopardy of being completed.

PROJECT:

Cambay Housing Corporation ("CHC"), a NYS Private Housing Finance Law Article II Housing Company, developed the Cambay Court Apartments in the early 1970s under the NYS Mitchell-Lama Housing Program. For over 40 years, the project was comprised of 100 apartments for low and very low-income senior citizens. Until 2015, 72 of the 100 units were subject to periodic flooding. NYS HCR and CHC determined to redevelop the entire project, in two phases.

In 2015, the property was legally subdivided into two components for the purpose of redeveloping the entire project. Phase 1, completed in 2017, involved the demolition of the 72 flood-impacted units, and the construction of 72 new units built on fill on the same site. The Authority provided a loan of \$750,000 to this project. The Borrower is current on the loan. Phase 2, the subject of this application, involves the substantial rehabilitation of the remaining buildings that are above the flood plain. The phase 2 property will remain Mitchell-Lama Housing.

Last year we approved a loan up to \$750,000 for cost overruns. This is not surprising considering the increase to construction materials. As the project was delayed, the new estimates came in \$300,000 higher. NYS HCR will have a first mortgage on the property and will require interest-only payments annually at .5% for 30 years. The Authority would have a co-proportional first mortgage and would require fixed principal and interest payments on the \$750,000 loan over 30 years at 2%. [Traditionally we charge 1% for affordable housing projects over a 20 year term; however the applicant was able to cash flow this project at the slightly higher rate of 2% over 30 years which seems agreeable to staff.] The debt service coverage ratio is not sufficient to support amortizing the additional \$250,000 over 30 years at 2% with regular principal and interest payments. Therefore, staff recommends this loan be interest-only for 30 years at 1% with interest paid annually.

Cambay Court is located in the village of Gouverneur, at the intersection of Main Street (NY Route 11) and Mill Street, near the Village commercial center. The project is located in a stable and established setting that is centrally located, and near to commercial and community resources. The project is located within reasonable distance to all necessary services in the surrounding neighborhood, which include grocery, retail establishments, neighborhood parks, public library and museums, a senior center, and health care/pharmacy facilities. Local and regional bus service is nearby, and regional food and pharmacy chains provide free bus service for grocery shopping, and offer direct delivery services.

The project is comprised of seven, two-story residential buildings (a three-plex and a four-plex, each separated by fire walls), and a community building comprised of meeting space, managers

AFFORDABLE RENTAL HOUSING PROGRAM

office, rest rooms, and maintenance shop. There are currently 28 units, comprised of 13 studio units and 15 one-bedroom units. 4 one-bedroom units will be demolished, four studios will be converted into 2 one-bedroom handicapped accessible units (additional HA units to-be-determined during design phase), and a studio will be converted to a community room with laundry facilities, resulting in 8 studios and 13 one-bedroom apartments, and the community building as the final product.

The project is occupied by very-low income senior citizens age 62+, with incomes less than 50% AMI, subsidized by Section 8 Project Based Vouchers, and will be re-occupied by the same income group at project completion.

Supportive Services will be provided through an agreement with United Helpers Home Health-Mosaic Behavioral Health Services, which provides Case Management and Care Coordination services, Behavioral and Mental Health Counseling, Day Habilitation, and Home Health Services.

The project community building provides office space for several locally-based non profit agencies, including the North Country Prenatal/Perinatal Council, Inc. and provides Maternal and Infant services, Health Advocacy services, and NYS DOH-funded community health workers.

A professional Market Study conducted by the firm Newmark, Knight, and Frank concluded that there is market demand for the project. Other key factors cited in the Study to indicate overall project support and a market advantage include:

- Lack of recent affordable senior housing development in the Primary Market Area. The most recent development was Cambray Phase 1 that was entirely replacement housing; all other regional development has been for workforce family households outside the PMA.
- Location characteristics of the site along the river, with good water views, and within a very walkable location with retail, grocery, pharmacy and community service uses nearby.
- The superior product concept with amenities and community space will be superior to nearly all unrestricted rental options in the market in addition to older affordable options. The predominate housing option in the area for 1BR unit types is older garden style/townhouse complexes that are not adapted/accessible for senior residents.
- Continued growth in the senior age category with increases of around 10% in renter households projected into 2024.
- All competitors in the PMA have extensive waitlists and very limited turnover which results in longer wait times for availability.

A tenant relocation plan has been drafted and is being reviewed by Homes and Community Renewal (HCR).

United Helpers manages the project on behalf of the owner.

AFFORDABLE RENTAL HOUSING PROGRAM

FINANCIALS:

REVISED

	<u>3/31/2020</u>	<u>3/31/2021</u>	<u>12/31/2021</u>	Projected <u>Year One</u>
Rental Income	\$197,659	\$190,405	\$125,360	\$169,814
Commercial Income	\$9,565	\$26,950	\$10,980	\$10,260
Interest Income	\$629	\$178	\$74	\$0
Laundry & Other Income	<u>\$13</u>	<u>\$150</u>	<u>\$86</u>	<u>\$0</u>
Total Operating Revenue	\$207,866	\$217,683	\$136,500	\$180,074
<i>Expenses</i>				
Maintenance Fee	\$45,513	\$37,815	\$40,947	\$24,000
Electricity	\$35,770	\$34,862	\$21,383	\$21,000
Sewer/Water	\$14,179	\$13,453	\$11,143	\$0
Other Utilities	\$0	\$0	\$0	\$3,193
Trash Removal	\$6,532	\$6,294	\$4,963	\$5,300
Grounds Maintenance	\$8,328	\$4,673	\$4,533	\$5,250
Maintenance & Repairs	\$10,764	\$16,627	\$2,451	\$1,092
Janitorial Supplies	\$595	\$3,240	\$379	\$2,100
Painting and Decorating	\$749	\$684	\$0	\$0
Extermination Services	\$0	\$1,308	\$3,130	\$0
Other Maintenance	\$0	\$0	\$417	\$1,000
Insurance	\$16,081	\$17,719	\$13,609	\$250
Advertising	\$776	\$1,035	\$0	\$250
Depreciation	\$19,375	\$19,199	\$13,448	\$0
Management Fees	\$25,518	\$26,328	\$14,382	\$15,337
Management Salary	\$0	\$0	\$5,364	\$7,200
Audit & Accounting	\$7,500	\$7,400	\$5,725	\$7,500
Legal Fees	\$160	\$25	\$0	\$150
Telephone	\$2,889	\$3,099	\$0	\$0
Office Expense	<u>\$2,807</u>	<u>\$2,235</u>	<u>\$1,547</u>	<u>\$1,795</u>
Total Expenses	\$197,536	\$195,996	\$143,421	\$95,417
Change in Net Assets	\$10,330	\$21,687	(\$6,921)	\$84,657
Add: Depreciation	\$19,375	\$19,199	\$13,609	\$0
Less: Reserves				(\$29,418)
Cash available for debt	\$29,705	\$40,886	\$6,688	\$55,239
<i>Debt:</i>				
HCR CIF	\$15,500	\$15,500	\$11,625	\$15,500
Authority Debt #2	\$33,487	\$33,487	\$25,115	\$33,487
Authority Debt #3	<u>\$ 2,500</u>	<u>\$ 2,500</u>	<u>\$ 1,875</u>	<u>\$ 2,500</u>
Total Debt	\$51,487	\$51,487	\$38,615	\$51,487
Debt Service Coverage Ratio: .58X		.79X	.17X	1.07X

AFFORDABLE RENTAL HOUSING PROGRAM

- Cambray Housing Corporation is a 501 C3 created under NYS Private Housing Finance Law Article II Housing Company.
- FYE 3/31/2020 and FYE 3/31/2021 audit completed by Pinto, Mucenski, Hooper, VanHouse & Co., CPA, P.C. The 12/31/2021 information was internally prepared.
- Occupancy is usually very good with only 0-1 units vacant at any time.
- The project receives Section 8 project based vouchers. There are 7 years left on the Section 8 contract with opportunity to renew. It currently charges 100% of the Fair Market Rent for St. Lawrence County which is \$625 for a studio and \$665 for a 1 bedroom unit. They are proposing to increase the rent to 110% of the Fair Market Rent similar to what was approved for the Phase I project at Cambray Court Apartments. Proposed rents are \$653 for the studio units (fair market is \$700) and \$745 for the 1 bedroom (fair market is \$825).
- The year one projections do show a 5% vacancy. They also include the commercial income that is identified in the audit. That is income from a not for profit that rents space at \$900/month in the community building. The residential income is projected to decrease as there will be 25% fewer units. The project will go from 28 units to 21 units.
- The project does not pay taxes as it is a 501 C3. Since there is no debt, there is no interest expense either. There was no interest expense as the project has no debt/mortgage.
- Projected expenses are lower as there will be 25% fewer rental units. Expenses are the result of HCR's review, vendor quotes, and discussions with the management agent. In addition, the property will be more energy efficient and will require less maintenance. In addition, the Housing Finance Agency is imposing their own parameters on certain expenses.
 - Maintenance fee will decline due to fewer staff hours going forward.
 - Electricity includes gas; it is an engineer estimate. Project moving to electric heat and installing gas hydronic heat and extensive new insulation, windows and doors.
 - Trash decline - fewer units.
 - Maintenance/repairs- decline due to all new everything.
 - Extermination is included in cleaning/supplies.
 - Insurance/Water & Sewer/Capital Reserve-These are included in the Reserve amount as required by the State as this is how Mitchell-Lama projects shows these expenses.
- The Debt Service Coverage ratio for Year Two is expected to be 1.07 based on \$183,676 in total income and \$128,427 in total residential operating expenses and reserves. The Debt Service Coverage ratio for Year Three is expected to be 1.07 based on \$187,349 in total income and \$132,123 in total operating expenses.
- For cash flow purposes, based upon the projections, there is sufficient cash flow to repay the proposed debt.

Balance Sheet

	2019	2020	2021	12/31/21
Current Assets	\$50,093	\$64,660	\$76,908	\$54,128
Restricted Cash	\$194,121	\$194,558	\$209,575	\$189,845
Fixed Assets	\$176,410	\$176,469	\$187,740	\$269,601
Other Assets	\$0	\$0	\$0	\$0
Total Assets	\$420,624	\$435,687	\$474,223	\$513,574

AFFORDABLE RENTAL HOUSING PROGRAM

Current Liabilities	\$18,995	\$23,728	\$40,577	\$86,850
Long Term Liabilities	\$0	\$0	\$0	\$0
Total Liabilities	\$18,995	\$23,728	\$40,577	\$86,850
Equity	\$401,629	\$411,959	\$433,646	\$426,724
Total Liabilities and Equity	\$420,624	\$435,687	\$474,223	\$513,574

- Restricted cash in 2020 is comprised of security deposits, \$3,005, and an operating escrow, \$191,553. Restricted cash in 2021 is comprised of security deposits of \$3,150 and operating escrow of \$206,425. The operating escrow can be used for operations and capital purposes, but require approval from the NYS Division of Homes and Community Renewal.
- Current liabilities in 2020 are comprised of accounts payable, \$20,723, and tenant security deposits, \$3,005. Current liabilities in 2021 are comprised of accounts payable, \$37,427, and tenant security deposits, \$3,150.
- The property has no long-term debt. The mortgage was paid in full in 2014.

COLLATERAL ANALYSIS:

As completed appraisal done by Michael L. Varley, MAI dated July 9, 2021. The as of date for the completed value is July 31, 2022.

The as completed value is \$2,020,000. The assessed value per the SLC tax records is \$804,800.

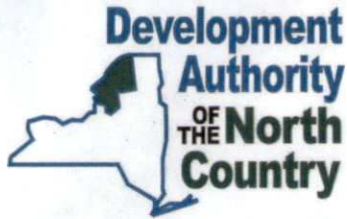
NYS HCR is the primary lender. NYS does not consider loan-to-value when structuring funding for affordable housing. In this case they are willing to lend \$3.1 million with interest-only payments over 30 years in order to see this project completed. As such, the Authority will have a co-proportional first mortgage position with NYS HCR on the real estate for its \$750,000 loan and will be in a second mortgage position on its \$250,000 loan.

CONDITIONS:

- NYS HCR Community Investment Funding of at least \$3,100,000
- Federal Home Loan Bank funding of \$353,000
- NYS Weatherization funding of \$105,000
- Cambray Housing Corporation equity of up to \$142,000

STAFF RECOMMENDATION:

Staff recommends an additional permanent loan of up to \$250,000 for 30 years at 1% with annual interest only payments.



Board Resolution No. 2022-09-73
September 22, 2022

AFFORDABLE RENTAL HOUSING PROGRAM
HERMON HOUSING DEVELOPMENT FUND COMPANY

Whereas, Hermon Housing Development Fund Company is requesting up to \$65,000 from the Affordable Rental Housing Program to make improvements to its 16 units of affordable, senior rental housing in Hermon (St. Lawrence County), and

Whereas, the project will replace the project's parking lot and several hundred square feet of walkway in front of the building as there is significant deterioration resulting in health, safety and accessibility concerns for the residents, and

Whereas, the Applicant will utilize project reserves with Authority funding to complete the project, and

Whereas, the project is consistent with the intent of the Affordable Rental Housing Program to improve affordable housing in the three-county region.

Now, therefore be it

RESOLVED, the Development Authority of the North Country does hereby approve a loan up to \$65,000 for Hermon Housing Development Fund Company from the Affordable Rental Housing Program at the attached terms and conditions, and authorizes the Executive Director or Chief Financial Officer to execute all necessary documentation, and further be it

RESOLVED, that this is a Type II Unlisted Action under the State Environmental Quality Review (SEQRA).

Motion by: T. Hefferon

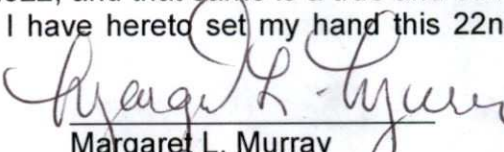
Seconded by: E. Virkler

Doheny - Yes	Henry - Present	MacKinnon - Yes	Murray - Yes
Hefferon - Yes	Hollenbeck* - Present	McGrath* - Present	Virkler - Yes
Hall - Yes	Hunt - Present	Mastascusa - Yes	

* - indicates attendance via videoconference.

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Margaret L. Murray
Board Chairperson

TERM SHEET

BORROWER: Hermon Housing Development Fund Company

AMOUNT: up to \$65,000.00

FUND: Affordable Rental Housing Program

PURPOSE: Improvements to facilities

RATE: 3.75% fixed

TERM: 240 months

PAYMENTS: Monthly principal and interest payments

COLLATERAL: Second mortgage and assignment of leases and rents behind USDA on property located at 103 Canton Street, Hermon, NY 13652 (parcel id# 132.029-2-19)

Lien position on all other assets of Hermon Housing Development Fund Company

CONDITIONS:

- Project reserves of up to \$60,000
- Approval by RD to borrow from Authority and allow for the mortgage position
- Copies of invoices to draw funds
- Guaranty of Hermon Housing Development Fund Company

AFFORDABLE RENTAL HOUSING PROGRAM

BORROWER: Hermon Housing Development Fund Company

LOCATION: 103 Canton Street, Hermon, NY 13652 (parcel #132.029-2-19)

AMOUNT: up to \$65,000.00

TERM: 240 months

RATE: 3.75% fixed (1/2 current WSJ Prime plus 1%)

PAYMENTS: Monthly principal and interest

COLLATERAL: Second mortgage on real estate behind USDA on facility located at 103 Canton Street, Hermon, NY 13652, and assignment of rents and leases

GUARANTOR: Hermon Housing Development Fund Company

USE OF FUNDS: Improvements to facility

SOURCES OF FUNDS

Development Authority Loan	\$65,000.00
Project Reserves	<u>\$60,000.00</u>
Total Sources	\$125,000.00

USES OF FUNDS

Improvements	\$118,900.00
Legal Fees/Soft Costs	<u>\$ 6,100.00</u>
Total Uses	\$125,000.00

PROJECT:

Hermon Housing Development Fund Company owns and operates the facility known as McBrier Park Manor located at 103 Canton Street in Hermon. The property is a 16-unit, single-story complex that houses senior citizens and disabled people. United Helpers has managed the facility since 1992. All units are one-bedroom.

McBrier Park Manor offers plenty of parking, a community room, onsite mail delivery, on-site, coin-operated laundry. Outdoors the property features a large backyard patio/sitting area with a retractable awning and areas for gardening. Apartments at McBrier Park Manor measure approximately 600 square feet. Apartments come furnished with a stove and refrigerator.

The project is a complete rebuild/replacement of the project's parking lot as well as replacement of several hundred square feet of walkway in front of and around the building as well as a back patio. It is required due to significant deterioration of the pavement and concrete that have resulted in health, safety and accessibility concerns for residents and visitors to the site. Work is beginning now as the project needs to be completed.

The applicant has provided quotes for the work to be completed. The bid opening occurred August 9, 2022. The cost came in at \$118,900. The project has \$112,973 in reserves. USDA

AFFORDABLE RENTAL HOUSING PROGRAM

cannot provide any additional funding. The project manager would prefer not to use all of the project's reserves, and the underwriter would agree. They feel comfortable using \$60,000 of their reserve funds. They requested \$60,000 from DANC however staff suggested that they increase this amount to account for closing costs as well. Therefore, their request is for \$65,000.

FINANCIALS:

	<u>2020</u>	<u>2021</u>	<u>1/1-6/30/22</u>
Rental Income	\$121,664	\$124,800	\$63,256
Laundry and Vending	\$948.00	\$1,056	\$390
Interest Income	\$78.00	\$133	\$55
Other Income/(Expense)	\$0	\$0	(\$1,902)
Total Operating Revenue	\$122,702	\$125,989	\$61,799
<i>Expenses</i>			
Administration	\$23,772	\$27,370	\$13,437
Operating & Maintenance	\$40,082	\$31,116	\$15,641
Utilities	\$16,726	\$17,668	\$9,924
Taxes and Insurance	\$8,290	\$8,517	\$4,647
Total Expenses	\$88,870	\$84,671	\$43,649
 Total Operating Income	 \$33,832	 \$67,956	 \$41,676
 Debt:			
RD Debt Service	\$18,338	\$18,338	\$18,338
Authority Loan	\$ 4,625	\$ 4,625	\$ 4,625
 Total Debt	 \$22,963	 \$22,963	 \$22,963
 Debt Service Coverage Ratio:	 1.47X	 2.96X	 1.81X

- 2020 and 2021 year-end financial information as submitted by staff to USDA on Form RD-3560-7. Interim 6/30/22 information internally prepared.
- Occupancy at 9/12/2022 is 100%.
- Basic rent for the 1 bedroom unit is \$640 with a utility allowance of \$77 (electric). USDA has said that there is room to be able to increase rents if necessary, however United Helpers doesn't think it is necessary at this time. The property receives a USDA subsidy.
- Interest expense is not part of operating expenses but comes out of cash flow. The property currently pays \$18,338 annually on its debt service to USDA.
- United Helpers Management Company manages the property. It is a financially stable property. USDA has no issue with DANC providing the fully amortized loan in a subordinate position to its debt.
- Based upon the historical and current operations, the project generates sufficient cash flow to repay the existing and proposed debt service.

AFFORDABLE RENTAL HOUSING PROGRAM

BALANCE SHEET

	2020	2021	6/30/2022
Current Assets	\$134,397	\$149,198	\$37,719
Fixed Assets	\$339,803	\$318,624	\$308,873
Other Assets	\$0	\$0	\$128,052
Total Assets	\$474,200	\$467,822	\$474,644
Current Liabilities	\$7,092	\$2,563	\$10,963
Long Term Liabilities	\$603,158	\$592,494	\$586,770
Total Liabilities	\$610,250	\$595,057	\$597,733
Equity	(\$136,050)	(\$127,235)	(\$123,089)
Total Liabilities and Equity	\$474,200	\$467,822	\$474,644

- 2020 and 2021 year-end financial information as submitted by staff to USDA on Form RD-3560-7. Interim 6/30/22 information internally prepared.
- Primary current assets as of 6/30/22 are in the form of cash, \$36,267. Other assets included \$117,204 in replacement reserve which shows up under current assets at year-end. The project will take approximately \$60,000 from the replacement reserves for the proposed project. The replacement reserves are the primary source for replacing capital items in the buildings as well as replacing appliances, and maintaining units for occupancy upon turnover.
- Primary liability is the mortgage to USDA with an outstanding balance of \$586,770 on 6/30/2022.

Credit Analysis:

Hermon Housing Development Fund Co. Inc.'s Logic Score is a high risk score of 25, with a high risk business failure assessment. There are no days beyond terms reported, either current or historical. It has no derogatory public records, collection accounts, or pending lawsuits. It has no trade lines established.

Collateral Analysis:

	<u>Cost</u>	<u>Discount</u>
Building & Land Improvements	\$950,955	
Discounted @ 70%		\$665,669
Furniture, Fixtures, Equipment	\$133,010	
Discounted @ 50%		\$66,505
Total Collateral	\$1,083,965	\$732,174
USDA Loans	\$586,770	\$586,770
Collateral After USDA Loan	\$497,195	\$145,404

AFFORDABLE RENTAL HOUSING PROGRAM

DANC Loan	\$65,000	\$65,000
LTV	.13	.45

Building & Land Improvements are the book value on the balance sheet as of 6/30/2022. The assessed value as identified per St. Lawrence County's tax records is \$325,000. Furniture and fixtures and equipment are the book value on the balance sheet as of 6/30/2022.

CONDITIONS:

- Owner cash of approximately \$60,000
- Approval by RD to borrow from Authority and allow for the mortgage position. [Which they have approved.]
- Copies of invoices to draw funds

STAFF RECOMMENDATION:

Staff recommends up to \$65,000 for 240 months at 3.75% fixed with principal and interest payments due monthly. The collateral will be a second mortgage on real estate behind USDA loans and the guaranty of Hermon Housing Development Fund Company.



Board Resolution No. 2022-09-74
September 22, 2022

**REGIONAL TOURISM TRANSFORMATIONAL COMMUNITY
REVOLVING LOAN FUND
SALLY PORT VIEW LLC
LOAN RATIFICATION**

Whereas, **Resolution No. 2013-08-12** establishes the Regional Tourism Transformational Community Revolving Loan Fund, and

Whereas, the Regional Loan Review Committee has the authorization to commit loans of up to \$250,000 with the Authority Board ratifying the loan at its next meeting, and

Whereas, the Regional Loan Review Committee met September 7, 2022 to review an application from Sally Port View LLC requesting \$250,000.00 from the Regional Tourism Transformational Community Revolving Loan Fund in order to construct a 12,000 square foot indoor event space and 5 cottages on land located in Three Mile Bay (Jefferson County), and

Whereas, the applicant proposes to market the facility for weddings, corporate retreats, and events with a focus on the waterfront and rural nature of the location, and

Whereas, the Regional Loan Review Committee approves a commitment of \$250,000 from the Regional Tourism Transformational Community Revolving Loan Fund at the terms and conditions attached.

Now, therefore be it

RESOLVED, Development Authority of the North Country does hereby ratify a loan in the amount of \$250,000 from the Regional Tourism Transformational Community Revolving Loan Fund to Sally Port View LLC at the terms and conditions outlined on the attached Term Sheet, and further authorizes the Executive Director or the Chief Financial Officer to execute all documents necessary to make the loan, and further be it

RESOLVED, that the Development Authority of the North Country accepts the action of the Town of Lyme Planning Board taken under the State Environmental Quality Review (SEQRA) and affirms a Negative Declaration for this Project.

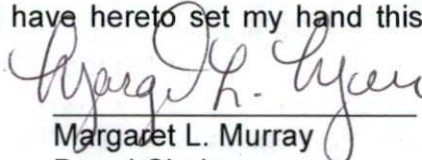
Motion by: T. Hefferon
Seconded by: M. Hall

Doheny - Yes	Henry - Present	MacKinnon - Yes	Murray - Yes
Hefferon - Yes	Hollenbeck* - Present	McGrath* - Present	Virkler - Yes
Hall - Yes	Hunt - Present	Mastascusa - Yes	

*- indicates attendance via videoconference.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

I, the undersigned, Chairperson of the Board of Directors of the Development Authority of the North Country, do hereby certify that I have compared the foregoing copy of Resolution No. 2022-09-74 of the Development Authority of the North Country with the original adopted by the Development Authority of the North Country at a meeting of said Authority on the 22nd day of September, 2022, and that same is a true and correct copy of such resolution. In testimony whereof, I have hereto set my hand this 22nd day of September, 2022.


Margaret L. Murray
Board Chairperson

TERM SHEET

Borrower: Sally Port View LLC

Loan Fund: Regional Tourism Transformational Community Revolving Loan Fund [Empire State Development Funds]

Amount: \$250,000.00

Loan Term: 20 years

Loan Rate: 1%

Loan Payment: Construction Period Interest Only not to exceed 12 months, monthly principal and interest to term out loan over 240 months

Collateral: Co-proportional second mortgage and assignment of rents and leases on 7828 NYS Rte 12E, Three Mile Bay, NY 13693;

Co-proportional 2nd lien on all machinery and equipment, furniture and fixtures, inventory, accounts receivable, and general intangibles of Sally Port View LLC

Conditions:

- Cash equity of a minimum of \$914,874 demonstrated at closing by the disbursement statement.
- Bank financing of \$5,000,000
- Bank financing to bridge potential ESD Grant
- JCIDA funding of \$112,500
- NCA funding of \$112,500
- North Country Economic Development Fund financing of \$300,000
- National Grid grant of \$300,000
- ESD or other grant/equity funding of \$1,425,000
- Labor peace does not apply as it will have less than 15 FTE
- Acceptable MWBE plan or waiver
- Personal Guaranty of Kurtis Bennett
- Satisfactory third party broker opinion or appraisal with a minimum value of at least \$5,775,000 for a 1:1 LTV
- Tourism Funds to go toward improvements
- Copies of invoices, and cancelled checks or bank statements

TRANSFORMATIONAL TOURISM FUND

Borrower: Sally Port View LLC

Project Location: 7828 NYS Route 12E, Three Mile Bay, NY 13693
(60.08-1-24.1)

Borrower Address: 21277 Fox Ridge Road, Watertown, NY 13601

Ownership: Kurtis Bennett-100%

Loan Amount: \$250,000.00

Term: 20 years

Rate: 1%

Payments: Construction Period Interest Only not to exceed 12 months, monthly principal and interest to term out loan over 240 months.

Guarantor: Kurtis Bennett

Use of Funds: Capital Improvements to Real Estate

Collateral: Co-proportional second mortgage position and assignment of rents and leases on all real estate located at 7828 NYS Rte 12E, Three Mile Bay, NY 13693; co-proportional second lien on all assets of business

Jobs: Existing: 0
Years 1-3:14 FTE

Total Project Costs

Sources of Funds

Tourism Loan Fund	\$ 250,000.00
NCA	\$ 112,500.00
JCIDA	\$ 112,500.00
National Grid Grant	\$ 300,000.00
NCEDF	\$ 300,000.00
REDC-Bridge Loan	\$1,425,000.00
Pursuit/WSB 7a Loan	\$5,000,000.00
Cash Equity	<u>\$ 914,874.00</u>
Total	\$8,414,874.00

Uses of Funds

Acquisition of Land	\$ 625,000.00
Improvements*	\$6,207,695.00
Contingency	\$ 620,695.00
Equipment	\$ 450,000.00
Interim Interest	\$ 295,000.00
Professional Fees	\$ 85,000.00
SBA Guaranty Fee	\$ 131,484.00
Total	<u>\$8,414,874.00</u>

Pursuit/WSB SBA 7a Guaranty – Pending-Assumes 25 years with a rate between 6-8%. Underwriter used 8%.

NCA-Pending-Assumes 20 years at 5%

Sally Port View LLC

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JCIDA-Approved-5 year term with 20 year amortization at 5%

NCEDF-Pending-Assumes 15 years at ½ WSJ Prime plus 1 set at closing (current WSJ 5.5% as of 8/4/22)

REDC Grant-Pending

National Grid Grant-Pending

Cash Equity-Cash contributed by applicant. Already paid \$625,000 cash to acquire property.

***Improvements Budget-Quote provided by Goutremout Brothers Construction as of 7/19/22**

• Site Work	\$1,593,935
• Main Building	\$2,988,050
• Tower	\$ 244,711
• Cottages	\$ 481,536
• Support Building	\$ 357,000
Total GC Construction Budget	\$5,665,232
General Contractor Overhead	\$ 339,914
Total GC Payment	\$6,005,145
National Grid Utility Install	\$ 202,550
Total Construction Budget	\$6,207,695

Description of Project

Sally Port View LLC is requesting \$250,000 from the Tourism Fund to build an event center and cabins on property in the Town of Lyme. Per the tax records, the property is 57.68 acres of which 840x150 is waterfront, 53.71 acres is tillable, and 1.08 acres is residual.

Sally Port View (SPV) is an event campus currently under construction on 1,200 feet of prime Lake Ontario waterfront and approximately 60 acres of cleared picturesque farmland just outside the village of Three Mile Bay.

The entire campus will be curated to provide a first-class experience which highlights a modern 12,000 square foot indoor event space with 2 suites, professional kitchen, bar, conference room, and more. The campus will also include 5 cottages and a network of maintained private trails along the shoreline and throughout the property.

An architecturally unique site theme of modern minimalization, accompanied by the local farmhouses & barns, will transform this property into a nationwide destination to:

- Host almost anything - weddings, anniversaries, concerts, graduations, military events, conferences, sporting events, family unions, weekend getaways, and more
- Lodge guests for accompanying and/or unrelated events
- Create opportunities for local catering, cleaning, part- and/or full-time employment, transportation, and other symbiotic business development
- Improve the infrastructure of the community and engage locals through discounted and charitable use of the space for select education and public functions
- Utilize the town's greatest asset - the lakeshore - for economic development, which is consistent with the Town of Lyme's Development Plan.

Mr. Bennett's future plans are to add an additional 20 cottages to the site.

Products and Services

At its website, www.sallyportview.com, the business touts 'private waterfront experiences.' The website is extremely well done. The location is a private 60-acre campus featuring a 12,000 square foot event center with a divisible main hall, professional kitchen, and a beautiful viewing tower with stunning panoramas. There is also a wrap-around patio, and 1,200 feet of private waterfront. The event center will also be set up for conferences with A/V.



Rendering from back facing toward water.

The Main Hall & Events Center

Sally Port View Hall will provide more than 4,000 square feet of climate-controlled usable space, with opportunities to utilize two HD projectors, a speaker system, and sound dampening material to provide a professional setting for presentations.

The Lobby Bar will be 16 feet long and equipped with two full-service stations. The Event Center kitchen will be built to accommodate the needs of a commercial kitchen. Sally Port View Hall and the Lobby Bar will be built with accessibility in mind, welcoming all to enjoy the space.

The second-level suites will provide ample time and comfort for wedding party members to get ready for their big day. The Bride's Suite will be furnished with three vanity stations and plenty of space for the bridal party to prepare. Both the Bride and Groom suites can also accommodate overnight guests, as they will be finished with a queen bed and full bathroom as well.



Rendering of Bride & Groom Suite

Also conveniently located on the second floor will be the modern corporate Conference Room – designed to accommodate in-person participants and remote guests – with large display screens, teleconferencing technology and full A/V needs to make sure your meeting is efficient and effective.



Rendering of Main Hall

Guest Cottages

Adjacent to the main building, along the shoreline, is the location for the 5 mini-cottages, 160 square feet each. Rental of the mini-cottages can be coordinated with the booking of a private event. Each cottage is designed to provide guests with ease and comfort, during all four seasons. The cottages are furnished with a kitchenette, one queen-sized bed, one queen-sized sleeper sofa, a 3/4 bathroom, heat, and air conditioning. In addition to the cottages, the main building also offers suites for overnight accommodations for members of the bridal party or other guests. These will not be available for nightly or weekly leases but as part of event packages only. As there is a limited number of cottages, Sally Port View will partner with other local hotels/motels for lodging including 1000 Islands Harbor Hotel in Clayton, and Hilton Garden Inn, Fairfield Inn & Suites, Hampton Inn and Holiday Inn Express & Suites in Watertown, as well as local AirBnBs.



Cabin Rendering

Support Building

A 2,400 square foot support facility that will house an office with bathroom, a small laundromat, and a heated vehicle bay. The laundromat will be available to employees to launder linens and towels to be utilized in the main building, cottages and suites. The vehicle bay will store all of the facility's equipment used for maintenance of the entire property.

Market

Mr. Bennett wishes to transform Three Mile Bay into a destination location like Sackets Harbor, Alexandria Bay and Clayton, to name a few. These communities have traditionally leveraged their waterfront setting to support local businesses and tourism. The Town of Lyme has not benefited from this however holds the most waterfront footage than any other northern New York town.

When designing the campus, Mr. Bennett is showcasing the access to infrastructure, water and wilderness.

When designing the main building he wanted it to be versatile to adapt to many different business needs. The size of an event can be small or large and the atmosphere will still be cozy and intimate.

The interior design is minimalist and mostly black and white so clients can highlight their décor and set the tone for their own event. When researching other event spaces in the area, Mr. Bennett noticed a theme of banquet-style, busy and clashing wallpaper and décor that was dated.

Mr. Bennett wants to highlight the region's seasons as well. Under Events on the website, the business is highlighting weddings, offsite events, private events and culinary experiences. The offsite events include planning experiences like corporate offsite events that could include a conference with other activities like paddle boarding, bonding around lake-front campfire, fishing, hiking the campus, sports and outdoor leisure games for team-building, or a private-cooking class. In regard to culinary experiences, Mr. Bennett plans to partner with professional chefs to provide culinary instruction and cook-and-serve sources to enable future chefs and amateur cooks to learn and use the 1,500 square foot full professional kitchen. Finally as part of their experiences they are promoting professionally guided fishing experiences.

Mr. Bennett is also going to target the military population. Fort Drum is home to 15,000 active duty soldiers as well as spouses and families. They will look to host military balls and formal events. The

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Commons on Fort Drum is not open. Therefore, there is opportunity to host more activities at this location. Also, Mr. Bennett is retired military and a veteran himself.

Mr. Bennett will use the website to drive traffic to the event center. In viewing the website, it is well-designed and professional. He will use social media marketing including Facebook/Instagram and targeted ads. He also has pro-bono assistance from a social media campaign adviser for both generating and posting content. He will target the Long Island, NYC, Syracuse, Buffalo, and Northern New Jersey markets.

In addition to social media, he will target magazines, especially bridal, and bridal shows. He will work with the 1000 Islands Tourism Council as well as join the local chambers and cross-advertise with other local businesses like the 1000 Islands Country Club.

While the business focuses on events like weddings, corporate events, private parties and large scale events, he will also market the center for off-season activities like sled races, ice fishing derbies, and pop-up restaurants.

Competition

Mr. Bennett provided the following regarding competition. The only other venues directly on Lake Ontario are:

- Oswego Area-Bay Shore-63 miles away from Sally Port View
- Rochester Area-Arbor Venues-141 miles away from Sally Port View
- Buffalo Area-None

Sally Port View is designed to position itself in the market as peers to two key venues:

- 1000 Islands Harbor Hotel-Pros-largest, nicest hotel on St. Lawrence River; charges minimum \$30k wedding; working with management as a lodging sister property. Cons-no privacy; no space; no nature, except waterview; cookie-cutter wedding template.
- Tailwater Lodge-Pros: Salmon River waterfront for serious anglers; multiple event rooms and venue spaces; spa and indoor pool; charges \$30k for weddings; popular because it is remote. Cons: multiple weddings held on same day, minimal privacy; cookie-cutter wedding template.

While there are other smaller facilities in the greater Watertown area, none have all of the amenities that Sally Port View will offer. In reviewing the application, this project is in-line with Tailwater Lodge in Altmar (Oswego County) with the exception that Sally Port View does not have on-site lodging with the exception of the 5 cabins and two suites. The cabins and suites can sleep 24. Mr. Bennett proposes more cabins in the future. There is no other facility like this in the three-county region and could be very successful due to its location on the Lake and the many amenities it could provide. Lodging is a concern. Mr. Bennett does note in his business plan that getting back and forth for those staying out of town may be a challenge. There is a shuttle service, Clarence Henry Coach, in Watertown that provides shuttle service.

Management

Mr. Kurtis (KC) Bennett graduated from the US Military Academy at West Point in 2003 and served in the US Army until 2008 having served in Iraq and Afghanistan. He graduated from the Yale School of Management in 2010 with a MBA. From 2010-2013 he worked for the CIA as an analyst. From 2013-2021 he worked for Palantir Technologies as a Business Development Specialist. In this role he implemented custom and enterprise software solutions for Fortune 500 companies to leverage their

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existing data to meet an existential business threat. He was directly responsible for \$100+ million in additional revenue for an international oil & gas firm. He also led teams during sales and operations within US government, foreign government, commercial and not-for-profit clients.

The core employees of SPV will be focused on marketing, bookings, and maintaining the property. Mr. Bennett has reached tentative agreement with 2 event management companies to facilitate the execution of large events upon starting operations. He is working with two event management firms: Lovebirds Wedding Co. and Lovely Day Event Services. For catering he is working with Litterio's Catering and Take Out and Embellished Catering. He has also been receiving assistance from the Watertown SBDC, Zachary Goutremout with ZRG Fishing, and Ann Marie Angus, General Manager of 1000 Islands Harbor Hotel.

Financial Review

	Year One	Year Two	Year Three
Sales	1,991,000	2,411,000	3,132,000
Gross Profit	1,991,000	2,411,000	3,132,000
Expenses	963,399	1,259,475	1,405,361
Other Income/(Exp)	(405,997)	(398,942)	(393,190)
EBTDA	621,604	752,583	1,333,449
Add Back:			
Depreciation	0	0	0
Interest	383,140	377,788	372,107
(Property Taxes)	(107,892)	(107,892)	(107,892)
Cash for Debt Service	896,852	1,022,479	1,597,664
Tourism Fund	13,797	13,797	13,797
NCEDF	26,180	26,180	26,180
NCA	8,909	8,909	8,909
JCIDA	8,909	8,909	8,909
Pursuit/WSB5	463,092	463,092	463,092
Total Debt	520,887	520,887	520,887
Debt Service Coverage	1.72	1.96	3.07

Sales Inc (Dec.)	---	21%	30%
Gross Profit	---	---	---
Expenses	.48	.52	.45
Profit Ratio	.31	.31	.43

Tourism Fund-\$1,149.74/month

NCEDF-\$2,182/month

NCA-\$742.45/month

JCIDA-\$742.45/month

Pursuit/WSB-\$38,591/month

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- Sales forecast for year one assumes 47 Weddings with an average net revenue of \$15,000 totaling \$705,000 for the year. Non-Wedding Private Events like corporate and reunions assume 127 rentals at an average net of \$8,000, or \$1,016,000 for the year. Nine Large Public Events (fair, arts & craft shows, carnival, parties, etc.) assumes 9 for the year averaging a net \$30,000 per event, or \$270,000 for the year. Monthly usage runs from 16% in January to 63% in November. The summer months average 61%. Although November is basically a winter month in the North Country, Mr. Bennett noted that it seems to be a highly popular month for wedding. He will consider higher pricing in November for weddings as it will be considered his peak month. The average usage for the year is 50%.
- The cabins do not show up on the revenue side as their own profit center as they are considered part of the event packages and are included in those revenues. Mr. Bennett will not be offering the cabins to the public for nightly stays.
- Revenues are net of direct costs. The amounts shown under revenue are what the applicant will make off of the events/activities after costs associated with the event. While this was not shown on the proforma he provided to me, he is tracking COGS for each event/activity. I say this so that the reader understands that Mr. Bennett understands the cost nature of the business.
- Each event will either require the rental of the facility or ticketed admission. In addition to the core revenue, there are the following additional revenue streams for each event:
 - Liquor sales-SPV will own the liquor license and will manage all alcohol sales on the property.
 - Kitchen rental-Only certified caterers and chefs with appropriate licenses will be able to rent the kitchen facilities with a beginning rate of \$350/hour.
 - Equipment rental-SPV will also rent out equipment such as tables/chairs, tableware, linens, and recreational equipment.
- Mr. Bennett currently has 1 week-long corporate off-site rental with a signed letter of intent for 2023 at the \$45,000 base weekly campus booking for 150 conference attendees. They have also had multiple wedding booking queries for both summer and winter months. Other opportunities for income include anniversaries, corporate holiday parties, military balls/unit dances, 1000 Islands Poker Run, Fishing Expeditions, dance recitals, and yoga classes.
- Sales forecast for year 2 increases by 21%. Weddings increase to 53 events, Non-Wedding Private Events increase to 172, and Large Public Events increase to 8. Total usage for the year is 63%.
- Sales forecast for year 3 increases by 30% over year two. Weddings increase to 54 events, Non-Wedding Private Events increase to 180, and Large Public Events increase to 12. Total usage for the year is 66%.
- Breakeven revenue to cover fixed debt including principal and interest in year one is \$1,614,835, for year 2 it is \$1,909,208, and for year 3 it is \$2,055,023.
- The major expense for the business is payroll. Mr. Bennett proposes to pay the owner, \$65/hour, or \$135,200 in year one. He proposes to have 5 full-time employees, at approximately \$40/hour, or \$416,000 annually. He proposes to have 4 part-time employees at about \$20/hour, or \$62,400 annually. He proposes 2 independent contractors at \$41,600 annually. Payroll taxes and benefits total \$151,893 in year one. Total payroll in year one is \$807,093. Payroll and Payroll Taxes/ Benefits increase to \$1,091,029 in year 2 and \$1,231,605 in year 3. Not including independent contractors, Year One reflects 5.5 FTE, by Year Three they hope to have a total of 11 FTE on staff. They also plan to have an additional 6 independent contractors as well.

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- Other major expenses include debt service, commissions and fees totaling \$39,820 in year one, advertising of \$18,000 in year one, travel, meals and entertainment of \$18,000 in year one, and insurance of \$15,036 in year one. Supplies seem low at \$6,000 for year one. Mr. Bennett increased all expenses by 3% in years two and three. This might be low given current inflation, however inflation should level off.
- Mr. Bennett is keeping his costs low as each vendor will carry the cost burden. For example, the caterer will pay a fee to SPV to use the facility but then the caterer will be responsible for all supplies associated with the event. Mr. Bennett is providing the facility/resource to hold the event but other vendors will provide the services, with the exception of the bar.
- Mr. Bennett will have staff to maintain the property keeping snow removal, landscaping and other grounds maintenance down.
- Staff didn't see where property taxes had been included in the budget. The all in tax for the Town of Lyme including the Lyme School District and special districts is \$18,60206. Assuming an appraisal of at least \$5.8 million, taxes would be around \$107,892 annually. For underwriting purposes, Staff adjusted the cash flow analysis above to reflect this amount being paid.

Cashflow

- Based upon the projections, there will be sufficient cash flow to repay the permanent debt. In addition to the permanent debt above, Mr. Bennett will also have a short term loan to bridge the ESD grant.
- In regard to working capital, Mr. Bennett has already spent \$1,487,000 toward this project. His equity contribution into the project is \$914,874 meaning that he will have around \$572,126 in personal cash to put toward working capital.

Balance Sheet

	At Closing
Assets	
Current	511,484
Fixed	7,903,390
Other	0
Total Assets	8,414,874
Liabilities	
Current	98,715
Long Term	5,676,285
Total Liabilities	5,775,000
Equity	2,639,874
Total Liabilities & Equity	8,414,874

Working Capital	413,288
Current Assets	5.2
Debt to Equity	2.19

- Cash at closing is to cover closing costs, interim interest and professional fees. .
- Current portion of long-term debt includes the current portion on the new loans.
- Equity includes cash equity, National Grid grant and REDC grant. REDC grant is ESD funds.

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- While there is no working capital identified in the uses of funds, Mr. Bennett has personal resources to contribute to the project. He will also be taking deposits as well.

Personal Credit:

Mr. Bennett lists assets of \$2,269,328 and liabilities of \$566,950. His primary assets are liquid assets of \$429,328 and real estate of \$1,700,000. This includes the Three Mile Bay property that he paid for in cash. Liabilities are a short term HELOC on his personal residence and other installment loans for education. Mr. Bennett has a TransUnion Credit Score of 740 with no derogatory comments. He shows open balances of \$461,001 of which most is for installment loans of \$426,033. He lists other income of \$46,062 from Veteran's Affairs.

Collateral: Co-proportional second mortgage on real estate located at 7828 NYS Route 12E, Three Mile Bay, NY 13693, and a co-proportional second lien on all assets of the business.

During Construction

	<u>Cost</u>	<u>Discount</u>
Land	\$625,000	\$625,000
Real Property (70%)	\$6,207,695	\$4,345,387
Equipment (50%)	<u>\$450,000</u>	<u>\$225,000</u>
Collateral Available	\$7,282,695	\$5,195,387
Pursuit/Watertown Savings Bank	\$5,000,000	\$5,000,000
Bridge Loan	\$1,425,000	\$1,425,000
Total Senior Debt	<u>\$6,425,000</u>	<u>\$6,425,000</u>
Collateral Available-DANC/public lenders	\$857,695	(\$1,229,613)
Tourism Fund/Other public lenders	\$775,000	\$775,000
Loan to Value	90%	(63)%

Post Construction

	<u>Cost</u>	<u>Discount</u>
Land	\$625,000	\$625,000
Real Property (70%)	\$6,207,695	\$4,345,387
Equipment (50%)	<u>\$450,000</u>	<u>\$225,000</u>
Collateral Available	\$7,282,695	\$5,195,387
Pursuit/Watertown Savings Bank	\$5,000,000	\$5,000,000
Total Senior Debt	<u>\$5,000,000</u>	<u>\$5,000,000</u>
Collateral Available-DANC/public lenders	\$2,282,695	\$195,387
Tourism Fund/Other public lenders	\$775,000	\$775,000
Loan to Value	34%	396%

Per the Jefferson County tax records, the market value for the land is \$282,979.

Sally Port View LLC

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August 2, 2022

DANC/public lenders will require an appraisal with a minimum LTV of \$5,775,000 to have at least a 1:1 LTV.

Contingencies:

- Cash equity of up to \$914,874 demonstrated at closing by the disbursement statement.
- Pursuit/Watertown Savings Bank 7a financing of \$5,000,000 plus bridge financing of to cover ESD grant
- JCIDA funding of \$112,500
- NCA funding of \$112,500
- NCEDF funding of \$300,000
- National Grid grant of \$300,000
- ESD funding of \$1,425,000
- As completed appraisal with minimum value of at least \$5,775,000 to have at least a 1:1 LTV
- Labor Peace does not apply as there is fewer than 15 FTE employees
- Personal guaranty of Kurtis Bennett
- Copies of invoices, and cancelled checks or bank statements



Board Resolution No. 2022-09-75
September 22, 2022

WATER QUALITY DIVISION
FY2022-2023 CAPITAL BUDGET AMENDMENT
WARNECK PUMP STATION BUILDING MODIFICATION PROJECT

Whereas, the Development Authority of the North Country adopted a Fiscal Year 2022-2023 Army Sewer Line Budget pursuant to **Resolution No. 2022-02-13**, and

Whereas, the Resolution authorized a \$366,000 capital project for Warneck Pump Station Building Modifications (Capital Project 41063), and

Whereas, as a result of a competitive procurement process the Authority retained Aubertine & Currier to provide professional engineering services for such project for a total cost of \$34,790, and

Whereas, project construction was bid in accordance with Authority procurement policies and a total of two (2) bids were received for one contract, and

Whereas, the sum of the lowest responsive and responsible bid was \$329,700, increasing the total project costs to \$422,000 with administrative costs and a 10% construction contingency, and

Whereas, our consulting engineer, Aubertine & Currier, and internal engineering staff have reviewed bid results and attribute the increased project costs to the COVID-19 pandemic, which has resulted in increases in equipment and material costs, and a shortage of contractors to meet increased demand.

Now, therefore be it

RESOLVED, that the Development Authority of the North Country herewith authorizes the Chief Financial Officer to increase the budget for Capital Project 41063 (WPS Building Modifications) from \$366,000 to \$422,000.

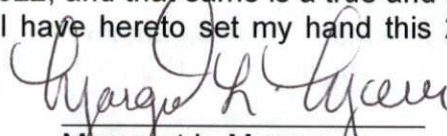
Motion by: D. Mastascusa
Seconded by: A. MacKinnon

Doheny - Yes	Henry - Present	MacKinnon - Yes	Murray - Yes
Hefferon - Yes	Hollenbeck* - Present	McGrath* - Present	Virkler - Yes
Hall - Yes	Hunt - Present	Mastascusa - Yes	

*- indicates attendance via videoconference.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

I, the undersigned, Chairperson of the Board of Directors of the Development Authority of the North Country, do hereby certify that I have compared the foregoing copy of Resolution No. 2022-09-75 of the Development Authority of the North Country with the original adopted by the Development Authority of the North Country at a meeting of said Authority on the 22nd day of September, 2022, and that same is a true and correct copy of such resolution. In testimony whereof, I have hereto set my hand this 22nd day of September, 2022.



Margaret L. Murray
Board Chairperson