



MEETING NOTICE

**Thursday, June 22, 2017
Materials Management Facility
23400 NYS Route 177
Rodman, New York**

**Facilities Committee – 10:00
MMF Conference Room**

**Project Development Committee – 10:15
MMF Conference Room**

**Board of Directors – 10:30
MMF Conference Room**

Webcast viewing available at www.danc.org



AGENDA

BOARD OF DIRECTORS MEETING

Thursday, June 22, 2017 – 10:30 AM

Materials Management Facility Conference Room

23400 New York State Route 177

Rodman, New York

1. Call to Order
2. Privilege of the Floor
3. Approve the Minutes of May 25, 2017 Board Meeting
4. Chairman's Report
 - a. Independent Audit Findings – John B. Johnson, Jr., Audit Committee Chairman
Bonadio Group (Terence Philips)
5. Executive Director's Report
 - a. Annual Report 2016-2017
6. Finance –
 - a. Approval of Unaudited Financial Statements for the Period Ending April 30, 2017
 - b. Resolution No. 2017-06-60, Approving Audited Financial Statements, Single Audit, Agreed Upon Procedures, and Report on Investments for Fiscal Year Ending March 31, 2017
 - c. Resolution No. 2017-06-61, Approving the Assessment of the Effectiveness of Internal Controls of the Development Authority of the North Country for Fiscal Year 2017
 - d. Resolution No. 2017-06-62, Approving Annual Bond Sales Report for Fiscal Year Ending March 31, 2017
7. Engineering –
 - a. Resolution No. 2017-06-63, Technical Services Agreement for Bartlett Point Sewer Pump Station Relocation Project with the Village of Clayton
 - b. Resolution No. 2017-06-64, Authorizing Executive Director to Enter into an Agreement with the Town of Tupper Lake for GIS Technical Services
 - c. Resolution No. 2017-06-65, Authorizing GIS Hosting Agreement with the Lowville Regional GIS Project Municipalities

8. Materials Management –

a. Resolution No. 2017-06-66, Authorizing Additional Capital Funding for Landfill Gas Well Development in the Materials Management Capital Budget FYE 2018

9. Regional Development –

a. Resolution No. 2017-06-67, Modifying a Loan Issued Through the North Country Redevelopment Loan Fund

b. Resolution No. 2017-06-68, Ratifying Loan Issued Through North Country Redevelopment Loan Fund for Hole Brother's Enterprises, LLC

c. Resolution No. 2017-06-69, Ratifying Loan Issued Through the Regional Tourism Transformational Community Revolving Loan Fund

d. Resolution No. 2017-06-70, Approving Additional Six Month Extension for Affordable Rental Housing Program (ARHP) Loan to Jefferson LeRay LLC

e. Resolution No. 2017-06-71, Authorizing Application to be Submitted Through the New York State Consolidated Funding Application Round Seven

f. Resolution No. 2017-06-72, Approving a North Country Value Added Agriculture Loan to Ausable Brewing Company LLC

g. Resolution No. 2017-06-73, Approving a North Country Value Added Agriculture Loan to For and Ever Wild, LLC

10. Technology –

a. Resolution No. 2017-06-74, Authorizing a Cell Tower Partnership with the U.S. Army Garrison at Fort Drum

b. Resolution No. 2017-06-75, Authorizing the Amendment of the Technology Division FYE 2018 Capital Budget to Include a New Project to Construct Fiber and Equipment to 40 Locations Within the North Country Library System (NCLS)

c. Resolution No. 2017-06-76, Authorizing a Secondary SCADA Support Contract for Emergency Support Services and Potential Project Specific Solutions

11. Water Quality -

a. Resolution No. 2017-06-77, Authorizing Executive Director to Enter into Operations and Maintenance Agreement with the Town of Clifton – Hamlet of Newton Falls Wastewater Treatment Facilities

b. Resolution No. 2017-06-78, Authorizing Executive Director to Enter into Operations and Maintenance Agreement with the Town of Clifton – Hamlet of Newton Falls Water Treatment Facilities

d. Resolution No. 2017-06-79, Authorizing Executive Director to Enter into Operations and Maintenance Agreement with the Town of Clifton – Woodhaven Water Plant

e. Resolution No. 2017-06-80, Authorizing Operations and Maintenance Service Agreement with the Town of Pamela – Sewer District No. 9

12. New Business –

a. Telecommunications - Last Mile Discussion
Dave Wolf, Division Manager

13. Executive Session

14. Next Meeting – August 24, 2017 – Rodman
August 24, 2017 – Rodman – Ribbon Cutting
August 24, 2017 – Rodman – Open House

15. Adjourn



AGENDA
FACILITIES COMMITTEE MEETING
Thursday, June 22, 2017 – 10:00 AM
Materials Management Facility Conference Room
23400 NYS Route 177, Rodman, New York

1. Resolution No. 2017-06-63, Technical Services Agreement for Bartlett Point Sewer Pump Station Relocation Project with the Village of Clayton
2. Resolution No. 2017-06-64, Authorizing Executive Director to Enter into an Agreement with the Town of Tupper Lake for GIS Technical Services
3. Resolution No. 2017-06-65, Authorizing GIS Hosting Agreement with the Lowville Regional GIS Project Municipalities
4. Resolution No. 2017-06-66, Authorizing Additional Capital Funding for Landfill Gas Well Development in the Materials Management Capital Budget FYE 2018
5. Resolution No. 2017-06-74, Authorizing a Cell Tower Partnership with the U.S. Army Garrison at Fort Drum
6. Resolution No. 2017-06-75, Authorizing the Amendment of the Technology Division FYE 2018 Capital Budget to Include a New Project to Construct Fiber and Equipment to 40 Locations Within the North Country Library System (NCLS)
7. Resolution No. 2017-06-76, Authorizing a Secondary SCADA Support Contract for Emergency Support Services and Potential Project Specific Solutions
8. Resolution No. 2017-06-77, Authorizing Executive Director to Enter into Operations and Maintenance Agreement with the Town of Clifton – Hamlet of Newton Falls Wastewater Treatment Facilities
9. Resolution No. 2017-06-78, Authorizing Executive Director to Enter into Operations and Maintenance Agreement with the Town of Clifton – Hamlet of Newton Falls Water Treatment Facilities
10. Resolution No. 2017-06-79, Authorizing Executive Director to Enter into Operations and Maintenance Agreement with the Town of Clifton – Woodhaven Water Plant
11. Resolution No. 2017-06-80, Authorizing Operations and Maintenance Service Agreement with the Town of Pamelaia – Sewer District No. 9



AGENDA

PROJECT DEVELOPMENT COMMITTEE MEETING

Thursday, June 22, 2017 – 10:15 AM
Materials Management Facility Conference Room
23400 NYS Route 177, Rodman, New York

1. Resolution No. 2017-06-67, Modifying a Loan Issued Through the North Country Redevelopment Loan Fund
2. Resolution No. 2017-06-68, Ratifying Loan Issued Through North Country Redevelopment Loan Fund for Hole Brother's Enterprises, LLC
3. Resolution No. 2017-06-69, Ratifying Loan Issued Through the Regional Tourism Transformational Community Revolving Loan Fund
4. Resolution No. 2017-06-70, Approving Additional Six Month Extension for Affordable Rental Housing Program (ARHP) Loan to Jefferson LeRay LLC
5. Resolution No. 2017-06-71, Authorizing Application to be Submitted Through the New York State Consolidated Funding Application Round Seven
6. Resolution No. 2017-06-72, Approving a North Country Value Added Agriculture Loan to Ausable Brewing Company LLC
7. Resolution No. 2017-06-73, Approving a North Country Value Added Agriculture Loan to For and Ever Wild, LLC
8. Steve Bradley – Additional 3 Month Interest Only



MINUTES
BOARD OF DIRECTORS MEETING
Thursday, May 25, 2017 – 10:30 AM
Dulles State Office Building
Conference Room 100, 1st Floor
Watertown, New York

The Development Authority of the North Country Board of Directors met in regular session at the Dulles State Office Building, Conference Room 100, 1st Floor, Watertown, New York, on Thursday, May 25, 2017, at 10:30 AM.

Members Present:

Voting

Gary Turck, Chairman
Fredrick Carter, Vice Chairman
Thomas Hefferon
Alfred Calligaris
Margaret Murray
Alex MacKinnon
Dennis Mastascusa
John B. Johnson, Jr.

Non-Voting

Stephen Hunt
Mary Doheny
Brian McGrath

Members Absent

James Hollenbeck

Staff Present:

James W. Wright, Executive Director
Michelle Capone, Director, Regional Development Division
Patricia Pastella, Manager, Water Quality Division
David Wolf, Director, Technology Division
Carl Farone, Comptroller
Laura Tousant, Deputy Comptroller
Richard LeClerc, Manager, Materials Management Division
Laurie Marr, Director, Public Affairs and Communications
Star Carter, GIS Supervisor
Amy Austin, Director of Human Resources
Mark Borte, Chief Technology Officer
Jo Anne Yaddow, Executive Assistant
Angela Marra, Administrative Associate

Guests:

Richard James, Authority Counsel, Mackenzie Hughes

1. Chairman Turck called the meeting to order at 10:48 AM.
2. Chairman Turck requested a roll call by J. Yaddow.

• All Board Members were present except for James Hollenbeck. Chairman Turck confirmed there was a quorum.

3. Chairman Turck offered the Privilege of the Floor –

a. J. Wright recognized Mark Borte, Chief Technology Officer, who was selected by students at Syracuse University as an outstanding teacher, and was presented with the Jeffrey Katzer Professor of the Year Award for part-time faculty in the School of Information Studies at the University's graduation ceremonies on May 13th. The Katzer Award is based on students' evaluation of excellence in teaching, engagement and scholarship. M. Borte gave a brief speech acknowledging his gratitude and the impact his position at the Development Authority has on his students.

b. J. Wright requested a moment of silence in remembrance of Susan Bush, wife of former Chairman of the Lewis County Board of Legislators.

4. Upon a motion by F. Carter, and seconded by T. Hefferon, the Minutes of the March 23, 2017 Board Meeting, were unanimously approved.

5. Chairman's Report –

a. Cyril Mouaikel, RBC Wealth, presented an investment review.

M. Doheny asked if FDIC insured banks hold the Authority's investments. C. Mouaikel responded yes.

6. Executive Director's Report –

a. Employee Recognition - Five of the Managers were nominated as a group for the New York State Senate's Women of Distinction designation through New York State Senator Patti Ritchie's office: Michelle Capone, Director of Regional Development; Carrie Tuttle, Director of Engineering; Amy Austin, Director of Human Resources; Patti Pastella, Water Quality Division Manager and; Laurie Marr, Director of Public Affairs and Communications. The group will be recognized at a reception in Alexandria Bay.

b. Methane Reduction - The Authority will be required to be compliant at the landfill and this will likely impact diversion efforts. The efforts with Fort Drum and the composting project will assist in achieving requirements of the Authority's compliance.

c. NYSDEC Inspection – The Authority passed an unannounced inspection by New York State Department of Environmental Conservation at the landfill. Even with the litter fences down, there was acknowledgement regarding litter control. Employees at the landfill were recognized for their efforts.

d. Telecommunications has just signed four new work orders for T Mobile towers in addition to the eight already in place. This amounts to an additional \$227,000 in revenue over the next five years.

e. Public Library Network Extension – The Authority is working with the North Country Library Network. They were being threatened with the loss of federal funds but were ultimately awarded an extension in their contract. Work will begin this summer on the project.

f. The Annual Regional Council has started the process for CFAs (Consolidated Funding Association). Hearings have been scheduled in Jefferson County on May 30th at 10:00 AM at the Dulles State Office Building and in Lewis County on May 30th at noon at the County Court House.

Al Calligaris asked how methane reduction is achieved. J. Wright responded that it is destruction rather than reduction as it has to be burned off at the landfill. A. Calligaris asked if it is better used at the landfill rather than used outside and recycling it rather than destroying it. J. Wright stated that's likely correct and may impact agriculture rather than us.

7. Finance – Comptroller's Report –

a. Auditors from the Bonadio Group were on site from May 10-17 to complete field work for the FYE 2017 audit. The audit will be completed for the June 22 Board Meeting.

b. DCAA (Defense Contract Audit Agency) will be on site this summer to commence the AWL (Army Water Line) and ASL (Army Sewer Line) incurred cost audits for FYE 2014, 2015 and 2016. C. Farone stated he asked for the audit to be completed through 2017 as well.

J. Johnson asked if this audit also covers Authority providers. C. Farone stated yes.

B. McGrath as for an explanation of the 47% increase in accounts payable for this year under liabilities. C. Farone explained that accounts payable increased due to a \$1.2 million payable due to Fort Drum as a result of the internal reconciliation to actual cost incurred on the Army Water Line for FYE 2017.

A. MacKinnon asked if our balance was very close would that show an operating loss. C. Farone responded yes. It was further noted that the Authority reported in excess of \$10 million in depreciation expense which is a non-cash expenditure.

F. Carter asked what the unfunded liability for the Authority is with New York State. C. Farone responded he will find out the answer.

Upon a motion by F. Carter, and seconded by A. MacKinnon, the Unaudited Financial Statements for the Period Ending March 31, 2017, were unanimously approved.

8. Engineering –

a. Resolution No. 2017-05-45 authorizes a SCADA Services Agreement for the Town of Fine's water system improvement project for a not exceed contract amount of \$11,000. The project is being done in two phases.

Upon a motion by A. MacKinnon, and seconded by F. Carter, Resolution No. 2017-05-45, Authorizing SCADA Services Agreement for Water System Improvement Project with the Town of Fine, was unanimously approved.

b. Resolution No. 2017-05-46 authorizes a SCADA Services Agreement for Water District 2 controls system upgrades with the Town of LeRay, at a not exceed contract amount of \$20,000.

Upon a motion by A. Calligaris, and seconded by M. Murray, Resolution No. 2017-05-46, Authorizing SCADA Services Agreement for Water District 2 Controls System Upgrades with the Town of LeRay, was unanimously approved.

c. Resolution No. 2017-05-47 authorizes a GIS Hosting Agreement with the Town of Cape Vincent for a total not to exceed contract amount of \$3,250.

Upon a motion by A. Calligaris, and seconded by A. MacKinnon, Resolution No. 2017-05-47, Authorizing GIS Hosting Agreement with the Town of Cape Vincent, was unanimously approved.

d. Resolution No. 2017-05-48 authorizes a Technical Services Agreement for a municipal office access improvement project with the Town of Tupper Lake, for a not to exceed contract amount of \$15,000.

Upon a motion by F. Carter, and seconded by A. Calligaris, Resolution No. 2017-05-48, Technical Services Agreement for Municipal Office Access Improvement Project with the Town of Tupper Lake, was unanimously approved.

9. Materials Management –

c. Resolution No. 2017-05-49 authorizes an agreement with the U.S. Army Garrison at Fort Drum for a composting facility. The Authority is interested in expanding composting and organic waste disposal to regional institutions, utilizing the Fort Drum site as a central location for further regional composting. The Executive Director is authorized to purchase any necessary equipment to support this effort from the existing appropriations.

Upon a motion by F. Carter, and seconded by M. Murray, Resolution No. 2017-05-49, Authorizing an Agreement with U.S. Army Garrison at Fort Drum for Composting Operations, was unanimously approved.

10. Regional Development –

a. Resolution No. 2017-05-50 ratifies a Technical Services Agreement for Loan Underwriting Services with the Franklin County Industrial Development Agency.

Upon a motion by A. MacKinnon, and seconded by D. Mastascusa, Resolution No. 2017-05-50, Ratifying Agreement with the Franklin County Industrial Development Agency for Loan Underwriting Services, was unanimously approved.

b. Resolution No. 2017-05-51 ratifies a loan through the Regional Tourism Transformational Community Revolving Loan Fund, in the amount of \$122,000 to J and L Lodging, LLC, for a term of 240 months at a rate of 1%.

Upon a motion by M. Murray, and seconded by D. Mastascusa, Resolution No. 2017-05-51, Ratifying Loan Issued Through the Regional Tourism Transformational Community Revolving Loan Fund, was unanimously approved.

B. McGrath asked who was on the Committee. J. Wright responded – Gary DeYoung, Steve Hunt and Tom Hefferon. B. McGrath stated this is not Authority money and we are administering it on behalf of the Regional Council. J. Wright responded yes.

c. Resolution No. 2017-05-52 approves a Subrecipient Agreement between the Development Authority of the North Country and Jefferson County for administration of the HOME Program, for an additional three year period covering 2018, 2019, and 2020.

Upon a motion by A. Calligaris, and seconded by D. Mastascusa, Resolution No. 2017-05-52, Approving Subrecipient Agreement Between the Development Authority of the North Country and Jefferson County for Administration of the HOME Program, was unanimously approved.

d. Resolution No. 2017-05-53 authorizes the Executive Director to execute HOME contracts for the 2017 program year based upon awards made by the North Country HOME Consortium Administrative Board.

Upon a motion by A. Calligaris, and seconded by F. Carter, Resolution No. 2017-05-53, Authorizing Executive Director to Execute HOME Contracts for 2017 Program Year, was unanimously approved.

e. Resolution No. 2017-05-54 approves a loan from the Community Development Loan Fund to the Lodge at Ives Hill in the amount of \$139,608.62 for a term of 180 months, with a balloon at the end of 60 months at a fixed 5% interest rate.

Upon a motion by M. Murray, and seconded by A. Calligaris, Resolution No. 2017-05-54, Approving a Loan from the Community Development Loan Fund to the Lodge at Ives Hill, Inc., was unanimously approved.

B. McGrath asked if the original interest rate is 5%. J. Wright responded yes.

f. Resolution No. 2017-05-55 accepts the Annual Report of the Creek Wood Housing Development Fund Company, Inc., and waives the annual meeting. The existing directors of the Creek Wood Housing Development Fund Company, Inc. shall continue in office until the next annual meeting.

Upon a motion by F. Carter, and seconded by M. Murray, Resolution No. 2017-05-55, Accepting the Annual Report of the Creek Wood Housing Development Fund Company, Inc., Waiving the Annual Meeting and Appointment Directors, was unanimously approved.

g. Resolution No. 2017-05-56 accepts the Annual Report of the Creek Wood II Housing Development Fund Company, Inc., and waives the annual meeting. The existing directors of the Creek Wood II Housing Development Fund Company, Inc. shall continue in office until the next annual meeting.

Upon a motion by F. Carter, and seconded by T. Hefferon, Resolution No. 2017-05-56, Accepting the Annual Report of the Creek Wood II Housing Development Fund Company, Inc., Waiving the Annual Meeting and Appointing Directors, was unanimously approved.

h. Resolution No. 2017-05-57 authorizes an agreement with the North Country Procurement Technical Assistance Center and the Watertown Chamber of Commerce to provide economic and business development activities and authorizes the Executive Director to execute all necessary contracts.

Upon a motion by A. MacKinnon, and seconded by D. Mastascusa, Resolution No. 2017-05-57, Authorizing Agreement with North Country Procurement Technical Assistance Center, was unanimously approved.

11. Technology –

a. Resolution No. 2017-05-58 authorizes an agreement with the New York State Education and Research Network (NYSERNET) for the expansion of the telecommunications network to provide additional access for research and development vehicles.

Upon a motion by F. Carter, and seconded by A. MacKinnon, Resolution No. 2017-05-58, Authorizing an Agreement with the New York State Education and Research Network (NYSERNET), was unanimously approved.

12. Water Quality –

a. Resolution No. 2017-05-59 authorizes a second amendment to the Operations and Maintenance Service Agreement for the Village of Alexandria Bay for an additional \$3,692 for additional operations and maintenance services to include their water treatment plant on weekends and holidays.

Upon a motion by F. Carter, and seconded by M. Murray, Resolution No. 2017-05-59, Amendment No. 2 to Operations and Maintenance Service Agreement for Village of Alexandria Bay, was unanimously approved.

13. Progress Report – St. Lawrence County – J. Wright gave a brief review of the presentation given to the St. Lawrence County Legislators on May 15th.

Alex MacKinnon stated the presentation was impressive and shows that the Authority is heavily invested into St. Lawrence County. J. Wright stated the main goal was to make municipal partnerships happen.

14. Next Meeting – June 22, 2017 at the Materials Management Facility in Rodman

Chairman Turck stated the Executive Director's evaluation forms would be mailed out.

B. McGrath stated he was not on the Governance Committee Meeting and would like to know what transpired during the executive session. J. Wright stated it was about personnel transactions that are pending. B. McGrath asked if it will be reported to the Board soon. J. Wright responded, ultimately, yes.

15. Upon a motion by F. Carter, and seconded by D. Mastascusa, the meeting was adjourned.

Respectfully submitted,

Thomas Hefferon
Secretary

Development Authority of the North Country

Report to the Board of Directors

June 22, 2017

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Section:

1. Review of Audit Results
2. Required Communications Letter
3. Draft Financial Statements
4. Draft Communication of Matters Related to Internal Control Over Financial Reporting
5. Draft Regional Waterline Agreed-Upon Procedures Report
6. Draft Investment Compliance Report

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

REVIEW OF AUDIT RESULTS JUNE 22, 2017

I. INTRODUCTION AND OVERALL ASSESSMENT OF AUDIT

- Management and staff at the Authority were very cooperative with our audit requests and processes.
- Financial records and accounting staff were well prepared for the audit.

II. TAB 2 - REQUIRED COMMUNICATIONS LETTER

- GASB Statement No. 72 Fair Value Measurement and Application implemented.
- Significant estimates are reasonable and conservative.
- We encountered no difficulties during the performance of our audit.
- We had no disagreements with management over a financial reporting or audit matter.
- No audit adjustments or uncorrected misstatements noted.

III. TAB 3 - AUDITED FINANCIAL STATEMENTS

- We plan on issuing an unmodified opinion on the Authority's financial statements.
- MD&A section is very informative for financial highlights.
- Total change in net position for fiscal year 2017 was \$2.1 Million as compared to \$1.8 Million in the prior year. A \$2.2 Million NYS Public Emergency Grant was used to expand telecommunication services to support public emergency services.
- Total accumulated net position at March 31, 2017 was \$168.7 Million. Of this amount \$7.8 Million is unrestricted and undesignated to meet the Authority's ongoing obligations.
- Total assets were \$219.3 Million at March 31, 2017 compared to \$217.2 Million at March 31, 2016.

IV. TAB 4 - COMMUNICATIONS OF MATTERS RELATED TO INTERNAL CONTROL OVER FINANCIAL REPORTING

- No material weaknesses or deficiencies in internal control were identified.

V. TAB 5 - REGIONAL WATERLINE AGREED UPON PROCEDURES

- We performed procedures agreed upon with the Authority's management on the regional waterline.
- No findings were noted in performing these procedures.

VI. TAB 6 - INVESTMENT COMPLIANCE REPORT

- We reviewed the Authority's compliance with its investment policy as well as the State Comptroller's Investment Guidelines for Public Authorities.
- We found the Authority to be in compliance.

June 22, 2017

To the Board of Directors of
Development Authority of the North Country:

We have audited the financial statements of Development Authority of the North Country (the Authority) (a public benefit corporation of the State of New York) for the year ended March 31, 2017. Professional standards require that we provide you with the following information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit.

Significant Audit Findings

1. Qualitative Aspects of Accounting Practices

- a. Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Authority are described in Note 2 to the financial statements.

The Authority adopted GASB Statement No. 72 Fair Value Measurement and Application. This statement addresses accounting and financial reporting issues related to fair value measurements. The impact on the Authority was limited to additional footnote disclosure regarding the manner in which fair value for certain investments was determined.

There were no other new accounting policies adopted and the application of existing policies was not changed during 2017. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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- b. Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:
- Postretirement benefits liability
 - Landfill closure and post-closure care liability
 - Asset lives for depreciable fixed assets

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

2. *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

We are pleased to report that no corrected and uncorrected misstatements arose during the course of our audit.

3. *Difficulties Encountered in Performing the Audit*

The auditor is required to communicate any serious difficulties encountered in dealing with management related to the performance of the audit.

We encountered no difficulties in dealing with management in performing and completing our audit.

4. *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, which could be significant to the financial statements or the auditor's report.

We are pleased to report that no such disagreements arose during the course of our audit.

5. *Management Representations*

The auditor is required to obtain certain representation from management.

We will be requesting certain representations from management to us in the management representation letter.

6. *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Authority’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts.

To our knowledge, there were no such consultations with other accountants.

7. *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority’s auditors.

However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

8. *Other Matters*

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements.

We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

* * * *

This information is intended solely for the use of the board of directors and management of the Authority and is not intended to be and should not be used by anyone other than these specified parties.

**DEVELOPMENT AUTHORITY OF
THE NORTH COUNTRY**

**Financial Statements as of
March 31, 2017
Together with
Independent Auditor's Report
and Single Audit Reports**

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

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INDEPENDENT AUDITOR'S REPORT

June XX, 2017

To the Board of Directors of the
Development Authority of the North Country:

Report on the Financial Statements

We have audited the accompanying financial statements of the Development Authority of the North Country (the Authority) (a public benefit corporation of the State of New York) as of and for the year ended March 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of March 31, 2017, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

INDEPENDENT AUDITOR'S REPORT

(Continued)

Summarized Comparative Totals

We have previously audited the Authority's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 23, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of contributions and proportionate share of the net pension liability be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplemental schedule of revenue, expenses, and change in net position by department and the schedule of North Country Economic Development Fund Activity are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards, schedule of revenue, expenses and change in net position by department, and the schedule of North Country Economic Development Fund activity are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, the schedule of revenue, expenses, and change in net position by department, and the schedule of North Country Economic Development Fund activity are fairly stated in all material respects in relation to the basic financial statements as a whole.

(Continued)

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June XX, 2017, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) MARCH 31, 2017

The Development Authority of the North Country (the Authority) is a New York State public authority that serves the common interests of Jefferson, Lewis and St. Lawrence Counties by providing technical services and infrastructure, which will enhance economic opportunities in the region and promote the health and well-being of its communities.

As its mission states, the Authority is committed to environmental stewardship, fiscal integrity and partnerships. To achieve these objectives, the Authority works with its municipal partners through shared service solutions utilizing advanced technology and fostering municipal cooperation to achieve cost-effective services for the region. Services provided include water, wastewater, Materials management, telecommunications, engineering and loans to businesses.

The Authority's Water Quality Division operates and maintains approximately 45 miles of water and sewer pipelines and associated pumping stations, with a two-mile nature trail located along the pipelines. These facilities serve Fort Drum and Western Jefferson County, and are linked to the City of Watertown water and sewer treatment facilities and the Village of Cape Vincent water treatment facility. The Authority's water and wastewater staff also provides contract operations and maintenance services to various towns and villages in Jefferson and St. Lawrence Counties.

The Materials Management Facility provides an environmentally responsible solution for waste disposal in our region. The Authority continuously looks for innovative ways to efficiently operate the facility and maintain this asset for future generations. The Authority partnered with an energy company to create a gas-to-energy plant that converts methane, a by-product of waste, into electricity using four 1.6-megawatt generators. The electricity generated is equivalent to powering over 5,000 homes.

The Authority's telecommunications network plays a vital role in supporting public institutions and rural businesses. Prior to constructing our carrier-class telecommunications network, many communities in the North Country were severely underserved by high-speed internet and other advanced telecommunications services. Today, the Authority supports telecom providers, healthcare and educational institutions, government and industry in the region with state-of-the-art telecommunications technology.

The Authority supports economic development and works to improve the economic viability and well-being of the North Country by forming strong partnerships with local, state, and federal organizations to promote business and housing development throughout the region. The Authority administers several loan programs to promote job creation and retention among small businesses. The Authority also provides funding for the development of quality, affordable housing in Jefferson, Lewis and St. Lawrence Counties through its housing programs.

The Authority's Engineering Division provides comprehensive geographic information systems (GIS) development, supervisory control and data acquisition (SCADA) services, engineering and technical assistance to communities in the North Country.

The financial statements of the Authority include the Statement of Net Position; the Statement of Revenue, Expenses and Change in Net Position; and the Statement of Cash Flows, and related notes to the financial statements. The Statement of Net Position provides information about the nature and the amounts of investments and resources (assets) and the obligations to the Authority's creditors (liabilities), with the difference between the two reported as net position.

The Statement of Revenue, Expenses and Change in Net Position, or income statement, shows how the Authority's net position changed during the year. It accounts for all the year's revenues and expenses, measures the financial results of the Authority's operations for the year and can be used to determine how the Authority has funded its costs.

The Statement of Cash Flows provides information about the Authority's cash receipts, cash payments, and net changes in cash resulting from operating, capital and related financing, and investing activities.

The notes to the financial statements contain information that is essential to the understanding of the financial statements, such as the Authority's accounting methods and policies.

Management provides the following discussion and analysis (MD&A) of the Authority's financial position and activities. This overview is provided for the fiscal year ended March 31, 2017. The information contained in this analysis should be used by the reader in conjunction with the information contained in our audited financial statements and the notes to those financial statements, all of which follow this narrative on the subsequent pages.

Financial Highlights

- As of March 31, 2017, the assets and deferred outflows of the Authority exceeded its liabilities and deferred inflows by \$168.7 Million. Of this amount, \$7.8 Million is unrestricted and undesignated and may be used to meet the Authority's ongoing obligations.
- The Authority's total revenues (operating and non-operating) were \$28.9 Million and \$25.8 Million in 2017 and 2016, respectively.
- The Authority's total expenses (operating and non-operating) were \$26.8 Million and \$24.0 Million in 2017 and 2016, respectively.

Overview of the Financial Statements

This annual report consists of a series of two parts, management's discussion and analysis (this section) and the financial statements. The 'Statement of Net Position' and the 'Statement of Revenue, Expenses and Change in Net Position' (on pages 13 and 14, respectively), and footnotes provide both long-term and short-term information about the Authority's overall financial status.

Financial Statements

The Authority's financial statements are prepared on an accrual basis in accordance with U.S. Generally Accepted Accounting Principles (GAAP) promulgated by the Government Accounting Standards Board (GASB). The Authority is a multi-purpose entity and revenues are recognized when earned, not received. Expenses are recognized when incurred, not when they are paid.

Budget vs. Actual

The operations of the Authority remain stable with variations between budgets and actual considered minimal. The Authority is not aware of any circumstances or situations that would significantly impair its ability to operate its facilities as a going concern.

Summary of Operations and Change in Net Position

	<u>2017</u>	<u>2016</u>	<u>Change</u>	<u>% Change</u>
Operating revenue	\$ 28,631,171	\$ 24,535,827	\$ 4,095,344	16.7%
Operating expenses	<u>(26,480,068)</u>	<u>(23,579,237)</u>	<u>2,900,831</u>	<u>12.3%</u>
Operating income	2,151,103	956,590	1,194,513	124.9%
Non-operating revenue, net	<u>(36,225)</u>	<u>836,818</u>	<u>(873,043)</u>	<u>(104.3%)</u>
Change in net position	<u>\$ 2,114,878</u>	<u>\$ 1,793,408</u>	<u>\$ 321,470</u>	<u>17.9%</u>

- Operating revenues increased \$4.1 Million during 2017. The increase in revenue was primarily due to the receipt of a \$2.2 Million Public Emergency grant from New York State as well as increased tonnage received at the Materials Management Facility. The Materials Management Facility's revenue increased by approximately \$1.0 Million due to the increased waste received at the facility.
- Operating expenses increased \$2.9 Million during 2017. The increase in expenses are attributable to the following:
 - The effect of GASB 68 (Accounting and Financial Reporting for Pensions) on retirement expenses. GASB 68 increased pension expense by approximately \$516 thousand from 2016 to 2017.
 - The Authority provided grants of \$632 Thousand from the North Country Redevelopment Fund. This Fund was created through funds received from New York State to create a loan fund that provides for a 50% loan / 50% grant combination.
 - Salaries increased by \$420 Thousand due to new positions authorized to support additional Authority contracts as well as internal Authority operations.
- The decrease in net non-operating revenue is primarily due to a decrease in investment income of approximately \$945 Thousand with current market conditions and the requirement for the Authority to record investments at market value. Investment income decreased from \$1.2 Million to \$225 Thousand, for 2016 and 2017 respectively. 2017 investment income includes a change in market value of investment of (\$1.1 Million) which is the amount of loss that would be recognized if the Authority were to liquidate all investments as of the statement date. The loss will never be realized as long as the investments are held to maturity.

Financial Position Summary

Net position is an indication of the Authority's financial strength. A summary of the Authority's net position is shown below.

	<u>2017</u>	<u>2016</u>	<u>Change</u>	<u>% Change</u>
Assets:				
Current assets	\$ 20,186,391	\$ 19,988,180	\$ 198,211	1.0%
Loans receivable, net	32,192,313	32,568,641	(376,328)	-1.2%
Investments	32,207,836	31,225,068	982,768	3.1%
Funds held by trustee	2,101,945	4,597,379	(2,495,434)	-54.3%
Other postemployment Benefit reserve fund	3,792,460	2,935,377	857,083	29.2%
Restricted assets	59,274,441	55,328,677	3,945,764	7.1%
Capital assets, net	<u>69,514,292</u>	<u>70,606,565</u>	<u>(1,092,273)</u>	<u>-1.5%</u>
Total assets	<u>\$219,269,678</u>	<u>\$217,249,887</u>	<u>\$ 2,019,791</u>	<u>0.9%</u>
DEFERRED OUTFLOWS	<u>\$ 3,011,703</u>	<u>\$ 849,540</u>	<u>\$ 2,162,163</u>	<u>254.5%</u>
Liabilities:				
Current liabilities	\$ 6,413,377	\$ 7,415,546	\$ (1,002,169)	-13.5%
Other liabilities (long- term)	<u>46,803,476</u>	<u>44,065,833</u>	<u>2,737,643</u>	<u>6.2%</u>
Total liabilities	<u>53,216,853</u>	<u>51,481,379</u>	<u>1,735,474</u>	<u>3.4%</u>
DEFERRED INFLOWS	<u>\$ 331,602</u>	<u>\$ -</u>	<u>\$ 331,602</u>	<u>N/A</u>
Net Position:				
Invested in capital assets, net of related debt	59,200,990	61,909,811	(2,708,821)	-4.4%
Restricted	55,946,972	54,554,866	1,392,106	2.6%
Unrestricted	<u>53,584,964</u>	<u>50,153,371</u>	<u>3,431,593</u>	<u>6.8%</u>
Total net assets	<u>\$168,732,926</u>	<u>\$166,618,048</u>	<u>\$ 2,114,878</u>	<u>1.3%</u>

- The funds held by trustee decreased from \$4.6 Million to \$2.1 Million in 2017 due to the utilization of Series 2015 Bond proceeds to construct a Leachate Loadout and Access Control Facility at the Materials Management Facility.
- Restricted assets increased approximately \$4.0 Million to \$59.3 Million due to required deposits made to the Closure and Post Closure Reserves of the Materials Management Facility as well as receipt of loan repayments in excess of disbursements in the Affordable Housing Program.
- Deferred outflows of resources increased \$2.2 Million related to the continued effect of implementation of GASB 68 and 71; Accounting and Financial Reporting for Pensions.
- Other liabilities (long-term) increased to approximately \$46.8 Million in 2017. The \$2.7 million increase was primarily due to a \$2.7 Million pension liability recorded related to required accounting under GASB 68 and 71; Accounting and Financial Reporting for Pensions.

Financial Position Summary (Continued)

As a provider of essential services, the Authority has a significant investment in infrastructure. The Authority's infrastructure includes: 1) approximately 45 miles of water and wastewater transmission pipelines and associated pumping stations servicing Fort Drum and North Country Communities, 2) a Materials Management Facility located in Rodman, New York, and 3) a state-of-the-art telecommunications network. The Authority's net assets also include funds available to pay for ongoing and future construction of replacements and/or additions to this infrastructure.

At March 31, 2017, the board of directors designated the Authority's unrestricted net position for the following uses:

Supplemental insurance reserves	\$ 7,000,000
Administrative reserve	4,000,000
Infrastructure development	223,107
Capital reserves	16,323,013
Materials Management - tip fee stabilization, carbon credit, recycling and landfill gas reserves	5,266,333
Community development loan fund	9,949,479
Affordable housing	<u>3,000,000</u>
	<u>\$ 45,761,932</u>

Revenue

The Authority sets its rates annually concurrent with the adoption of its annual operating budget.

The Materials Management Facility revenue is derived from tipping fees. The per ton tipping fee charged to customers includes certain amounts to fund replacement of major equipment, closure of the landfill and post-closure care.

Rates for telecommunications network services are authorized by the Authority's Board of Directors and filed with the New York State Public Service Commission.

Rates for water quality services are reviewed and adjusted annually based on projected operating costs.

Rates for engineering services are based on the requirements of the project being performed.

Grants from government sources include payments made to the Authority by New York State and Federal sources.

Summary of Operating Revenue

	<u>2017</u>	<u>2016</u>	<u>Change</u>	<u>% Change</u>
Service and usage revenue:				
Materials Management				
Facility	\$ 10,004,945	\$ 8,978,980	\$ 1,025,965	11.4%
Water Quality operations	6,271,311	5,420,131	851,180	15.7%
Telecommunications network	5,640,407	5,697,239	(56,832)	-1.0%
Housing and economic development	186,015	143,590	42,425	29.5%
Engineering	<u>829,485</u>	<u>624,594</u>	<u>204,891</u>	32.8%
Total service and usage revenue	22,932,163	20,864,534	2,067,629	9.9%
Grants from government sources	3,924,890	1,760,143	2,164,747	123.0%
Interest received from outstanding loans	664,528	639,583	24,945	3.9%
Miscellaneous operating revenue	<u>1,109,590</u>	<u>1,271,567</u>	<u>(161,977)</u>	<u>-12.7%</u>
Total operating revenue	<u>\$ 28,631,171</u>	<u>\$ 24,535,827</u>	<u>\$ 4,095,344</u>	<u>16.7%</u>

- Materials Management Facility revenues increased \$1.0 Million or 11.4%. The increase was the result of an increase in tonnage received at the facility from approximately 223,000 tons in 2016 to 279,000 tons in 2017.
- Water Quality Operations revenue increased \$851 Thousand to \$6.3 Million or 15.7% in 2017. This increase was primarily due to capital projects authorized on the Army Sewer line.
- Engineering revenue increased from \$625 Thousand in 2016 to \$829 Thousand in 2017 or 32.8%. This increase is due to additional contracts authorized.
- Grants from government sources revenue increased \$2.2 Million or 123%. This increase is primarily due to the receipt of a New York State Public Emergency grant in the amount of \$2.2 Million. The grant revenue was to expand telecommunications services to support public emergency services.

Summary of Operating Expenses

The Authority's expenses are budgeted and tracked functionally by operating department. The Authority is functionally divided into the following departments: Materials Management, Water Quality, Telecommunications network, Housing and economic development, Engineering, and Administration.

The following is a breakdown of the Authority's expenses by operating department:

	<u>2017</u>	<u>2016</u>	<u>Change</u>	<u>% Change</u>
Functional expenses:				
Materials Management				
Facility	\$ 11,214,409	\$ 10,468,637	\$ 745,772	7.1%
Water Quality	5,420,138	4,945,469	474,669	9.6%
Telecommunications network	7,217,665	6,735,450	482,215	7.2%
Housing and economic development	1,462,190	647,251	814,939	125.9%
Engineering	849,037	571,747	277,290	48.5%
Administration	<u>316,629</u>	<u>210,683</u>	<u>105,946</u>	<u>50.3%</u>
Total functional expenses	<u>\$ 26,480,068</u>	<u>\$ 23,579,237</u>	<u>\$ 2,900,831</u>	<u>12.3%</u>

- Materials Management Facility expenses increased \$746 Thousand or 7.1% due to; 1) an increase in Host Community Benefits paid to the Town of Rodman of \$172 Thousand (from \$712 Thousand in 2016 to \$884 Thousand in 2017) as waste volumes increased, 2) an increase in Closure and Post Closure Care costs of \$102 Thousand due to an increase in waste volumes, and 3) an increase in Depreciation and Amortization cost in the amount of \$220 Thousand with the construction of capital projects and purchase of capital equipment.
- Water Quality expenses increased \$475 Thousand or 9.6% as a result of purchasing additional water from the City of Watertown to meet the increased needs of Fort Drum while their wells were off line. As a result, water purchases increased \$300 Thousand.
- Housing and Economic Development Expenses increased \$815 Thousand or 125.9% as the result of the Authority providing \$632 Thousand in grants from the North Country Redevelopment Fund. This Fund was created through funds received from New York State to create a loan fund that provides for a 50% loan / 50% grant combination.
- Engineering expenses increased due to an increase in time allocation to support Engineering contracts as well as the addition of one full time staff position to support a new contract with the City of Ogdensburg.

Summary of Operating Expenses (Continued)

The following is a breakdown of the Authority's total operating expenses by natural classification:

	<u>2017</u>	<u>2016</u>	<u>Change</u>	<u>% Change</u>
Operating expenses:				
Depreciation and amortization	\$ 10,145,898	\$ 9,707,509	\$ 438,389	4.5%
Salaries and fringe benefits	7,236,771	6,421,663	815,108	12.7%
Wastewater treatment	1,392,833	1,351,530	41,303	3.1%
Community benefits	905,059	712,176	192,883	27.1%
Water purchases	1,079,261	764,155	315,106	41.2%
Operating and maintenance	4,557,206	3,504,134	1,053,072	30.1%
General and administrative	316,251	373,341	(57,090)	-15.3%
Closure and post-closure costs	<u>846,789</u>	<u>744,729</u>	<u>102,060</u>	<u>13.7%</u>
Total operating expenses	<u>\$ 26,480,068</u>	<u>\$ 23,579,237</u>	<u>\$ 2,900,831</u>	<u>12.3%</u>

- Salaries and fringe benefits increased 12.7% to approximately \$7.2 Million due to the effect of GASB 68 and 71 on retirement expenditures (\$516 Thousand), additional staffing required supporting new third party contract as well as merit increases.
- Operating and maintenance expenses increased \$1.1 Million or 30.1% to \$4.6 Million in 2017. The increase is primarily due to the Redevelopment grant related expense of \$632 Thousand.

Non-Operating Revenue (Expense)

The Authority's non-operating revenue (expense) is composed of the following:

	<u>2017</u>	<u>2016</u>	<u>Change</u>	<u>% Change</u>
Non-operating revenue (expense):				
Investment income	\$ 225,107	\$ 1,170,306	\$ (945,199)	(80.8%)
Gain on sale of capital assets	82,013	99,086	(17,073)	(17.2%)
Bond issuance costs	-	(173,545)	173,545	(100.0%)
Interest expense	<u>(343,345)</u>	<u>(259,029)</u>	<u>(84,316)</u>	<u>32.6%</u>
Total	<u>\$ (36,225)</u>	<u>\$ 836,818</u>	<u>\$ (873,043)</u>	<u>(104.3%)</u>

- Investment income decreased \$945 Thousand due to the requirement for the Authority to record investments at market value.
- Bond issuance costs in the prior year were the result of issuing \$8.5 Million in Bonds for the Materials Management Facility.
- Interest expense increased by 32.6% from \$259 Thousand to \$343 Thousand due to the issuance of \$8.5 Million in Materials Management Bonds in October of 2015.

Postemployment Benefits

The Authority contributes to the cost of eligible retirees' individual health care premiums after 15 years of service, provided that the employee was employed at the Authority at the time of retirement. Employees hired after April 1, 2008 require 20 years of service. The Authority recorded a liability for other postemployment benefits in the amount of \$3,795,741. The Authority has a board designated investment account in the amount of \$3,792,460 for other postemployment benefits.

Capital Assets

At the end of 2017, the Authority had \$69,514,292 (net of accumulated depreciation) invested in a broad range of capital assets, including the Materials Management Facility, Telecommunications Network, Water Quality facilities, Engineering, equipment and vehicles. This amount represents a decrease (net of disposals and depreciation) of \$1,092,273 or 1.5% over last year. The detail of capital asset activity and balances for the various categories is included in notes to the financial statements.

Long-Term Debt Administration

As of March 31, 2017, the Authority has the following revenue bond series outstanding:

<u>Development Authority of the North Country Bond Series</u>	<u>Bonds Outstanding as of March 2017</u>	<u>Bonds Outstanding as of March 2016</u>	<u>Principal Due 2018</u>
Series 1997	\$ -	\$ -	\$ -
Series 1995/2005D	-	-	-
Series 2010C	1,125,000	1,475,000	360,000
Series 2015	<u>8,295,000</u>	<u>8,520,000</u>	<u>245,000</u>
Total	<u>\$ 9,420,000</u>	<u>\$ 9,995,000</u>	<u>\$ 605,000</u>

In addition to the bonds, the Authority had loans payable as of March 31, 2017 as follows:

<u>Loans, Contract and Capital Lease Payables</u>	<u>Outstanding as of March 2017</u>	<u>Outstanding as of March 2016</u>	<u>Principal Due 2018</u>
Loans payable	<u>\$ 3,524,257</u>	<u>\$ 3,940,447</u>	<u>\$ 104,579</u>

Credit Ratings

The Authority is the recipient of a favorable credit rating from Standard & Poor's as a result of the 2015 Materials Management Bonds issued in fiscal year 2016. The Authority received a "AA/Stable Outlook" rating from Standard and Poor's in October 2015. The Authority issues revenue bonds subject to its Trust Indentures.

Request for Information

This financial report is designed to provide a general overview of the Authority's finances for all those interested. Questions concerning any of the information provided in this report or a request for additional information should be addressed in writing to the Comptroller at the Dulles State Office Building, 317 Washington Street, Watertown, New York 13601.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

**STATEMENT OF NET POSITION
FOR THE YEAR ENDED MARCH 31, 2017
(With Comparative Totals for 2016)**

	<u>2017</u>	<u>2016</u>
ASSETS AND DEFERRED OUTFLOWS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 15,888,748	\$ 16,350,127
Accounts receivable	3,061,812	2,611,834
Accrued unbilled revenue	467,598	443,821
Interest receivable	216,985	188,198
Inventory	9,823	9,551
Prepaid expense and other assets	<u>541,425</u>	<u>384,649</u>
Total current assets	20,186,391	19,988,180
LOANS RECEIVABLE, net	32,192,313	32,568,641
INVESTMENTS	32,207,836	31,225,068
FUNDS HELD BY TRUSTEE	2,101,945	4,597,379
OTHER POSTEMPLOYMENT BENEFITS RESERVE FUND	3,792,460	2,935,377
RESTRICTED ASSETS	59,274,441	55,328,677
CAPITAL ASSETS, net	<u>69,514,292</u>	<u>70,606,565</u>
Total assets	<u>219,269,678</u>	<u>217,249,887</u>
DEFERRED OUTFLOWS		
Pension	3,011,703	844,429
Accumulated decrease in fair value of swap contract	-	<u>5,111</u>
Total deferred outflows	<u>3,011,703</u>	<u>849,540</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	2,425,830	4,027,379
Current portion of long-term debt	709,579	991,192
Accrued expenses	427,707	349,608
Interest payable	104,946	136,885
Current portion of unearned revenue	<u>2,745,315</u>	<u>1,910,482</u>
Total current liabilities	6,413,377	7,415,546
FUNDS HELD FOR OTHERS	10,187,015	10,101,175
DUE TO U.S. ARMY	749,985	749,985
UNEARNED REVENUE, net of current portion	1,235,653	1,323,843
NET PENSION LIABILITY	2,709,904	565,635
SWAP LIABILITY	-	5,111
LANDFILL CLOSURE AND POST-CLOSURE CARE LIABILITY	15,962,313	15,115,523
OTHER POSTEMPLOYMENT BENEFITS LIABILITY	3,795,741	3,335,219
LONG-TERM DEBT, net of current portion	<u>12,162,865</u>	<u>12,869,342</u>
Total liabilities	<u>53,216,853</u>	<u>51,481,379</u>
DEFERRED INFLOWS		
Pension	<u>331,602</u>	-
Total deferred outflows	<u>331,602</u>	-
NET POSITION:		
Net investment in capital assets	59,200,990	61,909,811
Restricted	55,946,972	54,554,866
Unrestricted	<u>53,584,964</u>	<u>50,153,371</u>
Total net position	<u>\$ 168,732,926</u>	<u>\$ 166,618,048</u>

The accompanying notes are an integral part of these statements.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY
STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED MARCH 31, 2017
(With Comparative Totals for 2016)

	<u>2017</u>	<u>2016</u>
OPERATING REVENUE:		
Customer billings	\$ 22,932,163	\$ 20,864,534
Grant revenue	3,924,890	1,760,143
Loan interest income	664,528	639,583
Other revenue	<u>1,109,590</u>	<u>1,271,567</u>
Total operating revenue	<u>28,631,171</u>	<u>24,535,827</u>
OPERATING EXPENSES:		
Depreciation and amortization	10,145,898	9,707,509
Salaries	4,842,519	4,422,463
Fringe benefits	2,394,252	1,999,200
Operation and maintenance	2,115,806	1,843,091
Wastewater treatment	1,392,833	1,351,530
Water purchases	1,079,261	764,155
Community benefits	905,058	712,176
Closure and post-closure costs	846,790	744,729
Grants	631,753	-
Office and administrative	467,847	497,810
Insurance	341,241	343,603
Automobile	201,898	191,067
Utilities	144,138	131,463
Materials and supplies	196,176	206,696
Professional fees	332,547	230,518
Computer	172,475	164,844
NYS administrative assessment	122,000	122,000
Repairs and maintenance	<u>147,576</u>	<u>146,383</u>
Total operating expenses	<u>26,480,068</u>	<u>23,579,237</u>
Total operating income	<u>2,151,103</u>	<u>956,590</u>
NON-OPERATING REVENUE (EXPENSE):		
Investment income	225,107	1,170,306
Gain on sale of capital assets	82,013	99,086
Bond issuance costs	-	(173,545)
Interest expense	<u>(343,345)</u>	<u>(259,029)</u>
Total non-operating revenue, net	<u>(36,225)</u>	<u>836,818</u>
CHANGE IN NET POSITION	<u>\$ 2,114,878</u>	<u>\$ 1,793,408</u>
NET POSITION - beginning of year, previously stated	166,618,048	164,753,249
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	<u>-</u>	<u>71,391</u>
NET POSITION - beginning of year, as restated	<u>166,618,048</u>	<u>164,824,640</u>
NET POSITION - end of year	<u>\$ 168,732,926</u>	<u>\$ 166,618,048</u>

The accompanying notes are an integral part of these statements.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2017 (With Comparative Totals for 2016)

	<u>2017</u>	<u>2016</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 24,623,497	\$ 23,640,539
Receipts from grants	4,656,890	2,226,143
Cash payments to suppliers	(11,634,339)	(8,542,333)
Cash payments to employees	<u>(4,764,420)</u>	<u>(4,474,898)</u>
Net cash flow from operating activities	<u>12,881,628</u>	<u>12,849,451</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of capital assets	(9,199,243)	(10,423,567)
Proceeds from sale of capital assets	190,098	141,084
Proceeds from sale of timber	37,533	-
Proceeds from issuance of long-term debt	-	8,520,000
Discount on bonds	-	(76,204)
Payment of bond issuance costs	-	(173,545)
Payments on long-term debt	(991,190)	(3,729,345)
Interest paid	<u>(372,184)</u>	<u>(181,295)</u>
Net cash flow from capital and related financing activities	<u>(10,334,986)</u>	<u>(5,922,872)</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Receipts of interest	196,320	1,148,403
Net purchases of investments	(982,768)	(2,716,094)
Deposits into other postemployment benefit reserve fund	(857,083)	(83,348)
Net purchases of restricted assets	(3,859,924)	(4,691,604)
Change in funds held by trustee	<u>2,495,434</u>	<u>1,533,943</u>
Net cash flow from investing activities	<u>(3,008,021)</u>	<u>(4,808,700)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(461,379)	2,117,879
CASH AND CASH EQUIVALENTS - beginning of year	<u>16,350,127</u>	<u>14,232,248</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 15,888,748</u>	<u>\$ 16,350,127</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES:		
Operating income	\$ 2,151,103	\$ 956,590
Adjustments to reconcile operating income to net cash flow from operating activities:		
Depreciation and amortization	10,145,898	9,707,509
Change in Deferred outflows of resources-pension	(2,167,274)	(844,429)
Change in Deferred inflows of resources	331,602	-
Landfill closure and post-closure care costs	846,790	744,729
Postemployment benefits expense	460,522	422,557
Change in:		
Accounts receivable	(449,978)	(972,335)
Accrued unbilled revenue	(23,777)	(41,648)
Loans receivable	376,328	1,790,836
Inventory	(272)	5,080
Prepaid expenses and other assets	(156,776)	(97,090)
Accounts payable and accrued expenses	(1,523,450)	(13,376)
Unearned revenue	746,643	554,002
Net pension liability	<u>2,144,269</u>	<u>637,026</u>
Net cash flow from operating activities	<u>\$ 12,881,628</u>	<u>\$ 12,849,451</u>

The accompanying notes are an integral part of these statements.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2017

1. ORGANIZATION

Development Authority of the North Country (the Authority) is a public benefit corporation organized under the Public Authorities Law of the State of New York. The Authority was created to provide infrastructure services and economic development in Jefferson, Lewis and St. Lawrence Counties of New York State. The infrastructure services provided by the Authority include water, wastewater, materials management and telecommunications. The Authority assists in the economic development of these counties by financing housing and business development projects.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Authority's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America as set forth by the Governmental Accounting Standards Board (GASB) for proprietary funds.

Basis of Presentation

GASB requires the classification of net position into three components – net investment in capital assets, restricted and unrestricted. These classifications are defined as follows:

- Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- Restricted - This component of net position consists of amounts that have external constraints placed on their use imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted - This component of net position consists of amounts that do not meet the definition of "net investment in capital assets" or "restricted." Unrestricted net position may be designated for specific purposes by actions of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Comparative Financial Statements

The financial statements include certain prior year summarized comparative information in total but not in the same detail used for current year presentation. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Authority's financial statements for the year ended March 31, 2016, from which the summarized information was derived.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of presenting the statement of cash flows, the Authority considers all highly liquid short-term investments (money market funds) with maturities of three months or less from the date of purchase to be cash or cash equivalents. These money market funds are stated at cost which approximates fair value.

Accounts Receivable

Accounts receivable consists primarily of amounts due from customers for services provided. Management records an allowance for doubtful accounts based on past collection experience and an analysis of outstanding amounts. No allowance for doubtful accounts was considered necessary at March 31, 2017 or 2016.

Accrued Unbilled Revenues

Accrued unbilled revenues represents revenue earned in the current year but not billed to customers until future dates, usually within three months.

Loans Receivable

Loans receivable consist primarily of amounts loaned to businesses in Northern New York in order to enhance economic development, create housing and encourage job creation and retention. Loans are stated at unpaid principal balances, less the allowance for loan losses. Loans are collateralized by related property, plant and equipment. Interest income is accrued on the unpaid balance. Interest rates charged to outstanding loans range from 0% to 6.25% and are due at various dates through December 2045.

Allowance for Loan Losses

The allowance for loan losses is maintained at a level which, in management's judgment, is adequate to absorb credit losses inherent in the loan portfolio. The amount of the allowance is based on past collection experience and an analysis of outstanding amounts. The allowance is increased by a provision for loan losses, which is charged to expense, and reduced by charge-offs, net of recoveries. Changes in the allowance relating to impaired loans are charged to the provision for loan losses. An allowance for loan loss of \$192,737 was considered necessary at March 31, 2017 and 2016.

The determination of the adequacy of the allowance for loan losses is based on estimates that are particularly susceptible to significant changes in the economic environment and market conditions. While management uses available information to recognize losses on loans, further reductions in the carrying amounts of loans may be necessary because of uncertainties associated with local economic conditions and future cash flows on impaired loans.

Investments

Investments consist of certificates of deposit, and U.S. and other government obligations with maturities extending beyond a three-month period from the date of purchase. The Authority reports certificates of deposit at cost, which approximates fair value, and U.S. and other government obligations at fair value based on quoted market prices.

Funds Held by Trustee

Funds held by Bank of New York (the Trustee), as required by bond agreements, consist of certificates of deposit, U.S. and other government obligations, and money market funds. The Authority reports certificates of deposit and money market funds at cost and U.S. and other government obligations at fair value based on quoted market prices.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Postemployment Benefits Reserve Fund

Funds held for other postemployment benefits consist of certificates of deposit, U.S. Government obligations and money market funds. The Authority reports certificates of deposit at cost and U.S. Government obligations at fair value based on quoted market prices. Currently, New York State does not have legislation enabling the establishment of a separate trust to hold these funds. Until such enabling legislation is enacted, these funds will be reflected as unrestricted on the accompanying Statement of Net Position.

Unamortized Bond Discount

The unamortized bond discount associated with the Series 2015 bonds is recognized as interest expense on a straight-line basis over the term of the related debt.

Capital Assets

Capital assets are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the capital assets, which range from three (3) to fifty (50) years. The Authority capitalizes all expenditures for capital assets in excess of \$10,000 and which have useful lives greater than one year. When assets are retired or otherwise disposed of, the related asset and accumulated depreciation is written off and any unrelated gains or losses are recorded.

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the Statement of Net Position will sometimes report a separate section for deferred outflows/inflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

Unearned Revenue

Cash collected in advance of service provision is recorded as unearned revenue and is recognized as revenue in the period in which it is earned.

Revenue Recognition

Revenue from sales of services are recognized at the time of service delivery based on actual or estimated rates. Revenue from grant agreements is recognized when earned.

Operating and Non-Operating Revenues and Expenses

Operating revenue consists of sales of services performed and other related revenue. The Authority defines non-operating revenue as interest earnings on investment assets and realized/unrealized gains or losses on sales of investments. Non-operating expenditures include interest expense on long-term debt and gains/losses on disposals of capital assets and other items outside of operations.

Landfill Closure and Post-Closure Care Liability

The Authority records landfill closure and post-closure care costs as an operating expense based on the landfill capacity used as of the statement of net position date and the current estimated costs for closure and post-closure care.

Income Tax Status

As a public benefit corporation, the Authority is exempt from federal and state income taxes, as well as state and local property and sales taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Postemployment Benefits

The Authority provides certain health care benefits to its retired employees in accordance with the provisions of the personnel policy.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

3. NET POSITION

Restricted Net Position

The Authority maintains the following in restricted net position:

	<u>2017</u>	<u>2016</u>
Community rental housing program	\$ 13,779,468	\$ 13,598,269
Community development loan fund	100,000	100,000
Affordable housing program	21,904,937	21,603,087
Army water and sewer line reserves	1,800,000	1,800,000
Regional waterline operating and debt service reserves	397,761	367,636
Wetlands mitigation	2,058,132	2,034,523
Reserve for liner expansion and replacement	6,328,637	6,468,908
Reserve for open access telecommunication networks	<u>9,578,037</u>	<u>8,582,443</u>
Total restricted net position	<u>\$ 55,946,972</u>	<u>\$ 54,554,866</u>

Unrestricted

Unrestricted net position consists of Board designated net position and undesignated net position. Board designated net position represents amounts specified by the Authority's Board for a particular use. The Board has the authority to release these funds for other purposes.

The Authority maintains the following in unrestricted net position:

	<u>2017</u>	<u>2016</u>
Board designated net position:		
Supplemental insurance reserves	\$ 7,000,000	\$ 7,000,000
Administrative reserve	4,000,000	4,000,000
Infrastructure development	223,107	223,107
Capital reserves	16,323,013	15,293,967
Materials Management - tip fee stabilization, carbon credit, recycling and landfill gas reserves	5,266,333	4,279,067
Community development loan fund	9,949,479	9,038,524
Affordable housing	<u>3,000,000</u>	<u>3,000,000</u>
	45,761,932	42,834,665
Undesignated net position	<u>7,823,032</u>	<u>7,318,706</u>
Total unrestricted net position	<u>\$ 53,584,964</u>	<u>\$ 50,153,371</u>

4. CONTRACTUAL AGREEMENTS

Materials Management Agreement

The Authority entered into an agreement with the City of Watertown (the City) and Jefferson, Lewis and St. Lawrence Counties (collectively, the Municipalities) to construct and operate a Materials management facility. Each year, the Authority submits its actual amounts of capital, operating, maintenance and overhead costs and revenues to the Municipalities. A deficit in any year requires an adjustment charge to each municipality for its percentage of usage during the year with the deficit. Since inception of the Materials Management Facility, the Authority has not reported a deficit requiring an adjustment charge. This agreement expires on the date the Authority's obligations for the facility are fully discharged.

Host Community Agreement

In 1993, the Authority entered into an agreement with the Town of Rodman (the Town) to locate a Materials management facility within the Town. This agreement requires the Authority to pay a quarterly fee, which is adjusted each year by the consumer price index, on a per-ton of waste received basis. The agreement also requires a minimum host community fee of \$50,000 for each year the Materials Management Facility is in actual operation. This agreement was revised in fiscal year 2011. Under the terms of the revised agreement, the Town receives a 75% reduction in tipping fees. Additionally, the Authority pays the Town 50% of the first \$100,000 of the proceeds from the sale of energy at the gas-to-energy plant, 25% of the next \$100,000 of proceeds and 10% thereafter. Host community benefits expense was \$884,301 and \$712,176 in 2017 and 2016, respectively.

Gas-to-Energy Plant Agreement

In fiscal year 2009, the Authority entered into a lease agreement with a Company for the construction and operation of a gas-to-energy plant at the Materials Management Facility. The Company constructed the plant and installed the necessary equipment on the Authority's property in order to convert the methane gas produced by the Materials Management Facility into energy. The title for the plant was transferred to the Authority. The Authority entered into a direct financing lease with the Company for the plant and equipment for \$1 per year plus 50% of revenues derived from the energy created for a period of 20 years. As this lease is a direct financing lease, the related assets are not included in the Authority's financial statements at year-end. This lease includes two five-year renewal options and a \$1 purchase agreement for the equipment at the end of the lease. The contingent rental benefits related to this agreement amounted to \$679,099 and \$1,025,770 in 2017 and 2016, respectively, and are recorded in other revenue on the accompanying statement of revenue, expenses and change in net position.

Water Agreement

The Authority and the U.S. Army (the Army) entered into a water supply agreement in 1990. The City of Watertown (the City) is also a party to this agreement as it provides the water to the Authority for transport to the Army. Under the terms of this agreement, the Army is entitled to use the Authority's water line at a rate that is established annually based on the combined annual capital, overhead, and operating and maintenance costs of the Authority.

The agreement requires the Authority to hold a repair reserve of \$900,000. The use of these funds requires permission from the Army and has been recorded in the accompanying financial statements as restricted net position.

4. CONTRACTUAL AGREEMENTS (Continued)

Wastewater Agreement

The Authority and the Army entered into a wastewater service agreement in 1986. The City is also a party to this agreement as it provides the sewage treatment services. Under the terms of this agreement, the Army is entitled to use the Authority's wastewater line at a rate that is established annually based on the combined annual capital, overhead, and operating and maintenance costs of the Authority and the City.

The agreement requires the Authority to hold a repair reserve of \$900,000. The use of these funds requires permission from the Army and has been recorded in the accompanying financial statements in restricted net position. Additionally, an administrative support advance of \$749,985 was received from the Army. These monies are to be credited against the last two months service invoices prior to the termination of the agreement and have been recorded in the accompanying financial statements as a liability to the Army.

Project Development Agreement

In 2015, the Authority entered into a Project Development Agreement with the Town of Watertown (the Town), Jefferson County and the Watertown City School District (the School District), whereby the Authority will make ten annual payments to Jefferson County and the School District from certain Community Rental Housing Program interest proceeds. If the applicable interest is not collected, no payments are required. The agreement does not provide for any payments to the Town. The payments under the terms of this agreement to Jefferson County and the School District are contingent upon payment being received from the borrower. Due to the contingent nature of this agreement, no liability has been recorded in the accompanying statement of net position.

5. ACCOUNTS RECEIVABLE

Accounts receivable are due within one year and consisted of the following at March 31:

	<u>2017</u>	<u>2016</u>
Materials Management Facility	\$ 1,021,036	\$ 932,921
Water Quality	949,462	335,695
Telecommunications network	664,306	1,295,368
Engineering	40,550	54,310
Other	<u>386,458</u>	<u>(6,460)</u>
	<u>\$ 3,061,812</u>	<u>\$ 2,611,834</u>

6. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

The investment guidelines established by the Authority permit the investment of funds held by the Authority and funds held in trust for the Authority to be invested in accordance with New York State Public Authorities Law. Investments must be in the form of obligations of the State of New York, obligations of the United States or its agencies whose principal and interest payments are fully guaranteed by the federal government; and in collateralized time deposits or certificates of deposit issued by a commercial bank or trust company, which is a member of the Federal Deposit Insurance Corporation (FDIC). The Authority's investment policy limits its deposit and investment activity to time deposits, demand deposits, certificates of deposit, State of New York Government obligations, United States Government obligations and repurchase agreements.

6. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Continued)

The Authority's investment policy requires its deposits and investments, not controlled by the Trustee, to be collateralized through federal deposit insurance or other obligations. Obligations that may be pledged as collateral are obligations of, or guaranteed by, the United States of America or the State of New York. Collateral must be delivered to the Authority or an authorized custodial bank.

Total deposits of cash and cash equivalents not controlled by the Trustee (including certificates of deposit and money market funds) are as follows at March 31:

	<u>2017</u>	<u>2016</u>
Demand deposits	\$ 14,800,929	\$ 15,021,495
Time deposits	<u>1,087,819</u>	<u>1,328,632</u>
	<u>\$ 15,888,748</u>	<u>\$ 16,350,127</u>

Custodial Credit Risk

For cash deposits or investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. In accordance with the Authority's investment policy, an investment of funds may be less than fully secured in the event that any one of the following occurs: the yield on the investment outweighs the risk, it involves an investment of less than \$25,000, it is an investment with a duration of less than a week or it is not a customary practice that the investment be fully secured. All investments were fully secured at March 31, 2017. Total investments by type are as follows at March 31:

	<u>2017</u>	<u>2016</u>
United States Treasury obligations/Government agencies	\$ 11,093,324	\$ 12,313,961
Certificates of deposit	<u>21,114,512</u>	<u>18,911,107</u>
	<u>\$ 32,207,836</u>	<u>\$ 31,225,068</u>

Fair Value

United States Treasury obligations/Government agencies are considered level 1 investments. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Authority has the following fair value measurements as of March 31, 2017:

- U.S. Treasury obligations/government agencies are valued using quoted market prices (Level 1 inputs).

6. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Continued)

Custodial Credit Risk - Deposits

At March 31, 2017, the carrying amount of the Authority's cash and cash equivalents was \$15,888,748 and was exposed to custodial credit risk as follows:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash and cash equivalents	\$ 16,433,194	\$ 15,888,748
Covered by FDIC insurance	\$ 500,000	
Collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name	<u>16,261,858</u>	
	<u>\$ 16,761,858</u>	

Collateral is required for time deposits and certificates of deposit at 102 percent of all deposits not covered by the federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States of America and its agencies and obligations of the State and its municipalities and towns.

7. RESTRICTED ASSETS

Restricted assets are held for the following purposes at March 31:

	<u>2017</u>	<u>2016</u>
Landfill closure and post-closure care	\$ 15,638,082	\$ 14,920,165
North Country Economic Development	8,668,405	8,994,201
Telecommunications network	9,647,545	8,651,950
Affordable housing program	8,249,545	6,071,896
Community rental housing program	5,543,005	5,307,442
Replacement at Materials Management Facility	6,475,494	6,420,598
Army water and sewer line	2,626,230	2,652,795
Wetlands mitigation	2,058,133	2,034,523
Regional waterline operating and debt service reserves	<u>368,002</u>	<u>275,107</u>
	<u>\$ 59,274,441</u>	<u>\$ 55,328,677</u>

For restricted assets, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. In accordance with the Authority's investment policy, an investment of funds may be less than fully secured in the event that any one of the following occurs: the yield on the investment outweighs the risk, it involves an investment of less than \$25,000, it is an investment with a duration of less than a week or it is not a customary practice that the investment be fully secured. All restricted assets were fully secured at March 31, 2017.

7. RESTRICTED ASSETS (Continued)

Restricted assets consisted of the following at March 31:

	<u>2017</u>	<u>2016</u>
Money market funds	\$ 8,434,585	\$ 8,972,783
United States Treasury obligations/Government agencies	19,974,905	11,727,164
Certificates of deposit	30,727,567	34,529,468
Accrued interest receivable	<u>137,384</u>	<u>99,262</u>
	<u>\$ 59,274,441</u>	<u>\$ 55,328,677</u>

8. LOANS RECEIVABLE

Loans receivable are summarized as follows at March 31:

	<u>2017</u>	<u>2016</u>
Loans receivable:		
Affordable Housing Program - Commercial loans	\$ 14,843,249	\$ 16,721,683
Community Rental Housing Program - Commercial loans	11,783,296	11,848,842
Community Development loan fund - Commercial loans	4,241,041	3,085,548
North County Economic Development loan fund - Commercial loans	<u>1,517,464</u>	<u>1,105,305</u>
Total loans receivable	<u>\$ 32,385,050</u>	<u>\$ 32,761,378</u>

The following tables present informative data by class of loans receivable regarding their age and interest accrual status at March 31, 2017.

	<u>Current</u>	<u>30 - 59 Days</u>	<u>60 - 89 Days</u>	<u>≥ 90 Days</u>	<u>Total Past Due</u>	<u>Non- accrual</u>	<u>Total Loans Receivable</u>
Affordable Housing Program	\$ 14,793,495	\$ 42,383	\$ 1,338	\$ 6,033	\$ 49,754	\$ -	\$ 14,843,249
Community Rental Housing Program	11,783,296	-	-	-	-	-	11,783,296
Community Development loan fund	4,210,333	30,708	-	-	30,708	-	4,241,041
North County Economic Development loan fund	<u>1,517,464</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,517,464</u>
Total	<u>\$ 32,304,588</u>	<u>\$ 73,091</u>	<u>\$ 1,338</u>	<u>\$ 6,033</u>	<u>\$ 80,462</u>	<u>\$ -</u>	<u>\$ 32,385,050</u>

8. LOANS RECEIVABLE (Continued)

The following tables present informative data by class of loans receivable regarding their age and interest accrual status at March 31, 2016.

	<u>Current</u>	<u>30 - 59 Days</u>	<u>60 - 89 Days</u>	<u>≥ 90 Days</u>	<u>Total Past Due</u>	<u>Non- accrual</u>	<u>Total Loans Receivable</u>
Affordable Housing Program	\$ 16,677,775	\$ 2,025	\$ 41,883	\$ -	\$ 43,908	\$ -	\$ 16,721,683
Community Rental Housing Program	11,848,842	-	-	-	-	-	11,848,842
Community Development loan fund	3,084,527	1,021	-	-	1,021	-	3,085,548
North County Economic Development loan fund	<u>1,104,526</u>	<u>-</u>	<u>779</u>	<u>-</u>	<u>779</u>	<u>-</u>	<u>1,105,305</u>
Total	<u>\$ 32,715,670</u>	<u>\$ 3,046</u>	<u>\$ 42,662</u>	<u>\$ -</u>	<u>\$ 45,708</u>	<u>\$ -</u>	<u>\$ 32,761,378</u>

Activity in the allowance for loan losses is as follows for the years ended March 31:

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 192,737	\$ 192,737
Loans charged off	-	-
Allowance provisions	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 192,737</u>	<u>\$ 192,737</u>

The following summarizes the ending loan receivable balances individually and collectively evaluated for impairment, as well as the allowance for loan loss allocation for each at March 31, 2017.

	<u>Ending Loan Balance</u>			<u>Allowance for Loan Losses</u>		
	<u>Individually Evaluated for Impairment</u>	<u>Collectively Evaluated for Impairment</u>	<u>Total</u>	<u>Loans Individually Evaluated for Impairment</u>	<u>Loans Collectively Evaluated for Impairment</u>	<u>Total</u>
Commercial loans	<u>\$ 32,385,050</u>	<u>\$ -</u>	<u>\$ 32,385,050</u>	<u>\$ 192,737</u>	<u>\$ -</u>	<u>\$ 192,737</u>

The following summarizes the ending loan receivable balances individually and collectively evaluated for impairment, as well as the allowance for loan loss allocation for each at March 31, 2016.

	<u>Ending Loan Balance</u>			<u>Allowance for Loan Losses</u>		
	<u>Individually Evaluated for Impairment</u>	<u>Collectively Evaluated for Impairment</u>	<u>Total</u>	<u>Loans Individually Evaluated for Impairment</u>	<u>Loans Collectively Evaluated for Impairment</u>	<u>Total</u>
Commercial loans	<u>\$ 32,761,378</u>	<u>\$ -</u>	<u>\$ 32,761,378</u>	<u>\$ 192,737</u>	<u>\$ -</u>	<u>\$ 192,737</u>

There were no impaired loans at March 31, 2017 or 2016

9. CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2017 was as follows:

	Balance April 1, 2016	Additions	Transfers	Disposals	Balance March 31, 2017
Land	\$ 1,620,224	\$ -	\$ -	\$ -	\$ 1,620,224
Construction-in-progress	10,899,846	9,199,243	(9,604,793)	(99,750)	10,394,546
Total non-depreciable assets	\$ 12,520,070	\$ 9,199,243	\$ (9,604,793)	\$ (99,750)	\$ 12,014,770
Construction:					
Materials Management Facility	\$ 65,524,743	\$ -	\$ 5,556,592	\$ -	\$ 71,081,335
Water Quality	37,665,320	-	-	-	37,665,320
Telecommunications network	33,156,626	-	1,800,176	-	34,956,802
Engineering	49,669	-	46,817	-	96,486
General and administrative	59,992	-	52,666	-	112,658
Equipment:					
Materials Management Facility	10,083,792	-	1,013,171	(4,620,611)	6,476,352
Water Quality	858,858	-	505,117	-	1,363,975
Telecommunications network	14,091,967	-	447,981	(329,551)	14,210,397
Engineering	36,124	-	-	-	36,124
General and administrative	553,925	-	-	-	553,925
Vehicles:					
Materials Management Facility	554,347	-	-	(536,077)	18,270
Water Quality	56,470	-	-	-	56,470
General and administrative	549,218	-	182,273	(108,283)	623,208
Leasehold improvements:					
Telecommunications network	45,162	-	-	-	45,162
General and administrative	30,119	-	-	-	30,119
Total at cost	163,316,332	-	9,604,793	(5,594,522)	167,326,603
Less: Accumulated depreciation and amortization for:					
Construction	(86,529,879)	(7,384,378)	-	-	(93,914,257)
Equipment	(17,758,455)	(2,653,247)	-	4,924,253	(15,487,449)
Vehicles	(869,709)	(104,786)	-	624,401	(350,094)
Leasehold improvements	(71,794)	(3,487)	-	-	(75,281)
Total accumulated depreciation and amortization	(105,229,837)	(10,145,898)	-	5,548,654	(109,827,081)
Total depreciable assets, net	\$ 58,086,495	\$ (10,145,898)	\$ 9,604,793	\$ (45,868)	\$ 57,499,522
Total capital assets, net	\$ 70,606,565	\$ (946,655)	\$ -	\$ (145,618)	\$ 69,514,292

9. CAPITAL ASSETS (Continued)

Capital asset activity for the year ended March 31, 2016 was as follows:

	Balance April 1, 2015	Additions	Transfers	Disposals	Balance March 31, 2016
Land	\$ 1,620,224	\$ -	\$ -	\$ -	\$ 1,620,224
Construction-in-progress	<u>4,667,372</u>	<u>10,393,630</u>	<u>(4,119,160)</u>	<u>(41,996)</u>	<u>10,899,846</u>
Total non-depreciable assets	<u>\$ 6,287,596</u>	<u>\$ 10,393,630</u>	<u>\$ (4,119,160)</u>	<u>\$ (41,996)</u>	<u>\$ 12,520,070</u>
Construction:					
Materials Management Facility	\$ 65,342,041	\$ -	\$ 182,702	\$ -	\$ 65,524,743
Water Quality	37,600,306	29,937	35,077	-	37,665,320
Telecommunications network	32,293,461	-	863,165	-	33,156,626
Engineering	-	-	49,669	-	49,669
General and administrative	59,992	-	-	-	59,992
Equipment:					
Materials Management Facility	8,243,734	-	1,840,058	-	10,083,792
Water Quality	841,273	-	17,585	-	858,858
Telecommunications network	13,239,373	-	852,594	-	14,091,967
Engineering	-	-	36,124	-	36,124
General and administrative	455,589	-	98,336	-	553,925
Vehicles:					
Materials Management Facility	554,347	-	-	-	554,347
Water Quality	56,470	-	-	-	56,470
General and administrative	523,381	-	143,850	(118,013)	549,218
Leasehold improvements:					
Telecommunications network	45,162	-	-	-	45,162
General and administrative	<u>30,119</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,119</u>
Total at cost	<u>159,285,248</u>	<u>29,937</u>	<u>4,119,160</u>	<u>(118,013)</u>	<u>163,316,332</u>
Less: Accumulated depreciation and amortization for:					
Construction	(79,471,312)	(7,058,567)	-	-	(86,529,879)
Equipment	(15,150,182)	(2,608,273)	-	-	(17,758,455)
Vehicles	(892,540)	(91,091)	-	113,922	(869,709)
Leasehold improvements	<u>(67,989)</u>	<u>(3,805)</u>	<u>-</u>	<u>-</u>	<u>(71,794)</u>
Total accumulated depreciation and amortization	<u>(95,582,023)</u>	<u>(9,761,736)</u>	<u>-</u>	<u>113,922</u>	<u>(105,229,837)</u>
Total depreciable assets, net	<u>\$ 63,703,225</u>	<u>\$ (9,731,799)</u>	<u>\$ 4,119,160</u>	<u>\$ (4,091)</u>	<u>\$ 58,086,495</u>
Total capital assets, net	<u>\$ 69,990,821</u>	<u>\$ 661,831</u>	<u>\$ -</u>	<u>\$ (46,087)</u>	<u>\$ 70,606,565</u>

10. FINANCING ARRANGEMENTS

Long-term debt revenue bond activity for the year ended March 31, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Due Within One Year</u>	<u>Ending Balance</u>
Series 1998 / 2010C revenue refunding bonds maturing in annual amounts ranging from \$340,000 to \$395,000 through 2020 bearing interest ranging from 2.28% to 3.38%.	\$ 1,475,000	\$ -	\$ (350,000)	\$ (360,000)	\$ 765,000
Series 2015 bonds maturing in annual amounts ranging from \$225,000 to \$490,000 through 2041 bearing interest ranging from 2.00% to 4.50%.	8,520,000	-	(225,000)	(245,000)	8,050,000
Less: Unamortized bond discount	<u>(74,913)</u>	<u>-</u>	<u>3,100</u>	<u>-</u>	<u>(71,813)</u>
Long-term revenue bond liabilities	<u>\$ 9,920,087</u>	<u>\$ -</u>	<u>\$ (571,900)</u>	<u>\$ (605,000)</u>	<u>\$ 8,743,187</u>

Long-term debt revenue bond activity for the year ended March 31, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Due Within One Year</u>	<u>Ending Balance</u>
Series 1998 / 2010C revenue refunding bonds maturing in annual amounts ranging from \$340,000 to \$395,000 through 2020 bearing interest ranging from 2.28% to 3.38%.	\$ 1,815,000	\$ -	\$ (340,000)	\$ (350,000)	\$ 1,125,000
Series 2015 bonds maturing in annual amounts ranging from \$225,000 to \$490,000 through 2041 bearing interest ranging from 2.00% to 4.50%.	-	8,520,000	-	(225,000)	8,295,000
Series 1997 and 2005 bonds repaid in 2016	2,425,000	-	(2,425,000)	-	-
Less: Unamortized bond discount/ Premiums	<u>58,316</u>	<u>(76,204)</u>	<u>(57,025)</u>	<u>-</u>	<u>(74,913)</u>
Long-term revenue bond liabilities	<u>\$ 4,298,316</u>	<u>\$ 8,443,796</u>	<u>\$ (2,822,025)</u>	<u>\$ (575,000)</u>	<u>\$ 9,345,087</u>

10. FINANCING ARRANGEMENTS (Continued)

Loans and Contract Payable

In 2007, the Authority entered into a loan payable with Key Bank for \$3,250,000 with interest at 65% of the adjusted LIBOR rate, which is defined as LIBOR plus 1.15%. In order to reduce the impact of changes in interest rates on this loan the Authority entered into an interest rate swap contract (the Swap). The loan associated with the Swap was paid in full during fiscal year 2017. The Swap qualified as a cash flow hedge under generally accepted accounting principles. As such, the Authority assumed no ineffectiveness in the Swap due to the fact that, among other things, the notional amount of the Swap matched the principal amount of the related debt, the variable rate that the Authority receives under the Swap matched the variable rate of the related debt and the maturity date of the Swap matched the maturity date of the related debt. The notional amount of the Swap was \$313,598 at March 31, 2016. The fair value of the Swap was recorded as a deferred outflow and a liability in the accompanying Statement of Net Position. The swap liability was \$5,111 at March 31, 2016.

Loans payable activity for the year ended March 31, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Due Within One Year</u>	<u>Ending Balance</u>
Unsecured loan payable to the State of New York in annual payments of \$50,000 through March 2040. This loan does not bear interest.	\$ 1,164,000	\$ -	\$ (50,000)	\$ (50,000)	\$ 1,064,000
Loan payable to the U.S. Department of Agriculture Rural Development in annual payments of \$91,104, including interest at 4.50% through April 2036. The Authority's regional waterline assets secure this loan.	1,184,476	-	(37,803)	(39,504)	1,107,169
Note payable to NYS Housing Trust Fund. Principal is due in full on December 31, 2038 and is only payable upon loan repayment from ultimate loan recipient. This note does not bear interest. Funds were used to make an economic development loan.	600,000	-	-	-	600,000
Unsecured note payable to the Village of Cape Vincent requiring quarterly payments ranging from \$7,028 to \$7,100, including interest at 2.0% through March 2049.	678,373	-	(14,789)	(15,075)	648,509
Loan payable repaid in 2017	<u>313,598</u>	<u>-</u>	<u>(313,598)</u>	<u>-</u>	<u>-</u>
Loans payable	<u>\$ 3,940,447</u>	<u>\$ -</u>	<u>\$ (416,190)</u>	<u>\$ (104,579)</u>	<u>\$ 3,419,678</u>

10. FINANCING ARRANGEMENTS (Continued)

Loans and Contract Payable (Continued)

Loans and contract payable activity for the year ended March 31, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Due Within One Year</u>	<u>Ending Balance</u>
Unsecured loan payable to the State of New York in annual payments of \$50,000 through March 2040. This loan does not bear interest.	\$ 1,214,000	\$ -	\$ (50,000)	\$ (50,000)	\$ 1,114,000
Loan payable to Key Bank requiring monthly payments of principal at \$28,509 and interest at 65% of the adjusted LIBOR rate, which is defined as LIBOR plus 1.15% (2.05% at March 31, 2016), are required through February 2017. The revenues derived from the Authority's wastewater line secure this loan.	655,703	-	(342,105)	(313,598)	-
Loan payable to the U.S. Department of Agriculture Rural Development in annual payments of \$91,104, including interest at 4.50% through April 2036. The Authority's regional waterline assets secure this loan.	1,220,649	-	(36,173)	(37,803)	1,146,673
Note payable to NYS Housing Trust Fund. Principal is due in full on December 31, 2038 and is only payable upon loan repayment from ultimate loan recipient. This note does not bear interest. Funds were used to make an economic development loan.	600,000	-	-	-	600,000
Unsecured note payable to the Village of Cape Vincent requiring quarterly payments ranging from \$7,028 to \$7,100, including interest at 2.0% through March 2049.	692,879	-	(14,506)	(14,791)	663,582
Loan payable repaid in 2016	<u>521,561</u>	<u>-</u>	<u>(521,561)</u>	<u>-</u>	<u>-</u>
Loans payable	<u>\$ 4,904,792</u>	<u>\$ -</u>	<u>\$ (964,345)</u>	<u>\$ (416,192)</u>	<u>\$ 3,524,255</u>

10. FINANCING ARRANGEMENTS (Continued)

Future Minimum Payments

The future minimum payments for the Authority's financing arrangements are as follows as of March 31, 2017:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 709,579	\$ 352,998	\$ 1,062,577
2019	726,640	335,378	1,062,018
2020	763,783	316,524	1,080,307
2021	376,008	295,662	671,670
2022	383,323	287,439	670,762
2023 – 2027	2,065,499	1,285,105	3,350,604
2028 – 2032	2,380,903	971,926	3,352,829
2033 – 2037	2,665,581	587,506	3,253,087
2038 – 2042	2,690,049	166,633	2,856,682
2043 – 2047	128,280	13,260	141,540
2048 – 2049	54,611	1,644	56,255
	<u>12,944,256</u>	<u>4,614,075</u>	<u>17,558,331</u>

Interest Paid

Interest paid on all financing arrangements during 2017 and 2016 was \$372,184 and \$181,295, respectively.

11. COMMITMENTS AND CONTINGENCIES

Commitments

The Authority has a lease agreement with the New York State Office of General Services for office space that expires on March 31, 2018. Under the terms of the lease, quarterly payments of \$24,463 are required. Amounts due under this commitment total \$97,852 for the year ending March 31, 2018.

Total rental expense charged to operations amounted to \$99,592 and \$99,591 during the years ended March 31, 2017 and 2016, respectively.

Contingencies

The Authority is subject to litigation in the ordinary conduct of its affairs. Management does not believe, however, that such litigation, individually or in the aggregate, is likely to have a material adverse effect on the financial condition of the Authority.

12. MATERIALS MANAGEMENT FACILITY

Landfill Closure and Post-Closure Care Costs

State and federal laws and regulations require the Authority to place a final cover on its Materials Management Facility (the Facility) landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Closure costs are incurred in phases as needed and post-closure care costs will be paid near or after the date that the landfill stops accepting waste. The Authority reports a portion of these closure and post-closure care costs as a liability in each period based on landfill capacity used as of the statement of net position date. The \$15,962,313 reported as landfill closure and post-closure care liability at March 31, 2017 represents the cumulative amount reported to date based on the use of 77% of the estimated capacity of the landfill. The Authority will recognize the remaining estimated cost of closure and post-closure care of approximately \$4,768,000 as the remaining estimated capacity is filled. These amounts are based on what it is estimated it would cost to perform all closure and post-closure care through 2057. The Authority expects to close the currently permitted landfill in 2027. Actual costs may differ due to inflation, changes in technology, or changes in regulations.

The Authority is required by state and federal laws and regulations to make annual contributions to finance closure and post-closure care. The Authority is in compliance with these requirements, and, at March 31, 2017, investments of \$15,638,082 are held for these purposes. These investments are reported in restricted assets on the statement of net position. The Authority expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users.

Replacement

The Authority charges various tipping fees depending on the type of waste accepted at the Facility. Included in the tipping fee are charges per ton for the replacement of the Facility's equipment and infrastructure. The Authority considers the funds collected from these fees as restricted net assets as the Facility needs to replace capital assets in order to meet the future revenue bonds debt service payments. In 2017 and 2016, tipping fees of approximately \$1,103,500 and \$222,600, respectively, were set aside for replacement. These charges have been recorded as revenue in the accompanying Statement of Revenue, Expenses and Change in Net Position and in restricted net position in the accompanying Statement of Net Position. As funds are expended for their specific purpose they are reclassified to capital assets.

Wetlands Mitigation

In 2015, the Authority established a wetlands mitigation account in order to fund the future expansion of the Facility. The Authority considers these to be restricted net assets as the Facility is required by law to mitigate the wetlands at the Facility in order to expand. The balance in this reserve was \$2,058,132 and \$2,034,523 at March 31, 2017 and 2016.

Investment Income

The Authority has set aside funds in order to meet the future financial obligations of the Facility including closure and post-closure costs, replacement and debt repayments. Investment income on these funds is recorded as revenue/(loss) in the accompanying Statement of Revenue, Expenses and Change in Net Position and amounted to approximately \$80,900 and \$741,300 in 2017 and 2016, respectively.

13. PENSION PLAN

New York State and Local Employees' Retirement System Plan Description

The Authority participates in the New York State and Local Employee's Retirement System (ERS) also referred to as New York State and Local Retirement System (the System). This is a cost-sharing multiple-employer retirement system, providing retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), established to hold all net assets and record changes in plan net position allocated to the System. System benefits are established under the provisions of the New York Retirement and Social Security Law (RSSL). Once an employer elects to participate in the System, the election is irrevocable.

The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Contributions

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute 3% of their salary for their entire length of service. Under the authority of the RSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100% of the contributions required, and were approximately:

2017	\$659,000
2016	\$721,000
2015	\$828,000

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At March 31, 2017, the Authority reported a liability of \$2,709,904 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2016, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At March 31, 2017, the Authority's proportion was 0.0168838%.

13. PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the years ended March 31, 2017 and March 31, 2016, the Authority recognized pension expense of approximately \$968,000 and \$514,000, respectively.

At March 31, 2017, the Authority reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between expected and actual experience	\$ 13,694	\$ 321,214
Changes in assumptions	722,650	-
Net difference between projected and actual earnings on pension plan investments	1,607,664	-
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	8,277	10,388
Contributions subsequent to measurement date	<u>659,418</u>	<u>-</u>
	<u>\$ 3,011,703</u>	<u>\$ 331,602</u>

At March 31, 2016, the Authority reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred outflows of resources</u>
Differences between expected and actual experience	\$ 18,107
Net difference between projected and actual earnings on pension plan investments	98,244
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	7,018
Contributions subsequent to measurement date	<u>721,060</u>
	<u>\$ 844,429</u>

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows for the Plan's year ended March 31:

2017	\$ 512,698
2018	512,698
2019	512,698
2020	<u>481,856</u>
	<u>\$ 2,019,950</u>

The Authority recognized \$659,418 as deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2016, which will be recognized as a reduction of the net pension liability in the year ended March 31, 2018.

13. PENSION PLAN (Continued)

Actuarial Assumptions

The total pension liability at March 31, 2017 was determined by using an actuarial valuation as of April 1, 2015, with update procedures used to roll forward the total pension liability to March 31, 2016. The actuarial valuations used the following actuarial assumptions:

	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Actuarial cost method	Entry age normal	Entry age normal
Inflation	2.5%	2.7%
Salary scale	3.8% indexed by service	4.9% indexed by service
Investment rate of return	7.0% compounded annually, net of investment expenses	7.5% compounded annually, net of investment expenses
Projected cost of living adjustments	1.3% compounded annually	1.4% compounded annually
Decrements	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015	Developed from the Plan's 2010 experience study of the period April 1, 2015 through March 31, 2010
Mortality improvement	Society of Actuaries Scale MP-2014	Society of Actuaries Scale MP-2014

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of March 31, 2016 are summarized in the following table:

<u>Asset type</u>	<u>Target allocations</u>	<u>Long-term expected real rate of return</u>
Domestic equity	38%	7.30%
International equity	13%	8.55%
Private equity	10%	11.00%
Real estate	8%	8.25%
Absolute return	3%	6.75%
Opportunistic portfolio	3%	8.60%
Real asset	3%	8.65%
Bonds and mortgages	18%	4.00%
Cash	2%	2.25%
Inflation-indexed bonds	<u>2%</u>	4.00%
	<u>100%</u>	

13. PENSION PLAN (Continued)

Discount Rate

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension (Liability) Asset to the Discount Rate Assumption

The following presents the Authority's proportionate share of the net pension (liability) asset calculated using the discount rate of 7.0% and 7.5% at March 31, 2017 and 2016, respectively, as well as what the Authority's proportionate share of the net pension (liability) asset would be if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate:

	2017		
	1% Decrease (6.0%)	Current assumption (7.0%)	1% Increase (8.0%)
Proportionate share of net pension asset (liability)	\$ (6,110,636)	\$ (2,709,904)	\$ 163,570
	2016		
	1% Decrease (6.5%)	Current assumption (7.5%)	1% Increase (8.5%)
Proportionate share of net pension asset (liability)	\$ (3,770,203)	\$ (565,635)	\$ 2,139,815

13. PENSION PLAN (Continued)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2016 were as follows:

	Pension Plan's fiduciary net position	Authority's proportionate share of Plan's fiduciary assumption net position	Authority's allocation percentage as determined by the Plan
Total pension liability	\$ 172,303,544,000	\$ 29,091,393	0.0168838%
Net position	<u>(156,253,265,000)</u>	<u>(26,381,489)</u>	0.0168838%
Net pension liability (asset)	<u>\$ 16,050,279,000</u>	<u>\$ 2,709,904</u>	0.0168838%
Fiduciary net position as a percentage of total pension liability	<u>90.7%</u>	<u>90.7%</u>	

14. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Authority provides for postretirement medical benefits to retiring employees after 15 years of service. Employees hired on or after April 1, 2008 will be required to complete 20 years of service. When a retiree reaches age 65, Medicare will provide primary coverage, except as otherwise provided by law. The Plan can be amended by action of the Authority and its Board of Directors. The Plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. The Plan has 57 participants, nine of whom are retired.

Funding Policy

As of the date of these financial statements, New York State did not yet have legislation that would enable government entities to establish a Governmental Accounting Standards Board (GASB) qualifying trust for the purpose of funding other post-employment benefits (OPEB) benefits. For this reason the Authority has not funded its OPEB benefits. However, the Authority did, by Board resolution, establish a designated investment fund for this purpose. As of March 31, 2017 and 2016, this account had a market value of \$3,792,460 and \$2,935,377, respectively. Pending such legislation, the Authority intends to transfer these funds into a qualifying OPEB reserve fund.

Annual OPEB Cost and Net OPEB Obligation

The Authority's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with generally accepted accounting principles. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year plus the amortization of the unfunded actuarial accrued liability over a period not to exceed thirty years.

14. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The following table shows the components of the Authority's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the Authority's net OPEB obligation:

	<u>2017</u>	<u>2016</u>
Annual required contribution	\$ 469,377	\$ 469,377
Interest on net OPEB obligation	45,754	116,506
Adjustment to ARC	<u>-</u>	<u>(115,752)</u>
Annual OPEB cost	515,131	470,131
Contributions made	<u>(54,609)</u>	<u>(47,574)</u>
Increase in net OPEB obligation	460,522	422,557
Net OPEB obligation - beginning of year	<u>3,335,219</u>	<u>2,912,662</u>
Net OPEB obligation - end of year	<u>\$ 3,795,741</u>	<u>\$ 3,335,219</u>

Percentage of Annual OPEB Cost

Contributed 5.0%

Funded Status and Funding Progress

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Accrued Liability (AAL) at March 31, 2016	<u>\$ 4,205,805</u>
Covered payroll	<u>\$ 2,768,540</u>
Ratio of unfunded AAL to covered payroll	<u>151.9%</u>

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan as understood by the employer and plan members and include the types of benefits provided at the time of the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the March 31, 2016 actuarial valuation, the following methods and assumptions were used:

Actuarial Cost Method	Entry Age Actuarial Accrued Liability Cost Method
Discount Rate	4.0%
Medical Care Cost Trend Rate	5.0% blended rate
Unfunded Actuarial Accrued Liability (AAL)	
Amortization period	30 years
Amortization method	Level dollar
Amortization basis	Open

14. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Schedule of Funding Progress

The schedule of funding progress presents information on the actuarial value of plan assets relative to the actuarial accrued liabilities for benefits.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/(c)
March 31, 2016	\$ -	\$ 4,205,805	\$ 4,205,805	0.0%	\$ 2,768,540	151.9%
March 31, 2013	\$ -	\$ 3,167,367	\$ 3,167,367	0.0%	\$ 3,773,859	83.9%
March 31, 2010	\$ -	\$ 2,393,349	\$ 2,393,349	0.0%	\$ 2,609,714	91.7%

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

SUPPLEMENTAL SCHEDULE OF REVENUE, EXPENSES AND CHANGE IN NET POSITION BY DEPARTMENT
FOR THE YEAR ENDED MARCH 31, 2017

	General and Administration	Solid Waste Management Facility	Water and Waste Water Operations	Telecommunications Network	Housing and Economic Development	Engineering	Total
OPERATING REVENUE:							
Customer billings	\$ -	\$ 10,004,945	\$ 6,271,311	\$ 5,640,407	\$ 186,015	\$ 829,485	\$ 22,932,163
Grant revenue	6,690	22,728	-	2,222,000	1,673,472	-	3,924,890
Loan interest income	-	-	-	-	664,528	-	664,528
Other revenue	112,830	798,956	13,786	57,214	126,804	-	1,109,590
Total operating revenues	119,520	10,826,629	6,285,097	7,919,621	2,650,819	829,485	28,631,171
OPERATING EXPENSES:							
Depreciation and amortization	183,982	5,142,510	806,784	3,990,365	-	22,257	10,145,898
Salaries	47,294	1,605,803	1,146,730	1,164,675	363,678	514,339	4,842,519
Fringe benefits	80,378	862,198	594,772	463,708	171,529	221,667	2,394,252
Operation and maintenance	10,280	804,957	63,920	1,174,999	13,323	48,327	2,115,806
Wastewater treatment	-	283,333	1,109,500	-	-	-	1,392,833
Water purchases	-	-	1,079,261	-	-	-	1,079,261
Community benefits	-	884,300	-	-	20,758	-	905,058
Closure and post-closure costs	-	846,790	-	-	-	-	846,790
Grant	-	-	-	-	631,753	-	631,753
Office and administrative	129,644	120,298	53,531	98,387	15,893	50,094	467,847
Insurance	16,606	142,572	77,920	94,267	-	9,876	341,241
Automobile	1,319	20,286	114,305	49,096	-	16,892	201,898
Utilities	-	57,602	84,074	2,462	-	-	144,138
Materials and supplies	-	196,176	-	-	-	-	196,176
Professional fees	67,323	21,735	3,501	31,653	208,132	203	332,547
Computer	96,054	20,971	5,746	5,157	-	44,547	172,475
NYS administrative assessment	-	48,537	37,131	31,424	-	4,908	122,000
Repairs and maintenance	-	16,315	131,261	-	-	-	147,576
Engineering allocation	-	27,749	38,474	17,430	2,662	(86,315)	-
Administrative allocation	(316,251)	112,277	73,228	94,042	34,462	2,242	-
Total operating expenses	316,629	11,214,409	5,420,138	7,217,665	1,462,190	849,037	26,480,068
Total operating income	(197,109)	(387,780)	864,959	701,956	1,188,629	(19,552)	2,151,103
NON-OPERATING REVENUE (EXPENSE):							
Interest income	68,300	80,946	(27,282)	7,356	95,787	-	225,107
Gain on sale of capital assets, net	37,552	44,461	-	-	-	-	82,013
Bond issuance costs	-	-	-	-	-	-	-
Interest expense	-	(267,665)	(75,680)	-	-	-	(343,345)
Total non-operating revenue (expense)	105,852	(142,258)	(102,962)	7,356	95,787	-	(36,225)
CHANGE IN NET POSITION	\$ (91,257)	\$ (530,038)	\$ 761,997	\$ 709,312	\$ 1,284,416	\$ (19,552)	\$ 2,114,878

The accompanying notes are an integral part of these schedules.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

SUPPLEMENTAL SCHEDULE OF NORTH COUNTRY ECONOMIC DEVELOPMENT
 FUND ACTIVITY
 FOR THE YEAR ENDED MARCH 31, 2017

	<u>Total</u>
Funds held for others - beginning of year	\$ 10,101,175
Loan interest income	30,955
Miscellaneous income	-
Investment income	79,639
Mark to market adjustment	(12,731)
Investment fees	(4,023)
Consulting expense	<u>(8,000)</u>
Change in fund	<u>85,840</u>
Funds held for others - end of year	<u>\$ 10,187,015</u>
Assets held for North County Economic Development	
Investments	\$ 8,668,405
Loan interest receivable	1,146
Loans receivable	<u>1,517,464</u>
	<u>\$ 10,187,015</u>
Funds held for others	<u>\$ 10,187,015</u>

The accompanying notes are an integral part of these schedules.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) (UNAUDITED)
FOR THE YEAR ENDED MARCH 31, 2017

	Last 10 Fiscal Years									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN										
Proportion of the net pension liability (asset)	0.017%	0.017%								
Proportionate share of the net pension liability (asset)	\$ 2,709,904	\$ 565,635								
Covered-employee payroll	\$ 4,355,501	\$ 4,052,840								
Proportionate share of the net pension liability (asset)	62.22%	13.96%								
as a percentage of its covered-employee payroll										
Plan fiduciary net position as a percentage of the total pension										

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

**DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY
 SCHEDULE OF CONTRIBUTIONS - PENSION PLANS (UNAUDITED)
 FOR THE YEAR ENDED MARCH 31, 2017**

	Last 10 Fiscal Years									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN										
Contractually required contribution	\$ 659,418	\$ 601,067								
Contributions in relation to the contractually required contribution	659,418	601,067								
Contribution deficiency (excess)	-	\$ -								
Covered-employee payroll	\$ 4,355,501	\$ 4,052,840								
Contributions as a percentage of covered-employee payroll	15.14%	14.83%								

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

June XX, 2017

To the Board of Directors of the
Development Authority of the North Country:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Development Authority of the North Country (the Authority) (a public benefit corporation of the State of New York), as of and for the year ended March 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June XX, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

June XX, 2017

To the Board of Directors of the
Development Authority of the North Country

Report on Compliance for Each Major Federal Program

We have audited the Development Authority of the North Country's (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended March 31, 2017. The Authority's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended March 31, 2017.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

(Continued)

Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2017**

<u>Federal Grantor/ Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Grant or Pass Through Number</u>	<u>Expenditures to Subrecipients</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
Passed through Jefferson County: Home Investment Partnerships Program	14.239	M16-DC360512	\$ 615,858	\$ 646,858
U.S. DEPARTMENT OF DEFENSE:				
Direct: Community Economic Adjustment Assistance for Compatible Use and Joint Land Use Studies	12.610	HQ00051610007	N/A	<u>180,472</u>
Total expenditures of federal awards				<u>\$ 827,330</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

General

The schedule of expenditures of federal awards presents the activity of all federal award programs of Development Authority of the North Country. The schedule includes expenditures of federal programs received directly from federal agencies, as well as federal assistance passed through other organizations. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of *Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

Basis of Accounting

The accompanying schedule of expenditures of federal awards has been prepared in conformity with accounting principles generally accepted in the United States of America and amounts presented are derived from the Authority's general ledger.

Indirect and Matching Costs

Indirect costs may be included in the reported expenditures to the extent that they are included in the federal financial reports used as the source for the data presented. Matching costs (the Authority's share of certain program costs) are not included in the reported expenditures.

The Authority did not elect to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED MARCH 31, 2017**

No Single Audit was required under the Uniform Guidance for the year ended March 31, 2016.

Draft - Subject to Change

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED MARCH 31, 2017

A. SUMMARY OF AUDITOR'S RESULTS

1. The independent auditor's report expresses an unmodified opinion on whether the financial statements of the Development Authority of the North Country (the Authority) are prepared in accordance with GAAP.
2. No material weaknesses or significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Authority, which would be required to be reported with *Government Auditing Standards*, were disclosed during the audit.
4. No material weaknesses or significant deficiencies related to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor's report expresses an unmodified opinion on compliance for the major federal award program for the Authority.
6. There were no audit findings relative to the major federal award program for the Authority.
7. The program tested as a major program was Home Investment Partnerships Program, CFDA #14.239
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The Authority was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

None

D. SUMMARY OF PRIOR YEAR FINDINGS

None

**DEVELOPMENT AUTHORITY OF
THE NORTH COUNTRY**

**Communication of Matters Related to Internal
Control Over Financial Reporting
June 2017**

June 2017

To the Board of Directors of the
Development Authority of the North Country:

In planning and performing our audit of the financial statements of Development Authority of the North Country (the Authority) as of and for the year ended March 31, 2017, in accordance with auditing standards generally accepted in the United States, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

This communication is intended solely for the information and use of management, Board of Directors and others within the Authority, and is not intended to be and should not be used by anyone other than these specified parties.

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DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

COMMUNICATIONS OF MATTERS RELATED TO INTERNAL CONTROL OVER FINANCIAL REPORTING JUNE 2017

SUMMARY OBSERVATIONS REGARDING INTERNAL CONTROL ENVIRONMENT

Our audit process and related testing determined that the accounting records and documentation maintained by the Authority accounting and management personnel were well prepared for audit purposes. The best evidence of the preceding statement is reflected by the following audit results:

- a) We did not identify any internal control deficiencies or material weaknesses during the course of our audit process.
- b) There were no "Audit Adjustments" required that related to errors or omissions by the Authority accounting personnel.

The results described above are desirable objectives for any Organization subject to a financial statement audit process.

While we did not identify any specific recommendations for improvement in this area, we want to emphasize the importance of board oversight and involvement as a key component of the Authority's internal control environment.

We appreciate the cooperation and courtesies extended by your personnel to our representatives during the course of the audit process.

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

June XX, 2017

To the Board of Directors of
Development Authority of the North Country:

We have performed the procedures enumerated below, which were agreed to by the Development Authority of the North Country (the Authority), solely to assist you in evaluating the Regional Waterline Capital and Operating Reserve Funding analysis for the year ended March 31, 2017. The Authority's management is responsible for the Regional Waterline Capital and Operating Reserve Funding analysis. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. We obtained the Regional Waterline Capital and Operating Reserve Funding analysis for the year ended March 31, 2017 as attached in Exhibit I.
2. We recalculated the revenue (billings) recognized in the Regional Waterline Capital and Operating Reserve Funding analysis. For the capital component, we verified the fixed costs per customer to the fixed rates approved in the Board minutes and published by the Authority for the year. For the operating component, we multiplied the water flows for the year by the per gallon rate approved in the Board minutes and published by the Authority.

We were able to recalculate the revenue recognized for the operating and capital components as stated in Exhibit I, without exception.

3. For six customers on the Regional Waterline, we obtained the quarterly billing for the period April 2016 through March 2017. We then traced the water flows charged to the customer on the related billing document to the water flow logs. We also tested the mathematical accuracy of the billing.

We noted no exceptions as a result of this procedure.

4. We obtained the detail of expenses for the Regional Waterline. We then selected a sample of 20 expenses charged to the Regional Waterline and obtained the related invoices to determine whether the expense was an expense related to the Regional Waterline. Our sample represented \$111,902 of expenses.

We noted no exceptions as a result of this procedure.

5. We obtained the principal payments made on the Regional Waterline debt for the year ending March 31, 2017 and agreed the total principal payments to the Regional Waterline Capital and Operating Reserve Funding analysis.

We noted no exceptions as a result of this procedure.

6. We obtained the interest payments made on the Regional Waterline debt for the year ending March 31, 2017 and agreed total interest payments to the Regional Waterline Capital and Operating Reserve Funding analysis.

We noted no exceptions as a result of this procedure.

7. The capital costs charged to the Regional Waterline were reconciled to the fixed asset records of the Authority.

We noted no exceptions as a result of this procedure.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not conduct an audit, the objectives of which would be the expression of an opinion on the Regional Waterline – Capital and Operating Reserve Funding Analysis. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Directors, management and others within the Authority and is not intended to be and should not be used by anyone other than these specified parties.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

REGIONAL WATERLINE - CAPITAL AND OPERATING RESERVE FUNDING
FOR THE YEAR ENDED MARCH 31, 2017

	<u>Capital</u>	<u>Operating</u>	<u>Total</u>
Reserves Held - March 31, 2016	\$ 181,834	\$ 44,798	\$ 226,632
Billings FYE 2017	307,498	125,263	432,761
Interest Income and miscellaneous income	932	-	932
Expenses	(125,665)	(140,400)	(266,065)
Interest Expense	(68,849)	-	(68,849)
Principal Payment	(64,128)	-	(64,128)
Capital Costs	(4,526)	-	(4,526)
Change In Reserves	45,262	(15,137) ¹	30,125
Transfer to Offset Losses	(15,137)	15,137	-
Net Change in Reserve	<u>30,125</u>	<u>-</u>	<u>30,125</u>
Reserves Held - March 31, 2017	<u>\$ 211,959</u>	<u>\$ 44,798</u>	<u>\$ 256,757</u>

¹ The deficit in the operating reserve is attributable to the reconciliation of actual cost charged for water by the village of Cape Vincent for the Village's fiscal year ending May 2016. The reconciliation resulted in additional costs as follows:

Village of Cape Vincent	\$ 7,330
Town of Cape Vincent	6,486
Total	<u>\$ 13,816</u>

Additionally, there was a deficit of approximately \$1,321 that was a result of water loss in excess of the 6% that was budgeted.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS RELATED TO INVESTMENT GUIDELINES FOR PUBLIC AUTHORITIES

June XX, 2017

To the Board of Directors of
Development Authority of the North Country:

We have examined Development Authority of the North Country's (a New York State Public Benefit Corporation) (the Authority), compliance with its own investment policies, applicable laws and regulations related to investments, and the New York State Office of the State Comptroller Investment Guidelines for Public Authorities for the year ended March 31, 2017. Management is responsible for the Authority's compliance with the specified requirements. Our responsibility is to express an opinion on the Authority's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Authority complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Authority complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Authority's compliance with specified requirements.

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements for the year ended March 31, 2017.

This report is intended solely for the information and use of management and the Board of Directors of the Authority and the New York State Office of the State Comptroller and is not intended to be and should not be used by anyone other than these specified parties.

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DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY
For the One Month Ending Sunday, April 30, 2017

YTD
ACTUAL

PRIOR FISCAL
YEAR TOTAL

STATEMENT OF NET POSITION

ASSETS

Cash and Cash Equivalents	\$11,272,500.81	\$11,137,411.53
Accounts Receivable	3,183,625.48	3,061,811.07
Unbilled Revenue	286,202.73	467,598.63
Interest Receivable	218,497.37	220,214.01
Loans Receivable, net	32,051,329.50	32,279,780.84
Inventory	9,823.37	9,823.37
Prepaid Expense	434,791.23	501,620.50
Investments	41,745,448.81	40,748,401.17
Funds Held In Trust	1,808,949.65	2,101,945.18
Restricted Assets	59,513,667.85	59,274,439.32
Leased Property	135,497.61	137,163.38
Capital Assets, net	68,945,472.26	69,514,291.38
Total Assets	219,605,806.67	219,454,500.38

DEFERRED OUTFLOWS OF RESOURCES

Pension	3,011,703.00	3,011,703.00
Total Deferred Outflows of Resources	3,011,703.00	3,011,703.00

TOTAL ASSETS PLUS DEFERRED OUTFLOWS

222,617,509.67 **222,466,203.38**

LIABILITIES

Accounts Payable	1,968,475.04	1,995,591.03
Grants & Passthroughs Payable	309,475.23	220,415.78
Community Benefits Payable	54,971.49	209,823.15
Interest Payable	117,972.60	104,945.87
Accrued Expenses	429,584.94	387,902.66
OPEB Liability	3,832,114.70	3,795,740.93
Net Pension Liability	2,709,904.00	2,709,904.00
Unearned Income	4,673,853.22	3,980,968.05
Lease Obligation	135,497.61	137,163.38
Funds Held for Others	10,187,015.47	10,187,015.47
Due to US ARMY	749,985.00	749,985.00
Landfill Closure & Post Closure	16,063,728.25	15,962,312.41
Long-term Liabilities	12,600,171.27	12,959,912.95
Total Liabilities	53,832,748.82	53,401,680.68

DEFERRED INFLOWS OF RESOURCES

Pension	331,602.00	331,602.00
Total Deferred Inflows of Resources	331,602.00	331,602.00

TOTAL LIABILITIES PLUS DEFERRED INFLOWS

54,164,350.82 **53,733,282.68**

NET POSITION

Invested In Capital Assets, Net	58,904,925.58	59,113,520.69
Restricted for:		
Community Rental Housing Program	13,768,755.71	13,779,467.71
Community Development Loan Fund	100,000.00	100,000.00
Affordable Housing Program	21,928,552.34	21,904,937.61
Army Water & Sewer	1,800,000.00	1,800,000.00
Regional Waterline	397,761.31	397,761.31
Reserve For Liner & Replacement	6,401,891.32	6,328,636.73
Reserve For Wetland Mitigation	2,060,587.47	2,058,132.17
OATN Reserve	9,612,147.81	9,578,036.30
Total Restricted	56,069,695.96	55,946,971.83
Board Designated for:		
Supplemental Insurance Reserve	7,000,000.00	7,000,000.00
Infrastructure Development	223,107.42	223,107.42
Capital Reserve	16,458,816.00	16,323,012.90
Tip Fee Stabilization	3,116,743.79	3,075,095.12
Carbon Credit Reserve	564,160.80	562,619.00
Landfill Gas Reserve	1,666,483.11	1,628,618.84
Community Development Loan Fund	9,955,389.06	9,949,478.69
Affordable Housing Program	3,000,000.00	3,000,000.00
Administrative Reserve	4,000,000.00	4,000,000.00
Total Board Designated	45,984,700.18	45,761,931.97

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY
For the One Month Ending Sunday, April 30, 2017

	YTD ACTUAL	PRIOR FISCAL YEAR TOTAL
Undesignated	7,493,837.13	7,910,496.21
Total Net Postion	168,453,158.85	168,732,920.70
Total Liabilities, Deferred Outflows & Net Position	<u>222,617,509.67</u>	<u>222,466,203.38</u>

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY
For the One Month Ending Sunday, April 30, 2017

	YTD ACTUAL	PRIOR FISCAL YEAR TOTAL
CHANGE IN NET POSITION		
OPERATING REVENUE:		
Customer Billings	1,747,240.54	22,932,162.53
Grant Revenue	0.00	3,924,890.64
Loan Interest Income	39,411.82	664,527.51
Other Income	47,364.25	1,191,604.08
Total Operating Revenue	1,834,016.61	28,713,184.76
OPERATING EXPENSES		
Salaries	390,186.81	4,842,522.14
Operation & Maintenance	391,952.04	2,115,802.78
Wastewater Treatment	106,358.96	1,392,832.79
Closure & Post Closure Costs	101,415.84	846,789.46
Community Benefits	75,729.21	905,058.61
Fringe Benefits	172,194.44	2,394,247.92
Water Purchases	67,700.73	1,079,261.30
Office & Administration	27,178.53	467,853.59
Insurance	30,066.66	341,240.68
Utilities	5,206.07	144,137.80
Materials & Supplies	230.20	196,175.69
Professional Fees	17,537.48	332,545.15
Repairs & Maintenance	7,374.31	147,576.72
Automobile	14,215.68	201,896.35
Computer Expenses	23,548.56	172,476.51
Grants	0.00	631,753.16
Total Operating Expenses	1,430,895.52	16,212,170.65
Total Operating Income	403,121.09	12,501,014.11
NON-OPERATING REVENUE (EXPENSE)		
Interest Income	251,660.44	225,106.31
Depreciation	(909,074.89)	(10,121,531.28)
Amortization	(2,030.56)	(24,366.72)
NYS Administrative Assessment	0.00	(122,000.00)
Interest Expense	(23,437.93)	(343,344.28)
Total Non-Operating Expense, Net	(682,882.94)	(10,386,135.97)
CHANGE IN NET ASSETS	(279,761.85)	2,114,878.14

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY
For the One Month Ending Sunday, April 30, 2017

STATEMENT OF NET POSITION

	ADMIN	MATERIALS MANAGEM...	TELECOM	ARMY SEWER	ARMY WATER	REGIONAL WATER	WQ CONTRACTS	ENGINEERI...	REGIONAL DEVELOPMENT	TOTAL
ASSETS										
Cash and Cash Equivalents	\$8,131,717.54									\$11,273,500.81
Accounts Receivable	(184,777)	1,014,903.74	\$3,140,783.27	767,936.20	295,039.45	102,763.98	47,810.01	64,670.28	113,028.46	3,183,625.48
Unbilled Revenue	121.33		777,658.13	66,436.84	12,311.22	34,132.30	56,561.66	98,478.70	18,160.68	286,202.73
Interest Receivable	32,868.52	40,783.14							144,845.71	218,497.37
Loans Receivable, net		9,823.37							9,823.37	32,051,329.50
Inventory			156,556.86							434,791.23
Prepaid Expense	278,234.37								7,312,113.92	41,745,448.81
Investments	13,578,515.10	20,854,819.79							1,808,949.65	1,808,949.65
Funds Held In Trust		1,808,949.65							22,575,299.94	59,513,667.85
Restricted Assets		24,248,275.25							135,497.61	135,497.61
Leased Property			25,602,305.60	3,181,180.30	1,237,230.51	3,635,056.48		101,015.57		68,945,472.26
Capital Assets, net	553,590.56	34,635,093.24	39,358,960.30	5,724,039.80	2,476,482.90	4,140,000.80	104,371.67	264,164.55	62,350,275.82	219,605,806.67
Total Assets	22,574,862.65	82,612,648.18	39,358,960.30	5,724,039.80	2,476,482.90	4,140,000.80	104,371.67	264,164.55	62,350,275.82	222,617,509.67
DEFERRED OUTFLOWS OF RESO...										
Pension	3,011,703.00									3,011,703.00
Total Deferred Outflows of Resources	3,011,703.00									3,011,703.00
TOTAL ASSETS PLUS DEFERRED...	25,586,565.65	82,612,648.18	39,358,960.30	5,724,039.80	2,476,482.90	4,140,000.80	104,371.67	264,164.55	62,350,275.82	222,617,509.67
LIABILITIES										
Accounts Payable	260,578.56	39,791.08	51,868.37	278,201.50	1,300,666.39	36,622.48	192.00	564.66		1,968,475.04
Grants & Passthroughs Payable			230,208.48						79,265.75	309,475.23
Community Benefits Payable		54,971.49								54,971.49
Interest Payable		117,972.60								117,972.60
Accrued Expenses	243,460.75	58,374.37	67,498.98	13,708.90	13,708.90			32,833.04		429,584.94
OPEB Liability	3,832,114.70									3,832,114.70
Net Pension Liability	2,709,904.00		1,945,359.54						2,728,493.68	2,709,904.00
Unearned Income									135,497.61	135,497.61
Lease Obligation									10,187,015.47	10,187,015.47
Funds Held for Others				748,985.00						748,985.00
Due to US ARMY									600,000.00	600,000.00
Landfill Closure & Post Closure	1,114,000.00	8,988,445.51	537,952.61	(1,202,300.39)	(919,852.89)	1,897,725.76	(491,378.09)	156,809.66	(91,356.30)	16,063,726.25
Long-term Liabilities	12,234,629.81	(10,146,366.40)			494,522.40	(178,138.01)	(491,186.09)	190,207.36		12,600,171.27
Internal Due To/Due From	20,394,687.82	15,176,916.90	2,832,877.98	(160,404.99)		1,756,210.23			13,638,917.21	53,832,748.82
Total Liabilities										
DEFERRED INFLOWS OF RESOURCES										
Pension	331,602.00									331,602.00
Total Deferred Inflows of Resources	331,602.00									331,602.00
TOTAL LIABILITIES PLUS DEFERR...	20,726,289.82	15,176,916.90	2,832,877.98	(160,404.99)	494,522.40	1,756,210.23	(491,186.09)	190,207.36	13,638,917.21	54,164,350.82
NET POSITION										
Invested In Capital Assets, Net	553,590.56	26,492,272.32	25,602,305.60	3,181,180.30	1,237,230.51	1,737,330.72		101,015.57		58,904,925.58
Restricted for:										
Community Rental Housing Program									13,768,755.71	13,768,755.71
Community Development Loan Fund									100,000.00	100,000.00
Affordable Housing Program					900,000.00	387,761.31			21,928,552.34	21,928,552.34
Army Water & Sewer										1,800,000.00
Regional Waterline										397,761.31
Reserve For Liner & Replacement		6,401,891.32							6,401,891.32	6,401,891.32
Reserve For Wetland Mitigation		2,060,587.47							2,060,587.47	2,060,587.47
OATN Reserve			9,612,147.81							9,612,147.81
Total Restricted		8,462,478.79	9,612,147.81	900,000.00	900,000.00	387,761.31			35,797,308.05	56,068,695.96
Board Designated for:										
Supplemental Insurance Reserve		7,000,000.00								7,000,000.00
Infrastructure Development		15,792,331.08								223,107.42
Capital Reserve		3,116,743.79								16,458,816.00
Trip Fee Stabilization		564,160.80								3,116,743.79
Carbon Credit Reserve		1,666,483.11								564,160.80
Landfill Gas Reserve									9,955,389.06	9,955,389.06
Community Development Loan Fund									3,000,000.00	3,000,000.00
Affordable Housing Program										4,000,000.00
Administrative Reserve										45,984,700.18
Total Board Designated		28,139,718.78		889,592.34					12,955,389.06	45,984,700.18
Undesignated	306,685.27	4,341,261.39	1,311,628.91	913,672.15	(155,270.01)	248,698.54	595,557.76	(27,058.38)	(41,338.50)	7,493,837.13

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

For the One Month Ending Sunday, April 30, 2017

	ADMIN	MATERIALS MANAGEMENT...	TELECOM	ARMY SEWER	ARMY WATER	REGIONAL WATER	WQ CONTRACTS	ENGINEERI...	REGIONAL DEVELOPMENT	TOTAL
Total Net Position	4,860,275.83	67,435,731.28	36,526,082.32	5,884,444.79	1,981,960.50	2,383,790.57	595,557.76	73,957.19	48,711,358.61	188,453,158.85
Total Liabilities, Deferred Outflows...	25,586,565.65	82,612,648.18	39,358,960.30	5,724,039.80	2,476,482.90	4,140,000.80	104,371.67	264,164.55	62,350,275.82	222,617,509.67

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY
For the One Month Ending Sunday, April 30, 2017

	ADMIN	MATERIALS MANAGEMENT...	TELECOM	ARMY SEWER	ARMY WATER	REGIONAL WATER	WQ CONTRACTS	ENGINEERIN...	REGIONAL DEVELOPMENT	TOTAL
CHANGE IN NET POSITION										
OPERATING REVENUE:										
Customer Billings				252,322.77	170,328.37	34,132.28	56,732.72	96,944.73	12,245.11	1,747,240.54
Loan Interest Income	10,741.54	23,437.79	3,400.87	1,111.17					39,411.82	39,411.82
Other Income	10,741.54	687,645.12	463,728.10	283,433.94	170,328.37	34,132.28	56,732.72	96,944.73	8,672.88	47,364.25
Total Operating Revenue									60,329.81	1,834,016.61
OPERATING EXPENSES										
Salaries	4,073.63	125,182.57	93,551.15	29,917.31	21,402.86	3,922.57	28,404.86	54,410.20	29,321.66	390,186.81
Operation & Maintenance		305,451.73	85,642.26	603.65		62.40	192.00			391,952.04
Wastewater Treatment		(4,332.00)		110,690.96						106,358.96
Closure & Post Closure Costs		101,415.84								101,415.84
Community Benefits		54,971.49								75,729.21
Fringe Benefits	6,243.23	61,041.04	31,754.65	13,291.93	9,690.92	1,679.37	16,336.10	19,966.79	12,190.41	173,194.44
Water Purchases				59,822.67		7,878.06				67,700.73
Office & Administration	12,964.44	1,639.46	4,873.14	3,639.68	2,108.33	408.33	2.75	2,698.63	1,360.43	27,178.53
Insurance	1,475.00	12,908.33	8,416.67	3,300.00	2,108.33		641.67	808.33		30,066.66
Utilities		4,021.55		23.65		1,160.87				5,206.07
Materials & Supplies		230.20								230.20
Professional Fees	1,757.31	3,510.37	1,129.58	259.31	139.63	1,397.05			10,741.28	17,537.48
Repairs & Maintenance		3,718.42		1,852.75	408.09					7,374.31
Automobile	47.64		3,756.32	6,927.99				1,463.67		11,149.06
Computer Expenses	1,376.37	2,020.06		2,002.19				20,170.00		24,578.62
Admin Allocation	(34,751.73)	12,652.38	10,674.41	3,642.16	3,593.74	303.82	255.05	331.74	3,298.43	23,548.56
Engineering Allocation		4,933.42	6,648.24	2,167.93	2,173.40	1,091.91	243.86	(17,265.34)	6.58	14,215.68
Water Sewer Allocation				(11,296.30)	2,383.17	528.86	8,284.27			230.20
Total Operating Expenses	(6,814.11)	689,364.86	246,446.42	167,023.21	101,720.81	18,633.24	54,360.56	82,584.02	77,676.51	1,430,895.52
Total Operating Income	17,555.65	(1,719.74)	217,281.68	86,410.73	68,607.56	15,699.04	2,372.16	14,360.71	(17,348.70)	403,121.09
NON-OPERATING REVENUE (EX...										
Interest Income	32,484.44	147,867.28	34,504.08	9,043.24	4,932.68	46.01			22,782.71	251,660.44
Depreciation	(15,876.73)	(474,029.98)	(349,537.25)	(46,195.52)	(9,143.22)	(12,082.01)		(2,210.17)		(909,074.89)
Amortization						(2,030.56)				(2,030.56)
Interest Expense		(23,437.93)								(23,437.93)
Total Non-Operating Expense, Net	16,607.71	(349,600.64)	(315,033.17)	(37,152.28)	(4,210.54)	(14,066.56)		(2,210.17)	22,782.71	(682,882.94)
CHANGE IN NET ASSETS	34,163.36	(351,320.38)	(97,751.49)	49,258.45	64,397.02	1,532.48	2,372.16	12,150.54	5,436.01	(279,761.85)

**Summary of All Units
Change In Net Position
For the One Month Ending Sunday, April 30, 2017**

Account Description	Annual Budget	YTD Budget	Actual YTD	YTD Variance Over (Under)
OPERATING REVENUE:				
Customer Billings	\$22,036,106.00	\$1,836,339.00	\$1,747,240.54	(\$89,098.46)
Grant Revenue	2,312,336.00	192,694.00	0.00	(192,694.00)
Loan Interest Income	584,700.00	48,724.00	39,411.82	(9,312.18)
Other Income	1,014,734.00	84,561.00	47,364.25	(37,196.75)
Total Operating Revenue	25,947,876.00	2,162,318.00	1,834,016.61	(328,301.39)
OPERATING EXPENSES				
Salaries	5,413,139.00	451,093.00	390,186.81	(60,906.19)
Fringe Benefits	2,455,181.00	204,599.00	172,194.44	(32,404.56)
Operation & Maintenance	5,185,308.00	432,115.00	429,716.28	(2,398.72)
Wastewater Treatment	1,585,091.00	132,091.00	106,358.96	(25,732.04)
Closure & Post Closure Costs	717,313.00	59,776.00	101,415.84	41,639.84
Water Purchases	861,096.00	71,758.00	67,700.73	(4,057.27)
Community Benefits	774,034.00	64,503.00	75,729.21	11,226.21
Office & Administration	654,700.00	54,563.00	27,178.53	(27,384.47)
Insurance	360,800.00	30,066.00	30,066.66	0.66
Utilities	172,000.00	14,333.00	5,206.07	(9,126.93)
Materials & Supplies	250,000.00	20,833.00	230.20	(20,602.80)
Professional Fees	591,438.00	49,288.33	17,537.48	(31,750.85)
Repairs & Maintenance	163,500.00	13,625.00	7,374.31	(6,250.69)
Grants	850,000.00	70,833.00	0.00	(70,833.00)
Admin Allocation	0.00	1.00	0.00	(1.00)
Water Sewer Allocation	0.00	(1.00)	0.00	1.00
Contingency	80,000.00	6,667.00	0.00	(6,667.00)
Total Operating Expenses	20,113,600.00	1,676,143.33	1,430,895.52	(245,247.81)
Total Operating Income	5,834,276.00	486,174.67	403,121.09	(83,053.58)
NON-OPERATING REVENUE (EXP...)				
Interest Income	1,229,995.00	102,501.00	251,660.44	149,159.44
Depreciation	(11,509,877.00)	(959,157.00)	(909,074.89)	50,082.11
Amortization	(53,932.00)	(4,495.00)	(2,030.56)	2,464.44
NYS Administrative Assessment	(124,873.00)	(10,406.00)	0.00	10,406.00
Interest Expense	(369,296.00)	(30,775.00)	(23,437.93)	7,337.07
Total Non-Operating Expense,...	(10,827,983.00)	(902,332.00)	(682,882.94)	219,449.06
CHANGE IN NET POSITION	(4,993,707.00)	(416,157.33)	(279,761.85)	136,395.48

Administration
Change In Net Position
For the One Month Ending Sunday, April 30, 2017

Account Description	Annual Budget	YTD Budget	Actual YTD	YTD Variance Over (Under)
OPERATING REVENUE:				
Grant Revenue	\$10,000.00	\$833.00	\$0.00	(\$833.00)
Other Income	171,900.00	14,325.00	10,741.54	(3,583.46)
Total Operating Revenue	181,900.00	15,158.00	10,741.54	(4,416.46)
OPERATING EXPENSES				
Salaries	35,738.00	2,978.00	4,073.63	1,095.63
Fringe Benefits	87,279.00	7,274.00	6,243.23	(1,030.77)
Operation & Maintenance	192,172.00	16,014.00	1,424.01	(14,589.99)
Office & Administration	177,135.00	14,764.00	12,964.44	(1,799.56)
Insurance	17,700.00	1,475.00	1,475.00	0.00
Professional Fees	93,600.00	7,800.00	1,757.31	(6,042.69)
Admin Allocation	(490,160.00)	(40,847.00)	(34,751.73)	6,095.27
Contingency	20,000.00	1,667.00	0.00	(1,667.00)
Total Operating Expenses	133,464.00	11,125.00	(6,814.11)	(17,939.11)
Total Operating Income	48,436.00	4,033.00	17,555.65	13,522.65
NON-OPERATING REVENUE (EXP...)				
Interest Income	182,400.00	15,200.00	32,484.44	17,284.44
Depreciation	(210,300.00)	(17,525.00)	(15,876.73)	1,648.27
Total Non-Operating Expense,...	(27,900.00)	(2,325.00)	16,607.71	18,932.71
CHANGE IN NET POSITION	20,536.00	1,708.00	34,163.36	32,455.36

**Materials Management
Change In Net Position
For the One Month Ending Sunday, April 30, 2017**

Account Description	Annual Budget	YTD Budget	Actual YTD	YTD Variance Over (Under)
OPERATING REVENUE:				
Customer Billings	\$9,078,356.00	\$756,529.00	\$664,207.33	(\$92,321.67)
Grant Revenue	96,000.00	8,000.00	0.00	(8,000.00)
Other Income	767,500.00	63,959.00	23,437.79	(40,521.21)
Total Operating Revenue	9,941,856.00	828,488.00	687,645.12	(140,842.88)
OPERATING EXPENSES				
Salaries	1,794,568.00	149,546.00	125,182.57	(24,363.43)
Fringe Benefits	905,929.00	75,493.00	61,041.04	(14,451.96)
Operation & Maintenance	2,916,715.00	243,062.00	307,471.79	64,409.79
Wastewater Treatment	270,000.00	22,500.00	(4,332.00)	(26,832.00)
Closure & Post Closure Costs	717,313.00	59,776.00	101,415.84	41,639.84
Community Benefits	753,276.00	62,773.00	54,971.49	(7,801.51)
Office & Administration	162,250.00	13,521.00	1,639.46	(11,881.54)
Insurance	154,900.00	12,908.00	12,908.33	0.33
Utilities	60,000.00	5,000.00	4,021.55	(978.45)
Materials & Supplies	250,000.00	20,833.00	230.20	(20,602.80)
Professional Fees	24,892.00	2,074.00	3,510.37	1,436.37
Repairs & Maintenance	20,000.00	1,667.00	3,718.42	2,051.42
Admin Allocation	168,599.00	14,050.00	12,652.38	(1,397.62)
Engineering Allocation	36,420.00	3,035.00	4,933.42	1,898.42
Contingency	35,000.00	2,917.00	0.00	(2,917.00)
Total Operating Expenses	8,269,862.00	689,155.00	689,364.86	209.86
Total Operating Income	1,671,994.00	139,333.00	(1,719.74)	(141,052.74)
NON-OPERATING REVENUE (EXP...)				
Interest Income	649,941.00	54,162.00	147,867.28	93,705.28
Depreciation	(6,096,782.00)	(508,065.00)	(474,029.99)	34,035.01
Amortization	(29,565.00)	(2,464.00)	0.00	2,464.00
NYS Administrative Assessment	(50,009.00)	(4,167.00)	0.00	4,167.00
Interest Expense	(272,158.00)	(22,680.00)	(23,437.93)	(757.93)
Total Non-Operating Expense,...	(5,798,573.00)	(483,214.00)	(349,600.64)	133,613.36
CHANGE IN NET POSITION	(4,126,579.00)	(343,881.00)	(351,320.38)	(7,439.38)

**Telecommunications
Change In Net Position
For the One Month Ending Sunday, April 30, 2017**

Account Description	Annual Budget	YTD Budget	Actual YTD	YTD Variance Over (Under)
OPERATING REVENUE:				
Customer Billings	\$5,910,273.00	\$492,522.00	\$460,327.23	(\$32,194.77)
Other Income	25,000.00	2,083.00	3,400.87	1,317.87
Total Operating Revenue	5,935,273.00	494,605.00	463,728.10	(30,876.90)
OPERATING EXPENSES				
Salaries	1,253,388.00	104,450.00	93,551.15	(10,898.85)
Fringe Benefits	441,008.00	36,751.00	31,754.65	(4,996.35)
Operation & Maintenance	1,601,420.00	133,453.00	89,398.58	(44,054.42)
Office & Administration	143,201.00	11,935.00	4,873.14	(7,061.86)
Insurance	101,000.00	8,417.00	8,416.67	(0.33)
Utilities	3,500.00	292.00	0.00	(292.00)
Professional Fees	55,352.00	4,612.00	1,129.58	(3,482.42)
Admin Allocation	143,449.00	11,954.00	10,674.41	(1,279.59)
Engineering Allocation	18,922.00	1,577.00	6,648.24	5,071.24
Contingency	25,000.00	2,083.00	0.00	(2,083.00)
Total Operating Expenses	3,786,240.00	315,524.00	246,446.42	(69,077.58)
Total Operating Income	2,149,033.00	179,081.00	217,281.68	38,200.68
NON-OPERATING REVENUE (EXP...)				
Interest Income	136,878.00	11,406.00	34,504.08	23,098.08
Depreciation	(4,368,322.00)	(364,027.00)	(349,537.25)	14,489.75
NYS Administrative Assessment	(34,463.00)	(2,872.00)	0.00	2,872.00
Total Non-Operating Expense,...	(4,265,907.00)	(355,493.00)	(315,033.17)	40,459.83
CHANGE IN NET POSITION	(2,116,874.00)	(176,412.00)	(97,751.49)	78,660.51

**Army Sewer
Change In Net Position
For the One Month Ending Sunday, April 30, 2017**

Account Description	Annual Budget	YTD Budget	Actual YTD	YTD Variance Over (Under)
OPERATING REVENUE:				
Customer Billings	\$2,621,254.00	\$218,438.00	\$252,322.77	\$33,884.77
Other Income	13,334.00	1,111.00	1,111.17	0.17
Total Operating Revenue	2,634,588.00	219,549.00	253,433.94	33,884.94
OPERATING EXPENSES				
Salaries	480,844.00	40,069.00	29,917.31	(10,151.69)
Fringe Benefits	223,353.00	18,613.00	13,291.93	(5,321.07)
Operation & Maintenance	229,350.00	19,112.00	9,533.83	(9,578.17)
Wastewater Treatment	1,315,091.00	109,591.00	110,690.96	1,099.96
Water Purchases	15,000.00	1,250.00	0.00	(1,250.00)
Office & Administration	74,060.00	6,170.00	3,639.68	(2,530.32)
Insurance	39,600.00	3,300.00	3,300.00	0.00
Utilities	62,500.00	5,208.00	23.65	(5,184.35)
Professional Fees	4,113.00	343.00	259.31	(83.69)
Repairs & Maintenance	85,000.00	7,083.00	1,852.75	(5,230.25)
Admin Allocation	60,772.00	5,064.00	3,642.16	(1,421.84)
Engineering Allocation	9,658.00	805.00	2,167.93	1,362.93
Water Sewer Allocation	(165,250.00)	(13,771.00)	(11,296.30)	2,474.70
Total Operating Expenses	2,434,091.00	202,837.00	167,023.21	(35,813.79)
Total Operating Income	200,497.00	16,712.00	86,410.73	69,698.73
NON-OPERATING REVENUE (EXP...)				
Interest Income	25,027.00	2,086.00	9,043.24	6,957.24
Depreciation	(531,673.00)	(44,306.00)	(46,195.52)	(1,889.52)
NYS Administrative Assessment	(15,524.00)	(1,294.00)	0.00	1,294.00
Total Non-Operating Expense,...	(522,170.00)	(43,514.00)	(37,152.28)	6,361.72
CHANGE IN NET POSITION	(321,673.00)	(26,802.00)	49,258.45	76,060.45

**Army Water Line
Change In Net Position
For the One Month Ending Sunday, April 30, 2017**

Account Description	Annual Budget	YTD Budget	Actual YTD	YTD Variance Over (Under)
OPERATING REVENUE:				
Customer Billings	\$2,040,518.00	\$170,043.00	\$170,328.37	\$285.37
Total Operating Revenue	2,040,518.00	170,043.00	170,328.37	285.37
OPERATING EXPENSES				
Salaries	454,289.00	37,857.00	21,402.86	(16,454.14)
Fringe Benefits	210,450.00	17,538.00	9,690.92	(7,847.08)
Operation & Maintenance	10,000.00	834.00	0.00	(834.00)
Water Purchases	717,873.00	59,823.00	59,822.67	(0.33)
Office & Administration	1,100.00	91.00	0.00	(91.00)
Insurance	25,300.00	2,108.00	2,108.33	0.33
Utilities	24,000.00	2,000.00	0.00	(2,000.00)
Professional Fees	2,221.00	185.00	139.63	(45.37)
Repairs & Maintenance	31,000.00	2,583.00	406.09	(2,176.91)
Admin Allocation	60,768.00	5,064.00	3,593.74	(1,470.26)
Engineering Allocation	9,149.00	762.00	2,173.40	1,411.40
Water Sewer Allocation	70,935.00	5,911.00	2,383.17	(3,527.83)
Total Operating Expenses	1,617,085.00	134,756.00	101,720.81	(33,035.19)
Total Operating Income	423,433.00	35,287.00	68,607.56	33,320.56
NON-OPERATING REVENUE (EXP...)				
Interest Income	13,651.00	1,138.00	4,932.68	3,794.68
Depreciation	(132,884.00)	(11,074.00)	(9,143.22)	1,930.78
NYS Administrative Assessment	(12,698.00)	(1,058.00)	0.00	1,058.00
Interest Expense	(30,516.00)	(2,543.00)	0.00	2,543.00
Total Non-Operating Expense,...	(162,447.00)	(13,537.00)	(4,210.54)	9,326.46
CHANGE IN NET POSITION	260,986.00	21,750.00	64,397.02	42,647.02

**Regional Water Line
Change In Net Position
For the One Month Ending Sunday, April 30, 2017**

Account Description	Annual Budget	YTD Budget	Actual YTD	YTD Variance Over (Under)
OPERATING REVENUE:				
Customer Billings	\$420,621.00	\$35,051.00	\$34,132.28	(\$918.72)
Total Operating Revenue	420,621.00	35,051.00	34,132.28	(918.72)
OPERATING EXPENSES				
Salaries	40,198.00	3,350.00	3,922.57	572.57
Fringe Benefits	17,495.00	1,457.00	1,679.37	222.37
Operation & Maintenance	10,800.00	900.00	62.40	(837.60)
Water Purchases	128,223.00	10,685.00	7,878.06	(2,806.94)
Office & Administration	350.00	29.00	0.00	(29.00)
Insurance	4,900.00	408.00	408.33	0.33
Utilities	22,000.00	1,833.00	1,160.87	(672.13)
Professional Fees	500.00	42.00	0.00	(42.00)
Repairs & Maintenance	27,500.00	2,292.00	1,397.05	(894.95)
Admin Allocation	3,116.00	260.00	303.82	43.82
Engineering Allocation	5,069.00	422.00	1,091.91	669.91
Water Sewer Allocation	5,608.00	467.00	628.86	161.86
Total Operating Expenses	265,759.00	22,145.00	18,533.24	(3,611.76)
Total Operating Income	154,862.00	12,906.00	15,599.04	2,693.04
NON-OPERATING REVENUE (EXP...)				
Interest Income	552.00	46.00	46.01	0.01
Depreciation	(143,394.00)	(11,950.00)	(12,082.01)	(132.01)
Amortization	(24,367.00)	(2,031.00)	(2,030.56)	0.44
NYS Administrative Assessment	(2,448.00)	(204.00)	0.00	204.00
Interest Expense	(66,622.00)	(5,552.00)	0.00	5,552.00
Total Non-Operating Expense,...	(236,279.00)	(19,691.00)	(14,066.56)	5,624.44
CHANGE IN NET POSITION	(81,417.00)	(6,785.00)	1,532.48	8,317.48

**Water Sewer Contracts
Change In Net Position
For the One Month Ending Sunday, April 30, 2017**

Account Description	Annual Budget	YTD Budget	Actual YTD	YTD Variance Over (Under)
OPERATING REVENUE:				
Customer Billings	\$713,951.00	\$59,496.00	\$56,732.72	(\$2,763.28)
Total Operating Revenue	713,951.00	59,496.00	56,732.72	(2,763.28)
OPERATING EXPENSES				
Salaries	363,063.00	30,256.00	28,404.86	(1,851.14)
Fringe Benefits	173,649.00	14,471.00	16,336.10	1,865.10
Operation & Maintenance	51,000.00	4,251.00	192.00	(4,059.00)
Office & Administration	1,000.00	83.00	2.75	(80.25)
Insurance	7,700.00	642.00	641.67	(0.33)
Admin Allocation	4,455.00	371.00	255.05	(115.95)
Engineering Allocation	15,042.00	1,254.00	243.86	(1,010.14)
Water Sewer Allocation	88,707.00	7,392.00	8,284.27	892.27
Total Operating Expenses	704,616.00	58,720.00	54,360.56	(4,359.44)
Total Operating Income	9,335.00	776.00	2,372.16	1,596.16
NON-OPERATING REVENUE (EXP...)				
NYS Administrative Assessment	(3,987.00)	(332.00)	0.00	332.00
Total Non-Operating Expense,...	(3,987.00)	(332.00)	0.00	332.00
CHANGE IN NET POSITION	5,348.00	444.00	2,372.16	1,928.16

Engineering
Change In Net Position
For the One Month Ending Sunday, April 30, 2017

Account Description	Annual Budget	YTD Budget	Actual YTD	YTD Variance Over (Under)
OPERATING REVENUE:				
Customer Billings	\$984,988.00	\$82,082.00	\$96,944.73	\$14,862.73
Total Operating Revenue	984,988.00	82,082.00	96,944.73	14,862.73
OPERATING EXPENSES				
Salaries	592,392.00	49,366.00	54,410.20	5,044.20
Fringe Benefits	231,139.00	19,261.00	19,966.79	705.79
Operation & Maintenance	148,851.00	12,405.00	21,633.67	9,228.67
Office & Administration	64,954.00	5,412.00	2,698.63	(2,713.37)
Insurance	9,700.00	808.00	808.33	0.33
Professional Fees	800.00	67.00	0.00	(67.00)
Admin Allocation	3,119.00	260.00	331.74	71.74
Engineering Allocation	(100,730.00)	(8,394.00)	(17,265.34)	(8,871.34)
Total Operating Expenses	950,225.00	79,185.00	82,584.02	3,399.02
Total Operating Income	34,763.00	2,897.00	14,360.71	11,463.71
NON-OPERATING REVENUE (EXP...)				
Depreciation	(26,522.00)	(2,210.00)	(2,210.17)	(0.17)
NYS Administrative Assessment	(5,744.00)	(479.00)	0.00	479.00
Total Non-Operating Expense,...	(32,266.00)	(2,689.00)	(2,210.17)	478.83
CHANGE IN NET POSITION	2,497.00	208.00	12,150.54	11,942.54

**Regional Development
Change In Net Position
For the One Month Ending Sunday, April 30, 2017**

Account Description	Annual Budget	YTD Budget	Actual YTD	YTD Variance Over (Under)
OPERATING REVENUE:				
Customer Billings	\$266,145.00	\$22,178.00	\$12,245.11	(\$9,932.89)
Grant Revenue	2,206,336.00	183,861.00	0.00	(183,861.00)
Loan Interest Income	584,700.00	48,724.00	39,411.82	(9,312.18)
Other Income	37,000.00	3,083.00	8,672.88	5,589.88
Total Operating Revenue	3,094,181.00	257,846.00	60,329.81	(197,516.19)
OPERATING EXPENSES				
Salaries	398,659.00	33,221.00	29,321.66	(3,899.34)
Fringe Benefits	164,879.00	13,741.00	12,190.41	(1,550.59)
Operation & Maintenance	25,000.00	2,084.00	0.00	(2,084.00)
Community Benefits	20,758.00	1,730.00	20,757.72	19,027.72
Office & Administration	30,650.00	2,558.00	1,360.43	(1,197.57)
Professional Fees	409,960.00	34,165.33	10,741.28	(23,424.05)
Grants	850,000.00	70,833.00	0.00	(70,833.00)
Admin Allocation	45,882.00	3,825.00	3,298.43	(526.57)
Engineering Allocation	6,470.00	539.00	6.58	(532.42)
Total Operating Expenses	1,952,258.00	162,696.33	77,676.51	(85,019.82)
Total Operating Income	1,141,923.00	95,149.67	(17,346.70)	(112,496.37)
NON-OPERATING REVENUE (EXP...)				
Interest Income	221,546.00	18,463.00	22,782.71	4,319.71
Total Non-Operating Expense,...	221,546.00	18,463.00	22,782.71	4,319.71
CHANGE IN NET POSITION	1,363,469.00	113,612.67	5,436.01	(108,176.66)



Board Resolution No. 2017-06-60
June 22, 2017

**APPROVING AUDITED FINANCIAL STATEMENTS, SINGLE AUDIT,
AGREED UPON PROCEDURES, AND REPORT ON INVESTMENTS
FOR FISCAL YEAR ENDING MARCH 31, 2017**

Whereas, the Development Authority of the North Country appointed the accounting firm of Bonadio and Company, LLP, CPA, to audit its financial statements, complete a Single Audit, perform Agreed Upon Procedures related to the Regional Water Line and Report on Compliance with Laws Related to Investment Guidelines of the Authority as of and for the year ended March 31, 2017, and

Whereas, Bonadio and Company, LLP, CPA, has completed all necessary procedures in compliance with Generally Accepted Auditing Standards and have issued an unmodified opinion on the financial statements, and

Whereas, Bonadio and Company, LLP, CPA, has completed all necessary procedures in compliance with; 1) auditing standards generally accepted in the United States of America, 2) Government Auditing Standards, and 3) Federal Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and have issued an unmodified opinion on the Single Audit, and

Whereas, Bonadio and Company, LLP, CPA, has conducted the Agreed-Upon Procedures engagement on the Authority's Regional Water Line in accordance with attestation standards established by the American Institute of Certified Public Accountants, and reported no exceptions, and

Whereas, Bonadio and Company, LLP, CPA, has prepared an Independent Auditor's Report on Compliance with Laws and Regulations Related to Investment Guidelines for Public Authorities, and reported that with respect to the items tested, the Authority complied in all material respect with its investment policy as well as the applicable State Comptroller's Investment Guidelines for Public Authorities, and

Whereas, the Audit Committee of the Authority Board has reviewed the Audited Financial Statements, Single Audit, Agreed Upon Procedures and Report on Investments as of and for the year ending March 31, 2017 and recommends acceptance to the Board.

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

RESOLVED, that the Development Authority of the North Country does hereby accept the Audited Financial Statements, Single Audit, Agreed Upon Procedures and Report on Investments, as of and for the year ended March 31, 2017.



Board Resolution No. 2017-06-61
June 22, 2017

**APPROVING THE ASSESSMENT OF THE EFFECTIVENESS
OF INTERNAL CONTROLS OF THE DEVELOPMENT AUTHORITY OF
THE NORTH COUNTRY FOR FISCAL YEAR 2017**

Whereas, pursuant to Section 2800(9) of New York State Public Authorities Law, the Development Authority of the North Country shall prepare an Assessment of the Effectiveness of its Internal Controls structure and procedures, and

Whereas, Executive Management has prepared the attached Assessment of the Effectiveness of Internal Controls for Fiscal Year 2017 and recommends approval of such Assessment, and

Whereas, the Audit Committee has reviewed Executive Management's recommendation and concurs with the recommendation.

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

RESOLVED, that the Development Authority of the North Country does hereby approve the attached Assessment of the Effectiveness of Internal Controls of the Development Authority of the North Country, for the fiscal year 2017.

Assessment of the Effectiveness of Internal Controls – FY 2017

It is the policy of the Authority to prepare its financial statements in conformity with accounting principles generally accepted in the United States of America as set forth by the Governmental Accounting Standards Board for proprietary funds. We accomplish this by adhering to the Development Authority's Accounting Manual which documents and outlines a system of internal controls which is developed to reduce fraud and abuse and to produce financial statements on a consistent basis.

The Development Authority of the North Country has developed an Accounting Manual which documents the principles, policies and procedures governing the Authority's accounting practices.

The principles, policies and procedures provide:

- A foundation for a system of internal controls
- Guidance in current financial activities
- Criteria for decisions on appropriate accounting treatment.
- Accounting staff with direction and guidance in connection with those accounting transactions, procedures, and reports that should be uniform throughout the Authority.

When consistently applied throughout the Authority, these principles and policies assure that the various financial statements issued by the Authority accurately reflect the results of the Authority's operations.

Internal controls provide a system of checks and balances intended to identify irregularities, prevent waste, fraud and abuse from occurring, and assist in resolving discrepancies that are accidentally introduced in the operations of the business. Examples of internal controls implemented at the Development Authority are as follows:

- Dual signatures are required for disbursements in excess of \$15,000
- Requisitions and purchase orders must be authorized prior to encumbering Development Authority funds. Invoices received must be authorized prior to payment.
- Employee reimbursements are appropriately documented, approved by the employee's supervisor and audited by Compliance staff prior to payment.
- Bank accounts are reconciled monthly and are reviewed and approved by the Comptroller.
- Accounting functions have been divided among employees so that the work of one employee complements and acts as a check on the work of another.

The system of internal controls of the Development Authority are monitored on a continual basis by the Comptroller and audited by Compliance staff who report the results of such audits to the Executive Director.

On an annual basis, the financial statements of the Development Authority are audited by an independent CPA firm. While the auditors were not engaged to perform an audit of internal controls, the auditors did not identify any deficiencies in internal control that they considered to be a control deficiency, significant deficiency, or material weaknesses during the audit for the fiscal year ended March 31, 2017.

In summary, the present internal control structure of the Development Authority is sufficient to meet the internal control objectives that pertain to the prevention and detection of fraud, errors and irregularities in the financial reporting of the Development Authority.



Board Resolution No. 2017-06-62
June 22, 2017

**APPROVING ANNUAL BOND SALES REPORT
FOR FISCAL YEAR ENDING MARCH 31, 2017**

Whereas, the Development Authority of the North Country operates according to Board policies and administrative guidelines as may be amended from time to time, and

Whereas, the Authority's Bond Sale Policy requires that the Authority shall annually prepare and approve a Bond Sales Report. The Bond Sales Report shall include the results of any Bond Sales during the year, to include Underwriter's Compensation, Net Interest Cost, and the Method of Sale.

Whereas, Executive Management has reviewed and recommends approval of the Annual Bond Sales Report for the fiscal year ending March 31, 2017, as attached, and

Whereas, the Audit Committee has reviewed Executive Management's recommendation and concurs with the recommendation.

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

RESOLVED, that the Development Authority of the North Country hereby approves the Annual Bond Sales Report for the fiscal year ending March 31, 2017, attached hereto and incorporated in this Resolution.

Development Authority of the North Country
 Annual Bond Sales Report
 Fiscal Year Ended March 31, 2017

<u>Bond Issue</u>	<u>Date Issued</u>	<u>Amount (\$000)</u>	<u>Net Interest Cost</u>	<u>True Interest Cost</u>	<u>Underwriter Compensation</u>	<u>Method of Sale</u>	<u>Maturity</u>
No Debt Issued	NA	NA	NA	NA	NA	NA	NA

Outstanding Bonds as of March 31, 2017

<u>Bond Issue</u>	<u>Balance @ 3/31/17 (\$000)</u>	<u>Maturity</u>
Series 2010c SWMF Revenue Bonds	\$1,125	2019
Series 2015 SWMF Revenue Bonds	\$8,295	2040



Board Resolution No. 2017-06-63
June 22, 2017

**TECHNICAL SERVICES AGREEMENT
FOR BARTLETT POINT SEWER PUMP STATION RELOCATION
PROJECT WITH THE VILLAGE OF CLAYTON**

Whereas, the Village of Clayton is undertaking a Water System Improvement Project and the New York State Department of Health has required the Village to relocate the existing Bartlett Point Sewage Grinder Pump Station 100 feet from the existing Low Lift Station Wet Well as a requirement of the Water System Improvement Project plan approval, and

Whereas, the Village of Clayton requested services from the Authority to provide technical assistance to complete a project at the Village's Bartlett Point Sewer Pump Station, and

Whereas, the scope of the Authority's services will consist of the following tasks: 1) Project Management; 2) Assistance with State Environmental Quality Review (SEQR) and New York State Historic Preservation Office (SHPO) reviews; 3) Development of Bid Documents; 4) Bid Oversight; and 5) Construction Oversight, and

Whereas, the total cost to deliver these services shall not exceed \$10,000.

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

RESOLVED, that the Technical Services Agreement, by and between the Authority and the Village of Clayton, for a total not to exceed contract amount of \$10,000, is hereby approved. The Executive Director is hereby authorized and directed to execute said Agreement.

**DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY
TECHNICAL SERVICES AGREEMENT FOR
VILLAGE OF CLAYTON BARTLETT POINT SEWER PUMP STATION RELOCATION PROJECT**

**WITH THE
VILLAGE OF CLAYTON**

This Agreement entered into this _____ day of _____ 2017, by and between:

VILLAGE OF CLAYTON, a municipal corporation of the State of New York having an office building and principal place of business located at 425 Mary Street, PO Box 250, Clayton, New York 13624, herein after referred to as "Village",

And

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY, a public benefit corporation organized and existing under the laws of the State of New York, having an office and principal place of business located at 317 Washington Street, Watertown, New York 13601, hereinafter referred to as "Authority".

Recitals

- A. The Authority has been under contract by the Village of Clayton since 2010, providing Water and Wastewater Management Services.
- B. The Village is undertaking a Water System Improvement Project to rehabilitate the Low Lift Pump Station, Water Treatment Plant, Water Tower and Distribution System.
- C. The NYSDOH has required the Village to relocate the existing Bartlett Point Sewage Grinder Pump Station 100 feet from the existing Low Lift Pump Station Wet Well as a requirement of the Water System Improvement Project plan approval.
- D. The Village is desirous of receiving technical services to create a bid package and oversee the construction phase services as it pertains to the Bartlett Point Sewer Grinder Pump Station relocation.
- E. This Agreement is authorized under Section 2704(17) of the Public Authorities Law.

Agreement

In consideration of the mutual covenants herein contained, the parties agree as follows:

1. The scope of services to be performed by the Authority consists of:

A. **SEQR/SHPO Review:**

The Authority will assist the Village in completing State Environmental Quality Review (SEQR) as well as submitting a request to the NYS Historic Preservation Office (SHPO) to obtain approval. It is assumed that the SHPO will issue a "no adverse impacts" letter without additional investigation since the sewer pump station will be installed in a previously disturbed area. The Authority will also coordinate with the NYS Department of Environmental Conservation to ensure any regulatory approvals are obtained prior to and after construction.

B. **NYSDEC and NYSDOH Review:**

The Authority will coordinate with the NYS Department of Environmental Conservation and the NYS Department of Health to ensure any regulatory approvals are obtained prior to and after construction.

C. **Development of Bid Documents:**

The Authority will provide the Village a customized bid package that incorporates all necessary items to competitively bid the project per General Municipal Law and include a work scope complete with payment items.

D. **Bid Oversight:**

The Authority will answer contractor questions during the bid phase, attend and administer a pre-bid meeting, attend and administer the opening of bids, and provide a bid tabulation along with a recommendation of award for Village Board consideration.

E. **Construction Oversight:**

The Authority will oversee construction and perform construction administration services as needed for the duration of the project.

2. The Village shall pay the Authority for such services at the labor hour burdened rate for the specific job classification performing the services as indicated in Table 1; provided, however, that the total cost of such services shall not exceed \$10,000. This agreement will terminate when the scope of services is completed or at which time the Village elects to discontinue services. The Authority shall bill monthly upon invoices properly itemized and supported, and payment thereof shall be made by the Village within 30 days of receipt of each invoice.

TABLE 1

Employee Wage Rate	Standard	Overtime
Manager/Professional Engineer	\$105	NA
Water Quality Supervisor I	\$70	NA
Water Quality Supervisor Trainee	\$60	\$74
Environmental Coordinator	\$75	\$98
Controls Engineer	\$75	NA
Project Engineer	\$75	NA
GIS Supervisor	\$65	NA
GIS Specialist	\$55	NA
GIS Technician	\$50	NA
Engineering Assistant	\$60	\$74

3. The Village shall provide the reasonable support services of its attorney, Clerk and other staff as appropriate to assist in implementing the project and shall assign a person as point of contact with the Authority.
4. The Authority shall carry general public liability insurance in the customary amounts and coverages maintained on its general operations, and shall name the Village as additional insured on the liability policy.
5. The Village shall carry general liability insurance in the customary amounts and coverages maintained on its general operations, and shall name the Authority as additional insured on the liability policy.
6. The Village will at all times indemnify and save harmless the Authority against all liabilities, judgments, costs, damages, expenses and attorney's fees for loss, damage or injury to persons or property resulting in any manner from the willful malfeasance or negligent acts or omissions of the Village, its agents or employees pertaining to the activities to be carried out pursuant to the obligations of this Agreement. The Authority will at all times indemnify and save harmless the Village against all liabilities, judgments, costs, damages, expenses and attorney's fees for loss, damage or injury to persons or property resulting in any manner from the willful malfeasance or negligent acts or omissions of the Authority, its agents or employees pertaining to the activities to be carried out pursuant to the obligations of this Agreement.
7. The Authority shall use reasonable diligence to provide the services herein required, but shall not be liable to the Village for damages, breach of contract, or otherwise, for failure, suspension, diminution, or other variations of service occasioned by any cause beyond the control of the Authority. The Village will not be liable in the event of a breach beyond their control. Such causes may include, but are not restricted to, acts of God or of the public enemy, acts of the Government in its sovereign or contractual capacity, fires, floods,

epidemics, riots, strikes, civil disturbance, quarantine, restrictions, or inability to obtain equipment or supplies.

8. All accounts, reports and other records generated by the Authority or required under this Agreement, in the performance hereof, shall be open to inspection and audit at all reasonable times by the Village. Such records shall be retained by the Authority for a minimum of seven years following the expiration or earlier termination of this Agreement or an extended agreement.
9. The parties acknowledge that the Authority has undertaken and may undertake various projects unrelated to this Agreement. It is the intent of the parties that this Agreement, the service provided hereunder and all payments, accounts receivable and equipment resulting from or required by such service shall be separate from and independent of all unrelated projects and activities of the Authority. The Village shall have no right to, or claim upon, the assets, insurance proceeds or income of the Authority other than those associated with the performance of this Agreement, in satisfaction of any claim by the Village arising hereunder. A similar restrictive clause is contained and will be provided in all service agreements made by the Authority with others.
10. The Authority is an independent contractor with the Village and this Agreement does not create and shall not be construed as creating a relationship of principal and agent, landlord and tenant, or employer and employee.
11. No waiver by Village or Authority of any breach of any term, covenant or condition contained in this Agreement shall operate as a waiver of such term, covenant or condition itself, or of any subsequent breach thereof.
12. This Agreement shall be construed and enforced in accordance with the laws of the State of New York. If any provision of this Agreement shall, to any extent, be held invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and shall continue to be valid and enforceable to the fullest extent permitted by law.
13. This Agreement contains the entire agreement of the parties and may be modified or amended only by the written mutual agreement of the parties.
14. All notices required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given if sent by certified or registered mail, return receipt requested, postage prepaid.

All of the above is established by the signatures of the authorized representatives of the parties.

**DEVELOPMENT AUTHORITY
OF THE NORTH COUNTRY**

VILLAGE OF CLAYTON

By: _____

By: _____

James W. Wright
Executive Director

Norma Zimmer
Mayor

ACKNOWLEDGEMENTS

STATE OF NEW YORK)
) ss:
COUNTY OF JEFFERSON)

On this ____ day of _____, 2017, before me personally came Norma Zimmer, who being duly sworn, did dispose and says that she resides in Clayton, New York; that she is the Mayor of the Village described herein, and which executed the foregoing instrument; and that she signed her name thereto by order of said Village.

NOTARY PUBLIC

STATE OF NEW YORK)
) ss:
COUNTY OF JEFFERSON)

On this ____ day of _____, 2017, before me personally came James W. Wright, who being duly sworn, did dispose and says that he resides in Watertown, New York; that he is the Executive Director of the Development Authority of the North Country, the Authority described herein, and which executed the foregoing instrument; and that he signed his name thereto by order of said Authority.

NOTARY PUBLIC



Board Resolution No. 2017-06-64
June 22, 2017

**AUTHORIZING EXECUTIVE DIRECTOR TO ENTER
INTO AN AGREEMENT WITH THE TOWN OF TUPPER LAKE
FOR GIS TECHNICAL SERVICES**

Whereas, the Development Authority of the North Country (Authority) conducted a Geographic Information Systems (GIS) Needs Assessment in January 2017, recommending development of a web-based GIS for the Town of Tupper Lake and the partnering communities of the Town of Long Lake and the Town of Harrietstown, and

Whereas, the Town of Tupper Lake, acting as lead and fiscal agent for the Partners, has since applied for grant funding from the New York State Archives Local Government Records Management Improvement Fund (LGRMIF) to implement the recommended web-based GIS, and

Whereas, the Town of Tupper Lake has requested Technical Services from the Authority to: 1) develop a GIS data model, 2) convert water, wastewater and other infrastructure records to GIS format and populate the model, 3) develop and host a web-based GIS, and

Whereas, the Town of Tupper Lake has determined that the Authority is qualified to perform these services and authorized execution of a Technical Services Agreement with the Authority, pending award of grant funds, and

Whereas, Management recommends entering into this Technical Assistance Service Agreement, for a not to exceed amount of \$79,268.

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

RESOLVED, that the Technical Services Agreement by and between the Authority and the Town of Tupper Lake, for a total not to exceed contract amount of \$79,268, is hereby approved. The Executive Director is hereby authorized and directed to execute said Agreement.

**DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY
GIS TECHNICAL SERVICES AGREEMENT
WITH THE
TOWN OF TUPPER LAKE**

This Agreement entered into this ____ day of _____, 2017, by and between:

TOWN OF TUPPER LAKE, a New York municipal corporation with offices at 120 Demars Boulevard, Tupper Lake, NY 12986, hereinafter referred to as "Town",

and

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY, a public benefit corporation organized and existing under the laws of the State of New York, having an office and principal place of business located at 317 Washington Street, Watertown, New York 13601, hereinafter referred to as "Authority".

Recitals

1. In January of 2017, the Authority conducted a Geographic Information System (GIS) Needs Assessment for the Town and partnering communities of the Towns of Long Lake and Harriestown (hereafter "Partners"). The assessment recommended the Town and its Partners implement a web-based GIS to manage their water and sewer infrastructure and existing GIS data.
2. The Town has since applied for and is anticipating grant funding from the New York State Archives Local Government Records Management Improvement Fund (LGRMIF) to implement the recommended web-based GIS.
3. The Town is desirous of receiving technical assistance with matters related to GIS database development, records conversion, and web-based interface development and hosting for water and/or wastewater infrastructure and other existing GIS data owned by the Town and its municipal Partners.
4. The Partners have each executed Cooperative Agreements with the Town for the purposes of developing GIS datasets. These agreements identify the Town as fiscal agent for the Partners.
5. The Town, acting as lead agency for its Partners, has selected the Authority to provide these services at a meeting held on _____, 2017. **A Resolution from the Town's board, selecting the Authority to provide these services and authorizing this agreement, is attached as Exhibit A.**
6. This Agreement is authorized under Section 2704(17) of the Public Authorities Law and is contingent upon the Town's receipt of an official grant award from the New York State Archives' LGRMIF.

Agreement

The Authority will develop a web-based GIS comprising water, wastewater, and other infrastructure GIS datasets for the Town and Partners. The scope of services is outlined in 4 Phases below.

1. Phase 1 – Data Model Development: The Authority will develop a GIS data model for applicable infrastructure. This model will be based on Environmental Systems Research Institute’s (ESRI) File Geodatabase. The database will include the following datasets outlined in Table 1.

Table 1

Dataset Name	Data Type	Comments
Sanitary/Storm Sewer Flow Direction Arrows	Point	Point file that is symbolized as an arrow. Symbol is assigned a degree direction of rotation based on the direction of wastewater flow in a sewer pipe.
Sanitary Sewer Grinder Pumps	Point	Point locations corresponding to areas where a grinder pump assembly is installed
Hydrography	Polygon	Areas covered by bodies of water (either lakes or streams)
Incident Points	Point	Incidents as identified by communities
Orthoimagery	Raster	High resolution aerial, color imagery showing ground conditions
Parcels	Polygon	Extent of customer’s property
Sanitary Sewer Pump Stations	Point	Point corresponding to sanitary sewer pump station.
Roads	Line	Road centerlines
Sewer Cleanouts	Point	Points that correspond to cleanouts which are perpendicular stubs that come off laterals above grade to allow access for cleaning instruments
District Boundaries	Polygon	Physical boundary of community’s water/sanitary sewer district
Wastewater Lines	Line	Sanitary Sewer/Storm water line, either gravity or force main
Sanitary/Storm Sewer Lines	Line	Sewer lines & laterals, conveying wastewater from customer’s edifice to WWTP. Only extent of community-owned lines.
Wastewater Manholes	Point	Point location of manhole opening to gravity sanitary/storm sewer line
Sanitary Sewer/Water Meters	Point	Points at which water or wastewater is metered
Water Curbstops	Point	Points at which customer water service can be cutoff
Hydrants	Point	Points corresponding to water hydrants
Water Lines/Laterals	Line	Water lines & laterals distributing water from WTP to customers. Only extent of community-owned lines
Water Valves	Point	Locations where water mains are isolated
Treatment Plant	Polygon	Water Treatment Plants and Wastewater Treatment Plants
Water Source	Point	Points at well sites, intake pipes, and other water sources
City/Town/Town Boundaries	Polygon	Physical extent of City, Town or Town.

2. Phase 2 – Conversion of Hardcopy Records to GIS Format: The Authority will populate the GIS data model using the Partners’ existing hardcopy water/wastewater and other infrastructure records. These records include engineering drawings. Per requirements set by the New State Archives, the scanning portion of the project will be completed by a New York State Industries for the Disabled (NYSID) Associate Member, Image Data, in a separate contract between the Town and NYSID. The records will be digitized (i.e. scanned) at a resolution of 400 dots per square inch (DPI) by NYSID, and the digital record images will be delivered to the Authority. The Authority will georectify the digital records to the New York State Plane Central coordinate system using desktop GIS software and digitize the infrastructure details. Specifications, such as pipe diameter, material, etc., as contained in the records, will be input into the model. Lastly, the Authority will conduct a quality control of the georeferencing procedure. Quality control will involve locating a sample of infrastructure features with high-accuracy GPS and making adjustments accordingly so that features are within < 3 feet of their actual field-located position.

3. Phase 4 – Web-based Interface, Hosting & Training – Once the records are converted to GIS format, the Authority will upload them into its Internet Mapping Application (IMA), a web-based GIS developed from ESRI’s ArcServer and JavaScript architecture. The Partners will each have their own separate, password-protected portal to access their water GIS data. Access to the IMA will be provided to the Partners for a period of one year (known hereafter as the “initial hosting period”). The initial hosting period will begin the day after the project is closed. At the conclusion of the project, the Authority will provide the Partners with GIS Hosting Agreements containing provisions for hosting services and costs to continue hosting services after the initial hosting period.

4. The Town shall pay the Authority for such services at the labor hour burdened rates for the specific job classification performing the services as shown in Table 2 below; provided, however, that the total cost of such services shall not exceed \$79,268. The Authority shall bill monthly upon invoices properly itemized and supported, and payment thereof shall be made by the Town within 30 days of receipt of each invoice. The Authority reserves the right to update the hourly rates on an annual basis each April 1st to accommodate cost of living adjustments which are made in conjunction with the beginning of the Authority’s fiscal year.

Table 2

Employee Wage Rate	Standard	Overtime
Engineering Manager	\$105	NA
Controls Engineer	\$75	NA
Environmental Coordinator	\$75	\$98
Project Engineer	\$65	NA
GIS Supervisor	\$65	NA
GIS Specialist	\$55	NA
GIS Technician	\$50	NA
Engineering Assistant	\$60	\$74

5. The Town shall provide the reasonable support services of its staff as appropriate in implementing the project and shall assign a person as the primary point of contact with the Authority.
6. The Authority shall carry general public liability insurance in the customary amounts and coverages maintained on its general operations, and shall name the Town as additional insured on the liability policy.
7. The Town shall carry general liability insurance in the customary amounts and coverages maintained on its general operations, and shall name the Authority as additional insured on the liability policy.
8. The Town will at all times indemnify and save harmless the Authority against all liabilities, judgments, costs, damages, expenses and attorney's fees for loss, damage or injury to persons or property resulting in any manner from this Agreement. The Authority will at all times indemnify and save harmless the Town against all liabilities, judgments, costs, damages, expenses and attorney's fees for loss, damage or injury to persons or property resulting in any manner from this Agreement.
9. The Authority shall use reasonable diligence to provide the services herein required, but shall not be liable to the Town for damages, breach of contract, or otherwise, for failure, suspension, diminution, or other variations of service occasioned by any cause beyond the control of the Authority. The Town will not be liable in the event of a breach beyond their control. Such causes may include, but are not restricted to, acts of God or of the public enemy, acts of the Government in its sovereign or contractual capacity, fires, floods, epidemics, riots, strikes, civil disturbance, quarantine, restrictions, or inability to obtain equipment or supplies.
10. All accounts, reports and other records generated by the Authority or required under this Agreement, in the performance hereof, shall be open to inspection and audit at all reasonable times by the Town. Such records shall be retained by the Authority for a minimum of seven years following the expiration or earlier termination of this Agreement or an extended agreement.
11. The parties acknowledge that the Authority has undertaken and may undertake various projects unrelated to Geographic Information System development. It is the intent of the parties that this Agreement, the service provided hereunder and all payments, accounts receivable and equipment resulting from or required by such service shall be separate from and independent of all unrelated projects and activities of the Authority. The Town shall have no right to, or claim upon, the assets, insurance proceeds or income of the Authority other than those associated with the performance of this Agreement, in satisfaction of any claim by the Town arising hereunder. A similar restrictive clause is contained and will be provided in all service agreements made by the Authority with others.
12. The Authority is an independent contractor with the Town and this Agreement does not create and shall not be construed as creating a relationship of principal and agent, landlord and tenant, or employer and employee.

STATE OF NEW YORK)
) ss:
COUNTY OF JEFFERSON)

On this ____ day of _____, 2017, before me personally came James W. Wright, who being duly sworn, did dispose and says that he resides in Watertown, New York; that he is the Executive Director of the Development Authority of the North Country, the Authority described herein, and which executed the foregoing instrument; and that he signed his name thereto by order of said Authority.

NOTARY PUBLIC



Board Resolution No. 2017-06-65
June 22, 2017

**AUTHORIZING GIS HOSTING AGREEMENTS WITH THE
LOWVILLE REGIONAL GIS PROJECT MUNICIPALITIES**

Whereas, the Development Authority of the North Country provides Geographic Information System (GIS) hosting services to multiple municipalities in Lewis, Jefferson, St. Lawrence, Oswego, and Franklin Counties, and

Whereas, the Village of Lowville served as the lead agent for a Regional GIS Implementation Project in Lewis County, funded through the New York State Local Government Records Management Improvement Fund (LGRMIF) which included the Villages of Turin and Watson; the Town of Watson, and Lewis County, and

Whereas, the Authority will provide ongoing GIS hosting services to all of the municipalities through individual GIS Hosting Agreements (five year contracts) as outlined in Table 1 below. The Village of Carthage will receive GIS Hosting services as part of their Operator of Record Services and Management Services agreement at no extra charge; an amendment will be added to the Operator of Record Services and Management Services agreement.

TABLE 1 – GIS Hosting Contracts

Name	Start Date	End Date	Total Contract Fee
Carthage (V)	7/1/2017	5/31/2019	\$0 (part of O&M Agreement)
Lowville (V)	7/1/2017	5/31/2022	\$5,683
Turin (V)	7/1/2017	5/31/2022	\$2,796
Watson (T)	7/1/2017	12/31/2021	\$2,550
Lewis County	7/1/2017	12/31/2021	\$4,750

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

RESOLVED, that the Development Authority of the North Country does hereby authorize the Executive Director to enter into GIS hosting agreements in accordance with the terms of the contracts listed in Table 1.

GIS WEB-BASED HOSTING AGREEMENT

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY & VILLAGE OF LOWVILLE

This Agreement entered into this _____ day of _____, 20____, by and between:

VILLAGE OF LOWVILLE, a municipal corporation of the State of New York having an office building and principal place of business located at 5535 Bostwick Street, Lowville, NY 13367 herein after referred to as "Village",

And

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY, a public benefit corporation organized and existing under the laws of the State of New York, having an office and principal place of business located at 317 Washington Street, Watertown, New York 13601, hereinafter referred to as "Authority".

Recitals

1. In November of 2015, the Village partnered with the Communities of: Village of Carthage, Village of Turin, Town of Watson, and Lewis County to develop a geographic information system (GIS) for water and wastewater infrastructure. This project was funded by a grant from the New York State Archives and entailed records conversion, database development and web-based interface development. As part of this project, the Village was provided with GIS hosting services at no additional cost for a period commencing July 1, 2017 and ending June 30, 2018; this period is hereinafter referred to as the grant-subsidized hosting period.
2. The purposes of this agreement are to: A) formally outline the scope of GIS hosting services for the grant-subsidized hosting period; and B) provide provisions for the Village to continue GIS hosting and maintenance services after the grant-subsidized hosting period.
3. The Village Board, at its duly convened meeting held on _____, 20____, selected the Authority to provide these services.
4. This Agreement is authorized under Section 2704(17) of the Public Authorities Law.

Agreement

In consideration of the mutual covenants herein contained, the parties agree to the following Articles:

Article I	Definitions
Article II	Scope of Services
Article III	Terms
Article IV	Compensation
Article V	Termination
Article VI	Insurance and Liability
Article VII	Miscellaneous

ARTICLE I - Definitions

Section 101. Defined Terms. As used or referred to in this Agreement, unless a different meaning clearly appears from the context:

- 1) "GIS," Geographic Information System used to store, display, and query spatial information.
- 2) "IMA," Internet Mapping Application, the Authority's web-based GIS which serves as the platform for providing GIS hosting services
- 3) "Hosting Services," refers to the act of the Authority storing and providing access to spatial data via the IMA.
- 4) "Datasets," refers to spatial data in formats that are compatible with the Authority's GIS, including shapefile and geodatabase.
- 5) "Data Maintenance," refers to Authority activities related to: A) editing existing customer data on the IMA, or B) adding new customer data to the IMA.
- 6) "Database Checkouts," refers to Authority activities related to copying out the database features for a customer so the features and/or attributes can be edited/updated and returned to the Authority.

ARTICLE II - Scope of Services

Section 201. Base Services. The Authority will provide the Village with the following base services at the term and rates outlined in Sections 301 and 401. The scope of base services is outlined below:

- 1) The Authority agrees to provide the Village with Hosting Services and access to the IMA via a password-protected account through the Internet 24

hours/day, 7 days/week, with the exception of planned interruptions for system maintenance and unplanned interruptions in service beyond the Authority's control. The Authority will endeavor to provide as much advance notice of scheduled interruptions as reasonably possible, and not less than 48 hours. In the event of unscheduled interruptions, the Authority will use its best efforts to restore services as soon as reasonably possible under all the circumstances then existing.

- 2) The Village will provide Datasets to the Authority in a format compatible with the IMA (shapefile or geodatabase).
- 3) The Village will be responsible for obtaining and maintaining any computer equipment (hardware, software, etc.) and high-speed Internet connection to access Hosting Services.
- 4) The Village agrees not to use the IMA to upload, post, submit, e-mail or transmit any content that infringes on any patent, trademark, trade secret, or copyright. In no event will the Village hold liable the Authority for any damages, loss of profits, or other losses for the use or misuse of the IMA.
- 5) The Village understands that Hosting Services are provided "as is" with no warranties of any kind.
- 6) All the Village Datasets hosted on the IMA will remain the property of the Village. The Village Datasets are defined as those that the Village develops, on its own or through contract. In the event that this Agreement is not renewed, the Authority will provide the Village with all the Village Datasets in electronic format within not more than 15 days.
- 7) The Authority will provide Hosting Services for Datasets other than those currently existing (referred to hereafter as "Other Datasets"). Other Datasets must be developed by the Authority (under Section 202, Additional Services), the Village, or a third party. Other Datasets not developed by the Authority must be provided by the Village in "shapefile" or "geodatabase" format.
- 8) Base services provided by the Authority shall include: 24 hours of staff time per year for Customer updates and Database Checkouts; staff time to annually update base map data including parcel data as supplied by the County, road data, orthoimagery, etc.; and phone support for technical questions concerning the IMA during regular business hours.

Section 202. Additional Services. Any other tasks that are not included in the scope of base services described above, such as additional Data Maintenance, or developing new datasets, all as requested of the Authority by the Village will be reimbursed as described in Section 402.

ARTICLE III – TERMS

Section 301. Term. The term of this Agreement shall be five (5) years beginning on July 1, 2017, and ending May 31, 2022, provided that the Village and/or the Authority shall have the right to terminate this agreement as specified in Section 501.

ARTICLE IV – Compensation

Section 401. Compensation. For base services outlined in Section 201, the Authority shall annually invoice the Village for base services beginning in Year 2 in advance of the hosting period. Thereafter, base services will be invoiced on June 1st in advance. For Additional Services outlined in Section 202, the Authority shall invoice the Village on a monthly basis after services are rendered. For all services rendered under Sections 201 and 202, the Village will have 30 days to submit payment after receiving an invoice. The annual cost for base services is outlined in Table 1 below. Year 1 is the grant-subsidized hosting period. Year 2 has been pro-rated to align with the Village’s fiscal year.

TABLE 1 – ANNUAL COST OF BASE SERVICES BY YEAR

Year	Period	Hosting Fee
1	7/1/17 – 6/30/18	\$0
2	7/1/18 – 5/31/19	\$1,283
3	6/1/19 – 5/31/20	\$1,400
4	6/1/20 – 5/31/21	\$1,500
5	6/1/21 – 5/31/22	\$1,500

Section 402. Additional Services. The Village shall pay the Authority for Additional Services at the labor hour burdened rate for the specific job classification performing the services (see Table 2). Rates will be reviewed and may be adjusted on an annual basis consistent with the Authority’s fiscal year (April 1st of the present year to March 31st of the following year) to account for cost of living adjustments. Mileage to the worksite will be reimbursed at the current Federal Mileage Rate. The Village will provide the reasonable support services of its staff as appropriate to assist in implementing Additional Services.

TABLE 2 – AUTHORITY STAFF CHARGE OUT RATES FISCAL YEAR ENDING 2018

Employee Wage Rate	Standard	Overtime
Engineering Manager	\$105	NA
Controls Engineer	\$75	NA
Environmental Coordinator	\$75	\$98
Project Engineer	\$75	NA
GIS Supervisor	\$65	NA
GIS Specialist	\$55	NA

Employee Wage Rate	Standard	Overtime
GIS Technician	\$50	NA
Engineering Assistant	\$60	\$74

ARTICLE V - Termination

Section 501. Termination. The Village and/or Authority may terminate this Agreement with or without cause upon 90 days prior written notice, provided however, that the Village shall pay the Authority all costs incurred by the Authority to the date of termination.

ARTICLE VI – Insurance/Liability

The Authority shall carry general public liability insurance in the customary amounts and coverages maintained on its general operations, and shall name the Village as additional insured on the liability policy. The Village shall carry general liability insurance in the customary amounts and coverages maintained on its general operations, and shall name the Authority as additional insured on the liability policy.

The Village will at all times indemnify and save harmless the Authority against all liabilities, judgments, costs, damages, expenses and attorney's fees for loss, damage or injury to persons or property resulting in any manner from the operation of this Agreement.

The Authority will at all times indemnify and save harmless the Village against all liabilities, judgments, costs, damages, expenses and attorney's fees for loss, damage or injury to persons or property resulting in any manner from the intentional or negligent actions or omissions of the Authority, its officers, employees or agents in connection with the operation of this Agreement.

The Authority shall use reasonable diligence to provide the services herein required, but shall not be liable to The Village for damages, breach of contract, or otherwise, for failure, suspension, diminution, or other variations of service occasioned by any cause beyond the control of the Authority. The Village will not be liable in the event of a breach beyond their control. Such causes may include, but are not restricted to, acts of God or of the public enemy, acts of the Government in its sovereign or contractual capacity, fires, floods, epidemics, riots, strikes, civil disturbance, quarantine, restrictions, or inability to obtain equipment or supplies.

ARTICLE VII – Miscellaneous

All accounts, reports and other records generated by the Authority or required under this Agreement, in the performance hereof, shall be open to inspection and audit at all reasonable times by the Village. Such records shall be retained by the Authority for a minimum of seven (7) years following the expiration or earlier termination of this Agreement or an extended agreement.

The parties acknowledge that the Authority has undertaken and may undertake various projects unrelated to web-based hosting. It is the intent of the parties that this Agreement, the service provided hereunder and all payments, accounts receivable and equipment resulting from or required by such service shall be separate from and independent of all unrelated projects and activities of the Authority. The Village shall have no right to, or claim upon, the assets, insurance proceeds or income of the Authority other than those associated with the performance of this Agreement, in satisfaction of any claim by the Village arising hereunder. A similar restrictive clause is contained and will be provided in all service agreements made by the Authority with others.

The Authority is an independent contractor with respect to the Village, and this Agreement does not create, and shall not be construed as creating, any relationship of principal and agent, landlord and tenant, or employer and employee.

No waiver by the Village or Authority of any breach of any term, covenant or condition contained in this Agreement shall operate as a waiver of such term, covenant or condition itself, or of any subsequent breach thereof.

This Agreement shall be construed and enforced in accordance with the laws of the State of New York. If any provision of this Agreement shall, to any extent, be held invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and shall continue to be valid and enforceable to the fullest extent permitted by law.

This Agreement contains the entire agreement of the parties and may be modified or amended only by the written mutual agreement of the parties.

All notices required or permitted to be given under this Agreement shall be in writing and shall be made at the addresses indicated above. The notice or correspondence shall be effective when actually received by the party to which it is directed, whether transmitted by mail, courier, facsimile or personal delivery.

All of the above is established by the signatures of the authorized representatives of the parties set forth below.

GIS WEB-BASED HOSTING AGREEMENT

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY & VILLAGE OF TURIN

This Agreement entered into this ____ day of _____ 20____, by and between:

VILLAGE OF TURIN, a municipal corporation of the State of New York having an office building and principal place of business located at 6621 W. Main Street, Turin, NY 13473 herein after referred to as "Village",

And

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY, a public benefit corporation organized and existing under the laws of the State of New York, having an office and principal place of business located at 317 Washington Street, Watertown, New York 13601, hereinafter referred to as "Authority".

Recitals

1. In November of 2015, the Village partnered with the Communities of: Village of Lowville, Village of Carthage, Town of Watson, and Lewis County, to develop a geographic information system (GIS) for infrastructure including water, wastewater, gas, and railroads. This project was funded by a grant from the New York State Archives and entailed records conversion, database development and web-based interface development. As part of this project, the Village was provided with GIS hosting services at no additional cost for a period commencing July 1, 2017 and ending June 30, 2018; this period is hereinafter referred to as the grant-subsidized hosting period.
2. The purposes of this agreement are to: A) formally outline the scope of GIS hosting services for the grant-subsidized hosting period; and B) provide provisions for the Village to continue GIS hosting and maintenance services after the grant-subsidized hosting period.
3. The Village Board, at its duly convened meeting held on _____, 20____, selected the Authority to provide these services.
4. This Agreement is authorized under Section 2704(17) of the Public Authorities Law.

Agreement

In consideration of the mutual covenants herein contained, the parties agree to the following Articles:

Article I	Definitions
Article II	Scope of Services
Article III	Terms
Article IV	Compensation
Article V	Termination
Article VI	Insurance and Liability
Article VII	Miscellaneous

ARTICLE I - Definitions

Section 101. Defined Terms. As used or referred to in this Agreement, unless a different meaning clearly appears from the context:

- 1) "GIS," Geographic Information System used to store, display, and query spatial information.
- 2) "IMA," Internet Mapping Application, the Authority's web-based GIS which serves as the platform for providing GIS hosting services
- 3) "Hosting Services," refers to the act of the Authority storing and providing access to spatial data via the IMA.
- 4) "Datasets," refers to spatial data in formats that are compatible with the Authority's GIS, including shapefile and geodatabase.
- 5) "Data Maintenance," refers to Authority activities related to: A) editing existing customer data on the IMA, or B) adding new customer data to the IMA.
- 6) "Database Checkouts," refers to Authority activities related to copying out the database features for a customer so the features and/or attributes can be edited/updated and returned to the Authority.

ARTICLE II - Scope of Services

Section 201. Base Services. The Authority will provide the Village with the following base services at the term and rates outlined in Sections 301 and 401. The scope of base services is outlined below:

- 1) The Authority agrees to provide the Village with Hosting Services and access to the IMA via a password-protected account through the Internet 24 hours/day, 7 days/week, with the exception of planned interruptions for system maintenance and unplanned interruptions in service beyond the Authority's control. The Authority will endeavor to provide as much advance notice of scheduled interruptions as reasonably possible, and not less than 48 hours. In the event of unscheduled interruptions, the Authority will use its best efforts to restore services as soon as reasonably possible under all the circumstances then existing.
- 2) The Village will provide Datasets to the Authority in a format compatible with the IMA (shapefile or geodatabase).
- 3) The Village will be responsible for obtaining and maintaining any computer equipment (hardware, software, etc.) and high-speed Internet connection to access Hosting Services.
- 4) The Village agrees not to use the IMA to upload, post, submit, e-mail or transmit any content that infringes on any patent, trademark, trade secret, or copyright. In no event will the Village hold liable the Authority for any damages, loss of profits, or other losses for the use or misuse of the IMA.
- 5) The Village understands that Hosting Services are provided "as is" with no warranties of any kind.
- 6) All the Village Datasets hosted on the IMA will remain the property of the Village. The Village Datasets are defined as those that the Village develops, on its own or through contract. In the event that this Agreement is not renewed, the Authority will provide the Village with all the Village Datasets in electronic format within not more than 15 days.
- 7) The Authority will provide Hosting Services for Datasets other than those currently existing (referred to hereafter as "Other Datasets"). Other Datasets must be developed by the Authority (under Section 202, Additional Services), the Village, or a third party. Other Datasets not developed by the Authority must be provided by the Village in "shapefile" or "geodatabase" format.
- 8) Base services provided by the Authority shall include: 12 hours of staff time per year for Customer updates and Database Checkouts; staff time to annually update base map data including parcel data as supplied by the County, road data, orthoimagery, etc.; and phone support for technical questions concerning the IMA during regular business hours.

Section 202. Additional Services. Any other tasks that are not included in the scope of base services described above, such as additional Data Maintenance,

or developing new datasets, all as requested of the Authority by the Village will be reimbursed as described in Section 402.

ARTICLE III – TERMS

Section 301. Term. The term of this Agreement shall be five (5) years beginning on July 1, 2017, and ending May 31, 2022, provided that the Village and/or the Authority shall have the right to terminate this agreement as specified in Section 501.

ARTICLE IV – Compensation

Section 401. Compensation. For base services outlined in Section 201, the Authority shall annually invoice the Village for base services beginning in Year 2 in advance of the hosting period. Thereafter, base services will be invoiced on June 1st in advance. For Additional Services outlined in Section 202, the Authority shall invoice the Village on a monthly basis after services are rendered. For all services rendered under Sections 201 and 202, the Village will have 30 days to submit payment after receiving an invoice. The annual cost for base services is outlined in Table 1 below. Year 1 is the grant-subsidized hosting period. Year 2 has been pro-rated to align with the Village’s fiscal year.

TABLE 1 – ANNUAL COST OF BASE SERVICES BY YEAR

Year	Period	Hosting Fee
1	7/1/17 – 6/30/18	\$0
2	7/1/18 – 5/31/19	\$596
3	6/1/19 – 5/31/20	\$700
4	6/1/20 – 5/31/21	\$750
5	6/1/21 – 5/31/22	\$750

Section 402. Additional Services. The Village shall pay the Authority for Additional Services at the labor hour burdened rate for the specific job classification performing the services (see Table 2). Rates will be reviewed and may be adjusted on an annual basis consistent with the Authority’s fiscal year (April 1st of the present year to March 31st of the following year) to account for cost of living adjustments. Mileage to the worksite will be reimbursed at the current Federal Mileage Rate. The Village will provide the reasonable support services of its staff as appropriate to assist in implementing Additional Services.

TABLE 2 – AUTHORITY STAFF CHARGE OUT RATES FISCAL YEAR ENDING 2019

Employee Wage Rate	Standard	Overtime
Engineering Manager	\$105	NA
Controls Engineer	\$75	NA
Environmental Coordinator	\$75	\$98
Project Engineer	\$75	NA

Employee Wage Rate	Standard	Overtime
GIS Supervisor	\$65	NA
GIS Specialist	\$55	NA
GIS Technician	\$50	NA
Engineering Assistant	\$60	\$74

ARTICLE V - Termination

Section 501. Termination. The Village and/or Authority may terminate this Agreement with or without cause upon 90 days prior written notice, provided however, that the Village shall pay the Authority all costs incurred by the Authority to the date of termination.

ARTICLE VI – Insurance/Liability

The Authority shall carry general public liability insurance in the customary amounts and coverages maintained on its general operations, and shall name the Village as additional insured on the liability policy. The Village shall carry general liability insurance in the customary amounts and coverages maintained on its general operations, and shall name the Authority as additional insured on the liability policy.

The Village will at all times indemnify and save harmless the Authority against all liabilities, judgments, costs, damages, expenses and attorney's fees for loss, damage or injury to persons or property resulting in any manner from the operation of this Agreement.

The Authority will at all times indemnify and save harmless the Village against all liabilities, judgments, costs, damages, expenses and attorney's fees for loss, damage or injury to persons or property resulting in any manner from the intentional or negligent actions or omissions of the Authority, its officers, employees or agents in connection with the operation of this Agreement.

The Authority shall use reasonable diligence to provide the services herein required, but shall not be liable to The Village for damages, breach of contract, or otherwise, for failure, suspension, diminution, or other variations of service occasioned by any cause beyond the control of the Authority. The Village will not be liable in the event of a breach beyond their control. Such causes may include, but are not restricted to, acts of God or of the public enemy, acts of the Government in its sovereign or contractual capacity, fires, floods, epidemics, riots, strikes, civil disturbance, quarantine, restrictions, or inability to obtain equipment or supplies.

ARTICLE VII – Miscellaneous

All accounts, reports and other records generated by the Authority or required under this Agreement, in the performance hereof, shall be open to inspection and audit at all reasonable times by the Village. Such records shall be retained by the Authority for a minimum of seven (7) years following the expiration or earlier termination of this Agreement or an extended agreement.

The parties acknowledge that the Authority has undertaken and may undertake various projects unrelated to web-based hosting. It is the intent of the parties that this Agreement, the service provided hereunder and all payments, accounts receivable and equipment resulting from or required by such service shall be separate from and independent of all unrelated projects and activities of the Authority. The Village shall have no right to, or claim upon, the assets, insurance proceeds or income of the Authority other than those associated with the performance of this Agreement, in satisfaction of any claim by the Village arising hereunder. A similar restrictive clause is contained and will be provided in all service agreements made by the Authority with others.

The Authority is an independent contractor with respect to the Village, and this Agreement does not create, and shall not be construed as creating, any relationship of principal and agent, landlord and tenant, or employer and employee.

No waiver by the Village or Authority of any breach of any term, covenant or condition contained in this Agreement shall operate as a waiver of such term, covenant or condition itself, or of any subsequent breach thereof.

This Agreement shall be construed and enforced in accordance with the laws of the State of New York. If any provision of this Agreement shall, to any extent, be held invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and shall continue to be valid and enforceable to the fullest extent permitted by law.

This Agreement contains the entire agreement of the parties and may be modified or amended only by the written mutual agreement of the parties.

All notices required or permitted to be given under this Agreement shall be in writing and shall be made at the addresses indicated above. The notice or correspondence shall be effective when actually received by the party to which it is directed, whether transmitted by mail, courier, facsimile or personal delivery.

All of the above is established by the signatures of the authorized representatives of the parties set forth below.

GIS WEB-BASED HOSTING AGREEMENT

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY & TOWN OF WATSON

This Agreement entered into this _____ day of _____ 20____, by and between:

TOWN OF WATSON, a municipal corporation of the State of New York having an office building and principal place of business located at 6965 Number Four Road, Lowville, NY13367, herein after referred to as "Town",

And

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY, a public benefit corporation organized and existing under the laws of the State of New York, having an office and principal place of business located at 317 Washington Street, Watertown, New York 13601, hereinafter referred to as "Authority".

Recitals

1. In November of 2015, the Town partnered with the Communities of: Village of Lowville, Village of Carthage, Village of Turin, and Lewis County, to develop a geographic information system (GIS) for water and wastewater infrastructure. This project was funded by a grant from the New York State Archives and entailed records conversion, database development and web-based interface development. As part of this project, the Town was provided with GIS hosting services at no additional cost for a period commencing July 1, 2017 and ending June 30, 2018; this period is hereinafter referred to as the grant-subsidized hosting period.
2. The purposes of this agreement are to: A) formally outline the scope of GIS hosting services for the grant-subsidized hosting period; and B) provide provisions for the Town to continue GIS hosting and maintenance services after the grant-subsidized hosting period.
3. The Town Board, at its duly convened meeting held on _____, 20____, selected the Authority to provide these services.
4. This Agreement is authorized under Section 2704(17) of the Public Authorities Law.

Agreement

In consideration of the mutual covenants herein contained, the parties agree to the following Articles:

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ARTICLE II - Scope of Services

Section 201. Base Services. The Authority will provide the Town with the following base services at the term and rates outlined in Sections 301 and 401. The scope of base services is outlined below:

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hours/day, 7 days/week, with the exception of planned interruptions for system maintenance and unplanned interruptions in service beyond the Authority's control. The Authority will endeavor to provide as much advance notice of scheduled interruptions as reasonably possible, and not less than 48 hours. In the event of unscheduled interruptions, the Authority will use its best efforts to restore services as soon as reasonably possible under all the circumstances then existing.

- 2) The Town will provide Datasets to the Authority in a format compatible with the IMA (shapefile or geodatabase).
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- 5) The Town understands that Hosting Services are provided "as is" with no warranties of any kind.
- 6) All the Town Datasets hosted on the IMA will remain the property of the Town. The Town Datasets are defined as those that the Town develops, on its own or through contract. In the event that this Agreement is not renewed, the Authority will provide the Town with all the Town Datasets in electronic format within not more than 15 days.
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ARTICLE III – TERMS

Section 301. Term. The term of this Agreement shall be five (5) years beginning on July 1, 2017, and ending December 31, 2021, provided that the Town and/or the Authority shall have the right to terminate this agreement as specified in Section 501.

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The Authority will at all times indemnify and save harmless the Town against all liabilities, judgments, costs, damages, expenses and attorney's fees for loss, damage or injury to persons or property resulting in any manner from the intentional or negligent actions or omissions of the Authority, its officers, employees or agents in connection with the operation of this Agreement.

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This Agreement contains the entire agreement of the parties and may be modified or amended only by the written mutual agreement of the parties.

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All of the above is established by the signatures of the authorized representatives of the parties set forth below.

GIS WEB-BASED HOSTING AGREEMENT

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY & LEWIS COUNTY

This Agreement entered into this _____ day of _____ 20____, by and between:

LEWIS COUNTY, a municipal corporation of the State of New York having an office building and principal place of business located at 7660 North State Street, Lowville, NY, 13367, herein after referred to as "County",

And

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY, a public benefit corporation organized and existing under the laws of the State of New York, having an office and principal place of business located at 317 Washington Street, Watertown, New York 13601, hereinafter referred to as "Authority".

Recitals

1. The Lewis County Board of Legislators adopted Resolution no. 80-2012, which authorized participation in a 2011-2012 Local Government Efficiency Grant (LGE) application to secure planning study funds for North Country Regional Shared Geographic Information System (GIS) services with partnering agencies; and Resolution 195-2014 authorizing the County to apply as co-applicant for a 2014 LGE grant to provide funding for the North Country Regional Shared GIS Implementation Project; the Planning Study was funded in 2012; the Implementation Project was not awarded funding by the LGE program in 2014.
2. The Authority, acting as project lead, secured a \$63,000 grant and covered the local co-share for Lewis County to proceed with the planning study.
3. A priority recommendation of the GIS planning study was the consolidation of the Authority's and partners' public map viewers into one Regional Public Map Viewer.
4. In 2015, the Lewis County Board of Legislators adopted Resolution no. 501-2015 which authorized participation in the 2016-2017 Local Government Records Management Improvement Fund grant application, led by the Village of Lowville, to integrate Lewis County's existing GIS data into the Authority's regional Internet Mapping Application (IMA) for

GIS hosting services. As part of this project, the County will be provided with GIS hosting services at no additional cost for a period commencing July 1, 2017 and ending June 30, 2018; this period is hereinafter referred to as the grant-subsidized hosting period.

5. The purposes of this agreement are to: A) formally outline the scope of GIS hosting services for the grant-subsidized hosting period; and B) provide provisions for the County to continue GIS hosting and maintenance services after the grant-subsidized hosting period.
6. The Lewis County Board of Legislators, at its duly convened meeting held on _____, 20___, selected the Authority to provide GIS hosting services.
7. This Agreement is authorized under Section 2704(17) of the Public Authorities Law.

Agreement

In consideration of the mutual covenants herein contained, the parties agree to the following Articles:

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Section 202. Additional Services. Any other tasks that are not included in the scope of base services described above, such as additional Data Maintenance, or developing new datasets, all as requested of the Authority by the County will be reimbursed as described in Section 402.

ARTICLE III – TERMS

Section 301. Term. The term of this Agreement shall be five (5) years beginning on July 1, 2017, and ending December 31, 2021, provided that the County and/or the Authority shall have the right to terminate this agreement as specified in Section 501.

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GIS Supervisor	\$65	NA
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Engineering Assistant	\$60	\$74
Admin	\$59	\$76

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The Authority will at all times indemnify and save harmless the County against all liabilities, judgments, costs, damages, expenses and attorney's fees for loss, damage or injury to persons or property resulting in any manner from the intentional or negligent actions or omissions of the Authority, its officers, employees or agents in connection with the operation of this Agreement.

The Authority shall use reasonable diligence to provide the services herein required, but shall not be liable to the County for damages, breach of contract, or otherwise, for failure, suspension, diminution, or other variations of service

occasioned by any cause beyond the control of the Authority. The County will not be liable in the event of a breach beyond their control. Such causes may include, but are not restricted to, acts of God or of the public enemy, acts of the Government in its sovereign or contractual capacity, fires, floods, epidemics, riots, strikes, civil disturbance, quarantine, restrictions, or inability to obtain equipment or supplies.

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All accounts, reports and other records generated by the Authority or required under this Agreement, in the performance hereof, shall be open to inspection and audit at all reasonable times by the County. Such records shall be retained by the Authority for a minimum of seven (7) years following the expiration or earlier termination of this Agreement or an extended agreement.

The parties acknowledge that the Authority has undertaken and may undertake various projects unrelated to web-based hosting. It is the intent of the parties that this Agreement, the service provided hereunder and all payments, accounts receivable and equipment resulting from or required by such service shall be separate from and independent of all unrelated projects and activities of the Authority. The County shall have no right to, or claim upon, the assets, insurance proceeds or income of the Authority other than those associated with the performance of this Agreement, in satisfaction of any claim by the County arising hereunder. A similar restrictive clause is contained and will be provided in all service agreements made by the Authority with others.

The Authority is an independent contractor with respect to the County, and this Agreement does not create, and shall not be construed as creating, any relationship of principal and agent, landlord and tenant, or employer and employee.

No waiver by the County or Authority of any breach of any term, covenant or condition contained in this Agreement shall operate as a waiver of such term, covenant or condition itself, or of any subsequent breach thereof.

This Agreement shall be construed and enforced in accordance with the laws of the State of New York. If any provision of this Agreement shall, to any extent, be held invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and shall continue to be valid and enforceable to the fullest extent permitted by law.

This Agreement contains the entire agreement of the parties and may be modified or amended only by the written mutual agreement of the parties.

All notices required or permitted to be given under this Agreement shall be in writing and shall be made at the addresses indicated above. The notice or

AMENDMENT NO.1

TO OPERATOR OF RECORD & MANAGEMENT SERVICES AGREEMENT WATER POLLUTION CONTROL FACILITIES VILLAGES OF CARTHAGE AND WEST CARTHAGE AND THE DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

WHEREAS, the Development Authority of the North Country (Authority) and the Villages of Carthage and West Carthage entered into an Agreement dated May 21, 2014 for the Authority to provide Operator of Record Services and Management Services and support of the Water Pollution Control Facilities, and

WHEREAS, in November 2015, the Village of Carthage, partnering with the Village of Lowville, Village of Turin, Town of Watson, and Lewis County, hired the Authority to develop a geographic information system (GIS) for water and wastewater infrastructure; this work was paid for by a \$82,748 grant awarded to the Village of Lowville. The Village of West Carthage elected not participate in the grant project; therefore, only the Village of Carthage developed GIS data.

NOW, THEREFORE BE IT RESOLVED, that the Authority and the Villages of Carthage and West Carthage agree to amend their Operator of Record & Management Services Agreement to encompass GIS hosting services for the Village of Carthage as outlined below:

1. Addition of the following Definitions to Article I - Definitions:
 - a) "IMA," Internet Mapping Application, the Authority's web-based GIS which serves as the platform for providing GIS hosting services
 - b) "Hosting Services," refers to the act of the Authority storing and providing access to spatial data via the IMA.
 - c) "Datasets," refers to spatial data in formats that are compatible with the Authority's GIS, including shapefile and geodatabase.
 - d) "Data Maintenance," refers to Authority activities related to: A) editing existing customer data on the IMA, or B) adding new customer data to the IMA.
 - e) "Database Checkouts," refers to Authority activities related to copying out the database features for a customer so the features and/or attributes can be edited/updated and returned to the Authority.

2. Addition of the following Scope of Services to Section 202, GIS Hosting Services:
 - a) The Authority agrees to provide the Village of Carthage with GIS Hosting Services and access to the IMA via a password-protected account through the Internet 24 hours/day, 7 days/week, with the exception of planned interruptions for system maintenance and unplanned interruptions in service beyond the Authority's control. The Authority will endeavor to provide as much advance notice of scheduled interruptions as reasonably possible, and not less than 48 hours. In the event of unscheduled interruptions, the Authority will use its best

efforts to restore services as soon as reasonably possible under all the circumstances then existing.

- b) The Village of Carthage will be responsible for obtaining and maintaining any computer equipment (hardware, software, etc.) and high-speed internet connection to access Hosting Services.
 - c) The Village of Carthage agrees not to use the IMA to upload, post, submit, e-mail or transmit any content that infringes on any patent, trademark, trade secret, or copyright. In no event will the Village of Carthage hold liable the Authority for any damages, loss of profits, or other losses for IMA use or misuse.
 - d) The Village of Carthage understands that Hosting Services are provided "as is" with no warranty.
 - e) All Village of Carthage Datasets hosted on the IMA will remain the property of the Village of Carthage. Village of Carthage Datasets are defined as those that the Village of Carthage develops, on its own or through contract. In the event that this agreement is not renewed, the Authority will provide the Village of Carthage with all Village of Carthage Datasets in electronic format within 15 days.
 - f) The Authority will provide Hosting Services for Datasets other than those currently existing (referred to hereafter as "Other Datasets"). Other Datasets must be developed by the Authority (in accordance with Section 202, Additional Services, the Village of Carthage, or a third party. Other Datasets not developed by the Authority must be provided by the Village of Carthage in "shapefile" or "geodatabase" format.
 - g) Base services provided by the Authority shall include: 24 hours of staff time per year for Customer updates and Database Checkouts; staff time to annually update base map data including parcel data as supplied by the County, road data, orthoimagery, etc.; and phone support for technical questions concerning the IMA during regular business hours.
3. Addition of the following Scope of Services to Section 202, Additional Services:
- a) Any other GIS tasks that are not included in the scope of base services described above, such as Data Maintenance, or developing new datasets, all as requested of the Authority by the Village of Carthage will be reimbursed as described in Appendix A.
4. Modification of the Employee Wage Rate table in Appendix A to include additional staff and updated charge-out rates as of April 1, 2018:

Employee Wage Rate	Standard	Overtime
Engineering Manager	\$105	NA
Controls Engineer	\$75	NA
Environmental Coordinator	\$75	\$98
Project Engineer	\$65	NA

Employee Wage Rate	Standard	Overtime
GIS Supervisor	\$65	NA
GIS Specialist	\$55	NA
GIS Technician	\$50	NA
Engineering Assistant	\$60	\$74

The return of one signed copy of this Amendment, together with the formal resolution of approval, constitutes acceptance of this Amendment.

All of the above is established by the signatures of the authorized representatives of the parties.

**DEVELOPMENT AUTHORITY
OF THE NORTH COUNTRY**

By: _____

James W. Wright
Executive Director

VILLAGE OF CARTHAGE

By: _____

G. Wayne McIlroy
President

VILLAGE OF WEST CARTHAGE

By: _____

Scott Burto
Mayor

STATE OF NEW YORK)
) ss:
COUNTY OF JEFFERSON)

On this ____ day of _____, 2017, before me personally came James W. Wright, who being duly sworn, did dispose and says that he resides in Watertown, New York; that he is the Executive Director of the Development Authority of the North Country, the Authority described herein, and which executed the foregoing instrument; and that he signed his name thereto by order of said Authority.

NOTARY PUBLIC

ACKNOWLEDGEMENTS

STATE OF NEW YORK)
) ss:
COUNTY OF JEFFERSON)

On this ____ day of _____, 2017, before me personally came G. Wayne McIlroy, who being duly sworn, did dispose and says that he resides in _____, New York; that he is the President of the Village described herein, and which executed the foregoing instrument; and that he signed his name thereto by order of said Village.

NOTARY PUBLIC

ACKNOWLEDGEMENTS

STATE OF NEW YORK)
) ss:
COUNTY OF JEFFERSON)

On this ____ day of _____, 2017, before me personally came Scott Burto, who being duly sworn, did dispose and says that he resides in _____, New York; that he is the Mayor of the Village described herein, and which executed the foregoing instrument; and that he signed his name thereto by order of said Village.

NOTARY PUBLIC



Board Resolution No. 2017-06-66
June 22, 2017

**AUTHORIZING ADDITIONAL CAPITAL FUNDING FOR LANDFILL GAS
WELL DEVELOPMENT IN THE MATERIALS MANAGEMENT
CAPITAL BUDGET FYE 2018**

Whereas, the collection of landfill gas is an essential aspect of the Authority's methane gas control and odor control at the landfill, and

Whereas, the Authority has annually appropriated funding in the Materials Management Capital Budget for the construction of replacement wells in the previously filled areas of the landfill, and

Whereas, Materials Management has recommended the addition of replacement wells due to the blockage of existing wells and the need for additional collection, and

Whereas, the new cells (numbers 10 and 11) have now reached sufficient height for new wells to be placed, and

Whereas, the gas wells contain pumps which also allow for leachate collection which will reduce the liquid pressure causing leachate outbreaks, and

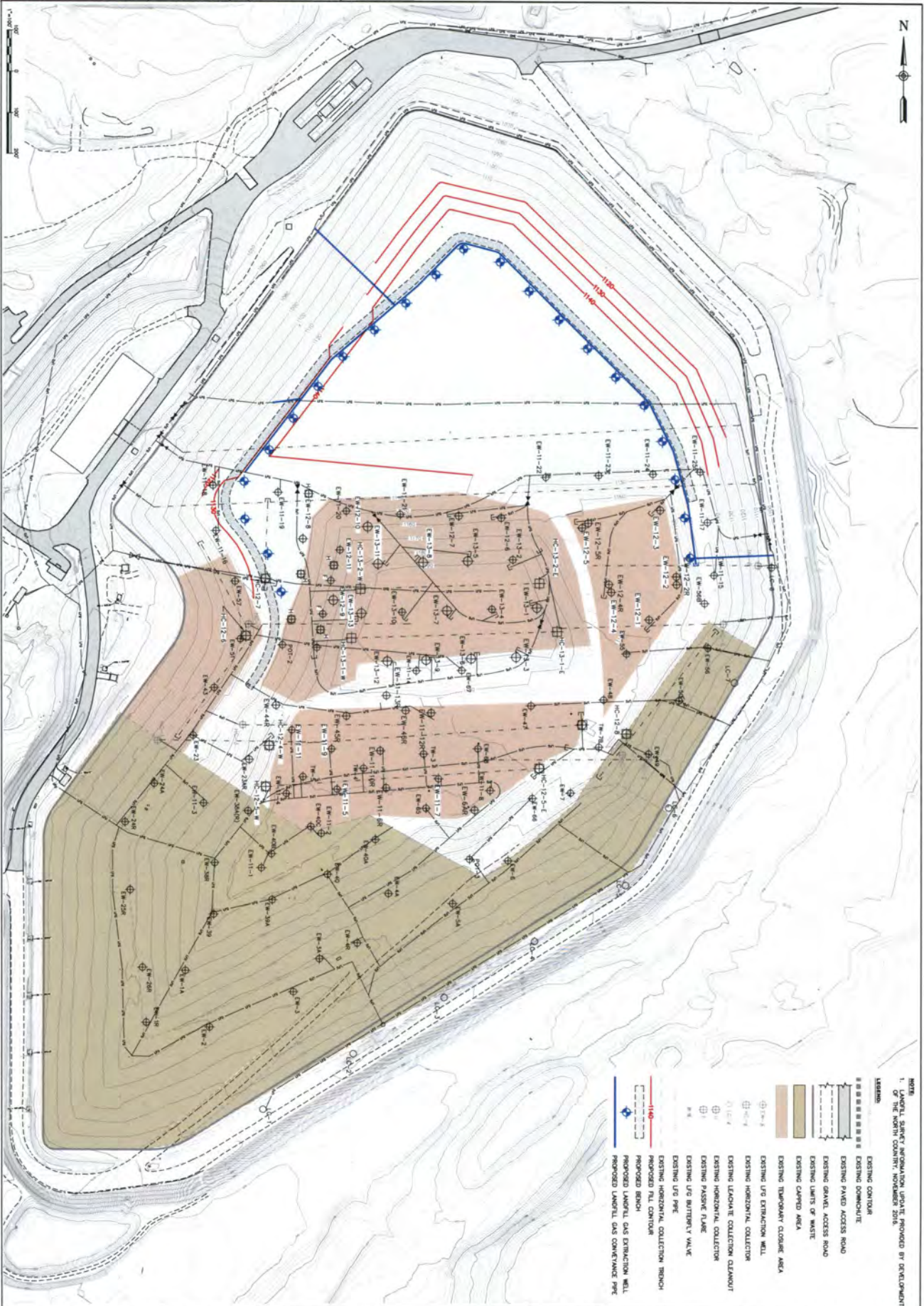
Whereas, the Authority is preparing to bid a capital project for a landfill gas conveyance upsizing, and it would be beneficial to bid the work for additional wells in conjunction with this project, and

Whereas, Materials Management Capital Project 20148 – Sand Storage Barn Relocation has been substantially complete, making a project balance available.

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

RESOLVED, the Development Authority of the North Country herewith authorizes the transfer of \$100,000 from Capital Project 20148 – Sand Storage Barn to Capital Project 20111 – Landfill Gas Development, and be it further

RESOLVED, the Executive Director and Comptroller are herewith authorized to initiate said transfer and related modification to the capital projects.



NOTE:
 1. LANDFILL SURVEY INFORMATION UPDATE PROVIDED BY DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY, NOVEMBER 2016.

- LEGEND
- EXISTING CONTOUR
 - EXISTING DOWNDRAUGHT
 - EXISTING PAVED ACCESS ROAD
 - EXISTING GRAVEL ACCESS ROAD
 - EXISTING LIMITS OF WASTE
 - EXISTING CAPPED AREA
 - EXISTING TEMPORARY CLOSURE AREA
 - EXISTING LFG EXTRACTION WELL
 - EXISTING HORIZONTAL COLLECTION
 - EXISTING LEAKAGE COLLECTION CLEANOUT
 - EXISTING HORIZONTAL COLLECTION
 - EXISTING PASSIVE FLARE
 - EXISTING LFG BATTERY VALVE
 - EXISTING LFG PIPE
 - EXISTING HORIZONTAL COLLECTION BRANCH
 - EXISTING TEL CONTOUR
 - PROPOSED BRANCH
 - PROPOSED LANDFILL GAS EXTRACTION WELL
 - PROPOSED LANDFILL GAS CONNECTION PIPE

DATE	JAN, 2017
SCALE	1"=100'
SHEET NUMBER	1
TITLE NUMBER	394.075.017





Board Resolution No. 2017-06-67
June 22, 2017

**MODIFYING A LOAN ISSUED THROUGH THE NORTH COUNTRY
REDEVELOPMENT LOAN FUND**

Whereas, **Resolution No. 2016-10-129** ratified a loan through the North Country Redevelopment Loan Fund to MCM DevCo Malone, LLC in the amount of \$500,000 (\$250,000 loan and \$250,000 grant), and

Whereas, the Authority was to have a second mortgage position on the real estate behind a senior lender loan in the amount of \$250,000, and

Whereas, MCM DevCo Malone has applied for funding from the Franklin County Local Development Corporation in the amount of \$250,000 rather than going to a senior lender, and

Whereas, the Franklin County Local Development Corporation would like a co-proportional first mortgage position with the Authority on the real estate, and

Whereas, this modification improves the Authority's security position on the real estate, and

Whereas, no other terms or conditions of the commitment approved by the Board by **Resolution No. 2016-10-129** will change, and

Whereas, the Regional Loan Review Committee reviewed this request on June 12, 2017 and recommends the modification to the Project Development Committee for approval.

Now, upon the recommendation of the Project Development Committee, therefore be it

RESOLVED, the Development Authority of the North Country does hereby modify a loan from the North Country Redevelopment Fund to MCM DevCo Malone, LLC to allow for a co-proportional first mortgage position on real estate with the Franklin County Local Development Corporation, at the terms and conditions outlined on the attached Term Sheet, and further authorizes the Executive Director to execute all documents necessary to make the loan, and be it further

RESOLVED, this is considered a Type II Action under the State Environmental Quality Review (SEQRA) and is considered an exempt activity requiring no further action.

TERM SHEET

Borrower:	MCM DevCo Malone, LLC
Loan Fund:	North Country Redevelopment Fund
Amount:	\$500,000 (\$250,000 loan/\$250,000 grant) (NYS Empire State Development Funding)
Loan Term:	240 months
Loan Rate:	1%
Loan Payment:	Interest only during construction; then principal and interest to fully amortize the loan over remaining term
Collateral:	Co-proportional first mortgage with Franklin County Local Development Corporation on real estate located at 399-401 East Main Street, Malone, NY 12953 Assignment of rents and leases Co-proportional first lien on all assets of MCM DevCo Malone, LLC
Conditions:	<ul style="list-style-type: none">• Owner cash of \$55,000• Franklin County Local Development Corporation financing of \$250,000• Third party broker opinion or as completed appraisal with minimum value of \$500,000• Acceptable MWBE Utilization Plan• Recapture provision over 10 years on grant portion• Loan will be disbursed as construction loan• Available ESD funding

Motion-
Second-
Approved
BORROWER:

North Country Economic Development Fund
June 12, 2017

MCM DevCo Malone, LLC

BUSINESS ADDRESS: 4 Brayton Court, Commack NY 11725
Project Location: 399-401 East Main Street,
Malone, NY 12953

OWNERSHIP: Darren Gough-50%
Mike Roesler-50%

AMOUNT REQUESTED: \$250,000, 240 months, 1%/\$250,000 grant

PAYMENTS: Interest-only payments during construction; monthly
principal and interest payments to amortize loan
over remaining term of the loan.

PRIMARY COLLATERAL: Co-proportional first mortgage on Real Estate

GUARANTORS: Darren Gough and Mike Roesler

JOB CREATION: Existing: 0
New-Year 1: 0
New-Year 2: 0
New- Year 3: 0
Total Jobs: 0 FTE

SOURCES: USES:

Original Project:

N. C. Redevelopment Fund-Grant	250,000	Acquisition	\$ 105,000
N. C. Redevelopment Fund-Loan**	250,000	Construction	\$ 565,156
Franklin County IDA	250,000	Engineer Study	\$ 20,000
Owner Cash	55,000	Architectural Plans	\$ 20,000
		Soft Costs	\$ 24,695
		Contingency	\$ 70,149
Total Sources	\$805,000	Total Uses	\$ 805,000

Franklin County IDA funding for 20 years at 5%. First 6 months interest only payments.

PROJECT OVERVIEW:

MCM DevCo Malone LLC is requesting \$500,000 from the North Country Redevelopment Fund (\$250,000 loan/\$250,000 grant) to complete Phases I and II of the substantial redevelopment of buildings located at 399-403 East Main Street in Malone.

MCM Development Malone would like to continue in the footsteps of The Richardson Building and build on its vision for a redeveloped and revitalized downtown Malone and downtown corridor. If approved, they plan on a complete renovation of "The River Building" to create a development called The North Country Collective.

Motion-
Second-
Approved

North Country Economic Development Fund
June 12, 2017

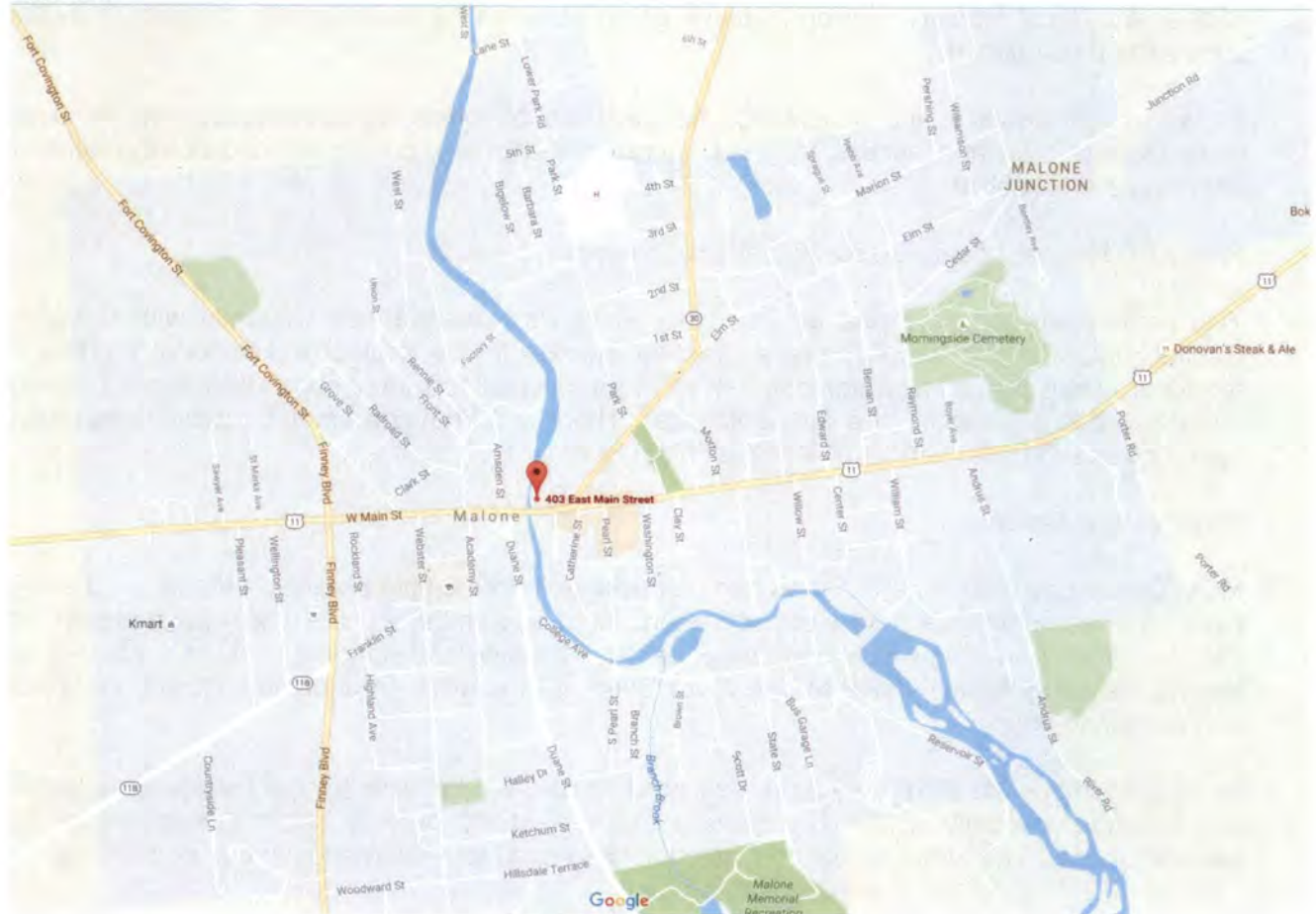
The North Country Collective would be a destination where small businesses and local companies could come together in a low cost, low impact space which would enable them to achieve their goals without the underlying concerns normally associated with location or relocation. The North Country Collective would eliminate high rents, size & space limitations or constrictions, exorbitant heating costs, and parking concerns as well as other obstacles that conspire to prevent a small business from focusing on their core competency



Existing Buildings



Proposed Buildings



Street Map

Construction Project

The proposed construction project will include an elevator and elevator shaft, HVAC, Blacktop, spray foam, and façade improvements. The developers will also complete buildout of block A for restaurant space; block B for a banquet hall; block C with a brewery system; block D for a wedding salon; and block E for professional offices.

Many of the Sub-Floors need minimal renovation, as they will be offering Raw Space with Exposed Ductwork, and HVAC Systems, Polished Concrete floors with both natural lighting from the western windows combined with Energy Efficient LED Lighting. This results in lower cost building costs, lower environmental impact and lower operating costs. Communal or Common Space will also be offered allowing businesses a place to convene, meet and co-mingle.

Phased Approach

Phase I - Acquisition of River Building, finalization of engineer surveys and architectural plans, permitting, bid quotes and acceptance for street level build out, determination of elevator location and costs, sign operating leases with street level businesses, set site development plan with government planning authorities, short-term and long-term parking plan determined.

Phase II - Bid quotes and acceptance for second level build out, sign operating leases with prospective businesses (i.e. Bridal salon), market and promote entrepreneurial collective,

Motion-
Second-
Approved

North Country Economic Development Fund
June 12, 2017

partner with local industry and educational establishments for entrepreneur program, elevator construction completed.

Phase III - Bid quotes and acceptance for build out of remaining space based on demand, complete site plan and access to River; increase marketing, promotion and collaboration of entrepreneur collective.

Phase IV- Reinvest capital to additional locations along Main St.

This project will complete phases I and II. Point Positive and Ted Coughlin with Coughlin Capital, equity capital firms, have expressed interest in the project if additional funding is required. They also have a commitment from an investor to purchase a three barrel brewery and lease it to a prospect at a favorable rate. There is currently a small carpenter's business operating in sub-basement #1 of 403 East Main Street.

Prospective Tenants:

MCM Development Malone LLC has had discussions with multiple potential tenants for the A-E blocks that are in various stages of completion. As of September 21, 2016 they have received a Letter of Intent from Angie Soulia of One Fine Day Wedding and Banquet Hall LLC. She will be leasing the banquet hall space at The River Building in addition to additional store front space on the second floor.

As of September 21, 2016 they have had positive discussions with a local college to establish and manage a locally sourced restaurant and potentially provide catering services to the banquet space. The aforementioned institution has asked to remain anonymous at this time.

The developers have also had preliminary discussions with a Venture Capitalist Firm that is interested in working with a local college to establish a brewery education program and supporting restaurant. This Venture Capitalist Firm has committed to purchasing a Three Tank Brewing Set Up along with the additional equipment, storage tanks and additional equipment needed and has committed to leasing this equipment at extremely aggressive lease rates.

MANAGEMENT:

MCM Development Malone LLC will be the managing partner of North Country Collective drawing upon the local development experience of Darren Gough (developer and owner of The Richardson) and the financial experience of Michael Roesler, CFA. Darren's experience as a local developer and business owner has enabled him to develop strong connections within the Malone community and an understanding of the unique opportunities that Malone has to offer. Mike's 20+ years of experience as a financial analyst underpins MCM's building block approach to the North Country Collective development.

FINANCIAL ANALYSIS:

Income Statement

FYE December 31	At 100% Occupancy	At 50% Occupancy
Rental Income	\$96,200	\$48,100
Total Expenses	\$48,000	\$34,772

Motion-
Second-
Approved

North Country Economic Development Fund
June 12, 2017

Net Operating Income	\$48,200	\$13,328
Debt Service		
DANC (\$250,000 @ 1%, 240 months)*	\$14,116	\$14,116
Franklin Co IDA (\$250,000 @ 5%, 240 months)	\$20,095	\$20,095
Total Debt Service	\$34,211	\$34,211
DSC	1.41	.39

*Interest only during construction

- First floor assumes:

	Square Footage	Annual Rent Sq/ft	Annual Revenue	Monthly Rent
Banquet Space	3,800	\$4	\$15,200	\$1,267
Restaurant	4,000	\$6	\$24,000	\$2,000
Brewery	3,000	\$2	\$6,000	\$500
Basement	1,000	\$5	\$5,000	\$417
Totals	11,800		\$50,200	

Second floor assumes:

	Square Footage	Annual Rent Sq/ft	Annual Revenue	Monthly Rent
Professional Offices	2,000	\$10	\$20,000	\$1,667
Bridal Space	2,000	\$8	\$16,000	\$1,333
Entrepreneur Collective	2,000	\$3	\$6,000	\$500
Pop-Up Store	2,000	\$2	\$4,000	\$333
Totals	8,000		\$46,000	

- The project breaks even with occupancy between 75%-80%. Otherwise, the owners are committed to contributing the cash to make up the shortfall to repay the debt.
- Leases will be triple net.
- Primary fixed expenses are insurance, \$12,000, and real estate taxes which are based on a reassessment, \$8,000. Variable expenses include building maintenance and the building reserves.
- HVAC costs assume centrally provided air conditioning that will be split among tenants based on percentage of space rented. Heating will be provided by furnaces dedicated to each unit. This may change based on tenant requirements and updated cost analysis.
- As per a discussion with Amy Hewitt, Malone Tax Assessor, taxes will be reassessed to a value reflecting lack of occupancy once ownership transfers to MCM Development Company of Malone LLC. And then reassessed as project is completed.

Motion-
Second-
Approved

North Country Economic Development Fund
June 12, 2017

Cash Flow Analysis

- The project will cash flow at 100% occupancy and breakeven is between 75%-80% occupancy; however the developer has only one existing tenant formally committed to the space. This tenant occupies 4,000 square feet in sub-basement #1. The tenant was paying \$800 per month prior to the bank owner of the property agreeing to exchange rent for maintenance of the building. The borrowers are assuming signing a lease with this tenant for approximately \$400 per month for continued use of the space and potential maintenance services.

Balance Sheet

	At Closing
Current Assets	\$64,695
Capital Assets – Net	\$740,305
Other Assets	\$0
Total Assets	\$805,000
Current Liabilities	\$25,519
Long Term Liabilities	\$474,481
Total Liabilities	\$500,000
Total Shareholders Equity	\$305,000
Total Liabilities & Shareholders Equity	\$805,000

Ratio Analysis

Working Capital	\$39,176
Current Ratio	2.54
Debt/Worth	1.64

- At loan closing it appears that there is positive working capital however \$40,000 of this working capital is for engineering and architectural work. There is no working capital per se for the project.
- Liabilities assume that the Authority loan will be interest only during construction and then amortized over the remaining term of the loan. It also assumes that the bank debt will be for 20 years at 4%. There is no commitment from another lender, only verbal.

PERSONAL:

Darren Gough – Lists net assets of \$3.3 million against liabilities of \$580,906. Primary assets in life insurance and real estate and the liabilities listed on the personal financial statement are mortgages against real estate. He lists an income of between \$134,000-\$155,000 as well as real estate rental income from the Richardson Building in Malone. He does not have any

Motion-
Second-
Approved

North Country Economic Development Fund
June 12, 2017

derogatory comments on public record and does have one 30 day past due on a closed account.

Michael Roesler – Reports \$1.571 million in assets primarily comprised of life insurance cash surrender value, real estate and stocks and bonds. He reports liabilities of \$483,000 comprised of notes payable, auto loan and mortgage. He lists income of \$225,000. He does not have any derogatory comments on public record. All accounts are paid as agreed.

COLLATERAL:

- Second mortgage on real estate located at 399-401 East Main Street, Malone, NY
- Assignment of Rents and Leases
- Second lien on all machinery and equipment, furniture and fixtures, inventory, accounts receivable and general intangibles of MCM Development Malone, LLC

	Cost
399-401 East Main Street, Malone-Acquisition	\$105,000
Improvements	\$670,156
Total	\$775,156
Franklin County IDA Loan	\$250,000
DANC Loan	\$250,000
LTV	.65

Authority is in a co-proportional first mortgage position by senior lender and will require an as completed appraisal or third party broker opinion with minimum value of \$500,000 for a 1:1 loan to value.

CONTINGENCIES:

1. Minimum \$55,000 owner cash contribution
2. Letter from senior lender for loan of up to \$250,000 at acceptable term and rate
3. Acceptable MWBE Utilization Plan
4. Loan will be disbursed as a construction loan
5. Recapture provision on the grant of \$250,000-10 years with 10% declining balance annually.
6. Personal guarantees of Darren Gough and Michael Roesler
7. As completed appraisal or third party broker opinion with a minimum value of \$500,000 for a 1:1 loan to value.
8. As funding is available from Empire State Development



Board Resolution No. 2017-06-68
June 22, 2017

**RATIFYING LOAN ISSUED THROUGH NORTH COUNTRY
REDEVELOPMENT LOAN FUND FOR HOLE BROTHER'S
ENTERPRISES, LLC**

Whereas, **Resolution No. 2015-08-91** established the North Country Redevelopment Fund, and

Whereas, the Regional Loan Review Committee can make commitments for loans up to \$250,000, and grants up to \$250,000, for a total combined grant/loan amount of \$500,000 with the Authority Board ratifying the request at its next meeting, and

Whereas, the Regional Loan Review Committee met on June 12, 2017 to review an application from Hole Brother's Enterprises, LLC, and

Whereas, Hole Brother's Enterprises, LLC proposes to renovate the currently vacant building located at 321 Howk Street, Watertown to expand its catering operations and to create space to lease to a new brewery, and

Whereas, the project has the potential to create 12 FTE jobs in Watertown, and

Whereas, the Regional Loan Committee is recommending a commitment of \$320,000, comprised of a \$160,000 loan and a \$160,000 grant consistent with the program guidelines, and

Now, upon the recommendation of the Project Development Committee, therefore be it

RESOLVED, the Development Authority of the North Country does hereby ratify the grant/loan commitment in the amount of \$320,000 (\$160,000 loan/\$160,000 grant) from the North Country Redevelopment Fund to Hole Brother's Enterprises, LLC at the terms and conditions outlined on the attached Term Sheet, consistent with the Empire State Development program requirements and further authorizes the Executive Director to execute all documents necessary to make the loan, and be it further

RESOLVED, this is considered a Type II Action under the State Environmental Quality Review (SEQRA) and is considered an exempt activity requiring no further action.

TERM SHEET

Borrower: Hole Brother's Enterprises, LLC

Loan Fund: North Country Redevelopment Fund

Amount: \$320,000 (\$160,000 loan/\$160,000 grant)
(New York State Empire State Development Funding)

Loan Term: 240 months

Loan Rate: 1%

Loan Payment: Interest-only for first 6 months; then principal and interest to fully amortize the loan over remaining term

Collateral: Co-proportional second mortgage on real estate located at 321 Hawk Street, Watertown, NY 13601
Assignment of rents and leases

Guarantors: How Kool LLC, Reginald Schweitzer, Jr., Christina Shultz, Thomas Shultz

Conditions: Owner cash of \$725,000
Watertown Savings Bank financing of \$85,000
Watertown Local Development Corporation financing of \$68,000
Third party broker opinion or as completed appraisal with a minimum value of \$313,000 for a 1:1 loan-to-value
Acceptable MWBE utilization plan
Recapture Provision over 10 years on grant portion
Funds to be utilized for renovations and equipment
Close out DEC spill number prior to loan closing

Development Authority of the North Country
June 15, 2017

BORROWER: Hole Brother's Holdings, LLC

BUSINESS ADDRESS: 500 Newell Street, Watertown NY 13601

PROJECT ADDRESS: 321 Howk Street, Watertown, NY 13601

OWNERSHIP: Reginald Schweitzer Jr. – 50%
Christina Shultz – 25%
Thomas Shultz – 25%

PROGRAM: North Country Redevelopment Fund

AMOUNT REQUESTED: \$320,000 (\$160,000 loan/\$160,000 grant)

LOAN TERM: 240 months

INTEREST RATE/PAYMENTS: 1%; First six months interest only then P&I to amortize loan over remaining 234 months.

PRIMARY COLLATERAL: Co-proportional second mortgage on real estate located 321 Howk Street, Watertown, NY 13601.

GUARANTORS: How Kool LLC, Reginald Schweitzer Jr., Christina Shultz, Thomas Shultz

JOBS:

Current:	26 FTE
Year 1:	8 FTE
Year 2:	2 FTE
Year 3:	2 FTE
Total New:	12 FTE

SOURCES:		USES:	
Development Authority of the North Country	320,000	Acquisition	\$170,000
Watertown Savings Bank	85,000	Rehabilitation	\$326,000
Watertown Local Development Corp	68,000	Kitchen Equipment	\$ 60,000
Owner Equity	60,000	Closing Costs	\$ 10,000
Owner Cash	33,000		
Total Sources	\$566,000	Total Uses	\$566,000

Watertown Savings Bank – approved - 20 years at 5%
Watertown Local Development Corporation – approved - 20 years at 5%

PROJECT OVERVIEW:

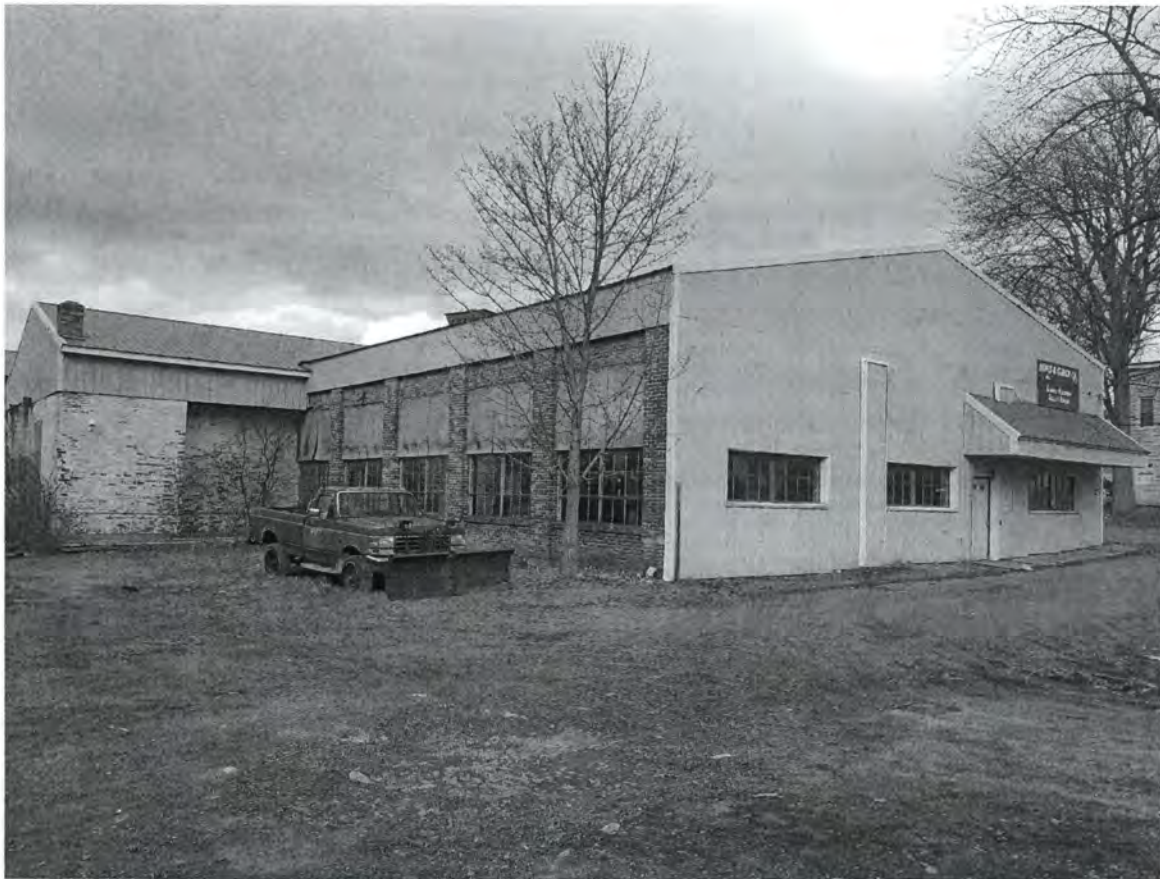
Development Authority of the North Country
June 15, 2017

Hole Brother's Holdings LLC proposes the renovation of a building located at 321 Howk Street. The building was formerly home to Lewis and Clinch, a machining shop. Hole Brother's currently owns and operates Maggie's on the River, a restaurant located across the street at 500 Newell Street. They are expected to reach \$2.2 million in sales in 2017 and have 52 employees, both full and part-time. The business is requesting \$320,000 from the Redevelopment Fund (\$160,000 loan/\$160,000 grant) to renovate the building into a multi-tenant facility.

The proposed building is a blighted 8,100+ square foot single level former machine shop with a large amount of potential parking and outdoor seating space. As mentioned, it is across the street from their existing business, Maggie's on the River.

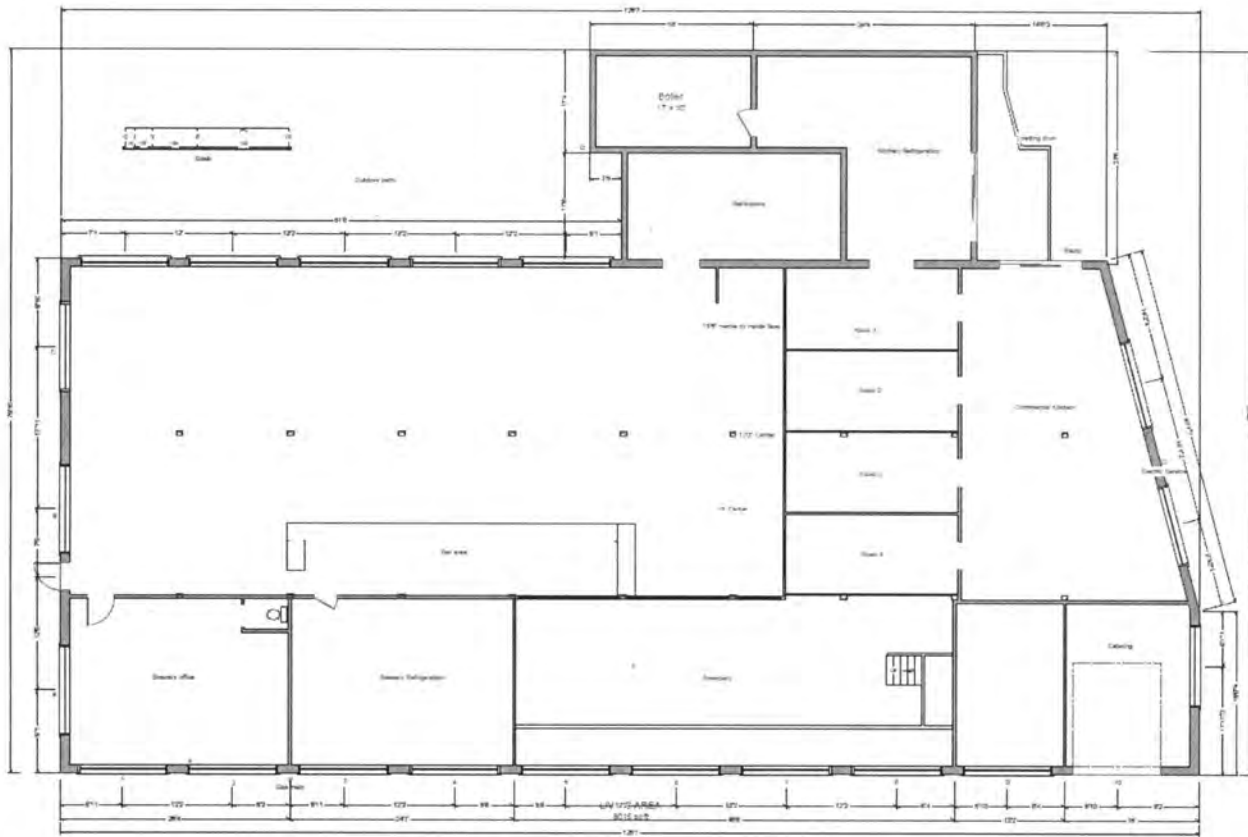
They propose leasing about ½ of the square footage to a start-up brewery. About 200 square feet will be assigned to 4 small food vendors. They propose creating a common industrial kitchen to service the food vendors. The seating areas for the Brewery and the food vendors will be shared but managed by the anchor business. The industrial kitchen will also service Maggie's increased demand for catering.

There is an open DEC spill number on the property and approximately \$12,000 in remediation is expected as part of the budget. It was for an oil spill. A phase I has been completed and a phase II is underway. They are currently working along with GYMO and the DEC to get it closed out as soon as the closing with WSB & WLDC occurs.



Existing Building

Development Authority of the North Country
June 15, 2017



Proposed new building layout

MANAGEMENT: Mr. Schweitzer oversees Maggie's on the River. With the new location, the seating areas for the proposed brewery and the food vendors will be shared but managed by the anchor brewery business.

FINANCIAL ANALYSIS:

FYE December 31	Actual	Actual	Actual	Actual
	2014	2015	2016	1/1-5/30/17
Revenues	\$1,417,210	\$1,704,301	\$2,057,814	\$898,678
Gross Profit	\$743,505	\$890,798	\$1,262,580	\$559,814
Expenses	\$778,199	\$916,875	\$1,211,738	\$553,612
Other Income (Expense)	\$28,711	\$40,976		
Net Income	(\$5,983)	\$14,899	\$50,842	\$6,202
Add: Interest	23,600	19,898		
Add: Depreciation	14,588	14,481		
Add: Payment on Note			37,790	12,123

Development Authority of the North Country
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Total Cash Available for Debt	32,205	49,278	88,632	18,325
Watertown Savings Bank (1 st)	20,232	20,232	20,232	8,430
NYBDC (2 nd Newell)	12,120	12,120	12,120	5,050
NCA (2 nd Newell)	7,812	7,812	7,812	3,255
Watertown Savings Bank	13,044	13,044	13,044	5,435
Watertown Savings Bank	3,000	3,000	3,000	1,250
Watertown Savings Bank (1 st)	6,732	6,732	6,732	2,805
WLDC (2 nd Howk)	5,385	5,385	5,385	2,244
Redevelopment Fund	8,830	8,830	8,830	3,679
Total Debt	77,155	77,155	77,155	23,458
Debt Service Coverage Ratio	.42	.64	1.15	.78

Sales Growth	-----	20%	21%	---
Gross Profit Ratio	52%	52%	61%	62%
Expenses to Sales Ratio	55%	54%	59%	62%
Income Ratio	---	1%	2.4%	1%

- The 2014 and 2015 information is from the company's tax return. The 2016 information was internally prepared. The company filed an extension for its 2016 taxes.
- In 2016 food sales comprised 47% of sales and 50% of sales was comprised of wine, liquor and beer sales. Sales are on track to hit \$2.1 million in 2017.
- In 2014 other income was comprised of ATM commissions, \$886, and lotto commissions, \$27,825. In 2015 other income was comprised of ATM commissions, \$4,291, and lotto commissions of \$36,605.
- Primary expenses in 2014 and 2015, respectively, were salaries and wages, \$470,715 and \$588,081; taxes and licenses, \$74,386 and \$70,651; insurance, \$42,915 and \$47,487; utilities, \$56,826 and \$45,022; and outside entertainment, \$14,558 and \$34,078.
- Watertown Savings Bank has a first mortgage on 500 Newell Street, Watertown. Monthly payments are \$1,686. NYBDC has a second mortgage on the facility. Monthly payments are \$1,010. NCA has a co-proportional second mortgage on the facility. Monthly payments are \$651. Watertown Savings Bank has a first lien on all equipment of Maggie's on the River. Monthly payments of \$1,087. Loan matures June 2018. Watertown Savings Bank line of credit with an outstanding balance of \$27,763. Monthly payments of \$250.
- Watertown Savings Bank has a first mortgage on the Howk Street property. Monthly payments will be \$560.96. Watertown Local Development Corporation will have a co-proportional second mortgage on Howk Street building with Authority. Monthly payments will be \$448.77. North Country Redevelopment Fund will have a co-proportional second mortgage on Howk Street building. Monthly payments of \$735.83.
- Payments on Loans is a category on the internally prepared profit and loss statement.

Development Authority of the North Country
June 15, 2017

- It appears based upon historic operations that Maggie's would not have had sufficient cash flow in 2014 or 2015 to repay the existing and new debt; however based upon the internally prepared financial statement for 2016, there would be sufficient cash flow to repay existing and new debt.

Income Statement

FYE December 31	Projected	Projected	Projected	Projected
	2017	2018	2019	2020
Revenues	\$2,222,440	\$2,778,049	\$2,861,391	\$2,947,233
Gross Profit	\$1,363,587	\$1,780,319	\$1,833,728	\$1,888,740
Expenses	\$1,273,342	\$1,665,269	\$1,710,730	\$1,756,506
Net Income	\$90,245	\$115,050	\$122,998	\$132,234
Add: Interest				
Add: Depreciation				
Add: Payment on Note	38,054	59,344	59,477	59,614
Total Cash Available for Debt	128,299	174,394	182,475	191,848
Watertown Savings Bank (1 st)	20,232	20,232	20,232	20,232
NYBDC (2 nd Newell)	12,120	12,120	12,120	12,120
NCA (2 nd Newell)	7,812	7,812	7,812	7,812
Watertown Savings Bank	13,044	13,044	13,044	13,044
Watertown Savings Bank	3,000	3,000	3,000	3,000
Watertown Savings Bank (1 st)	6,732	6,732	6,732	6,732
WLDC (2 nd Howk)	5,385	5,385	5,385	5,385
Redevelopment Fund	8,830	8,830	8,830	8,830
Total Debt	77,155	77,155	77,155	77,155
Debt Service Coverage Ratio	1.66	2.26	2.37	2.49

Sales Growth	---	25%	3%	3%
Gross Profit Ratio	61%	64%	64%	64%
Expenses to Sales Ratio	57%	60%	60%	60%
Income Ratio	4%	4%	4%	4%

- Projections completed by the business.
- Food sales comprise 47% of sales and 50% of sales are comprised of wine, liquor and beer sales. Sales are projected to increase 3% annually.
- Primary expenses include salaries, wages and benefits of approximately 35% of sales; insurance, 2.7% of sales; utilities, 1.87% of sales; credit card services, 2.2% of sales; donations, 1% of sales; and loan repayments.

Development Authority of the North Country
June 15, 2017

- Based upon projections the business is projecting to maintain operating ratios. It projects a 25% increase in revenues in 2018 with the addition of the new building and revenues associated with the increased catering business.

MANAGEMENT: Mr. Schweitzer reported assets of \$1.3 million and liabilities of \$521,000. Primary assets were in IRA/retirement, real estate, \$900,000, and other assets. His primary liabilities was his mortgages on real estate, \$486,453. Mr. Schweitzer owns several rental properties. He reports a salary of \$80,000 and rental income of \$50,000. Mr. Schweitzer has a credit score of 702 and he has no court records or collection accounts. He had one late payment on a closed account.

Thomas and Christina Shultz reported assets of \$495,000 and liabilities of \$70,900. Primary assets were in cash, real estate, \$200,000, and other assets. Primary liabilities were an auto loan, \$20,000, and mortgage, \$50,000. They reported salaries of \$130,000, real estate income of \$18,000, and investment income of \$30,000. Thomas has a credit score of 709 and Christina has a score of 647. A state tax lien was paid in 2012 and there were two paid liens for medical bills. While the personal financial statement listed liabilities of \$70,900; the credit report shows balances of \$262,551.

A credit report for Hole Brother's Holdings LLC showed a credit logic score of 45 which indicates slightly higher risk; however the business shows no days beyond terms reported, it has no derogatory public records or collection accounts. There is nothing reported on the credit report which might indicate why its score is lower.

COLLATERAL:

	Cost	Discount (70%)
321 Hawk Street building with improvements	\$496,000	\$347,200
Less: Watertown Savings Bank	\$85,000	\$85,000
WLDC \$68,000/Redevelopment Loan \$160,000	\$228,000	\$228,000
LTV:	63%	90%

- *Redevelopment fund will require a third party broker opinion or as completed appraisal with a minimum value of \$313,000 to have a 1:1 LTV*

CONDITIONS:

- Owner Cash of \$33,000 and Owner Equity of \$60,000
- Watertown Savings Bank financing of \$85,000
- Watertown Local Development Financing of \$68,000
- Third party broker opinion or as completed appraisal with a minimum value of \$313,000.
- Acceptable MWBE utilization plan
- Recapture Provision over 10 years on grant portion
- Funds to be utilized for renovations and equipment
- Guarantees from How Kool LLC, Reginald Schweitzer Jr., Christina Shultz, Thomas Shultz
- Close out DEC spill number prior to loan closing



Board Resolution No. 2017-06-69
June 22, 2017

**RATIFYING LOAN ISSUED THROUGH THE REGIONAL TOURISM
TRANSFORMATIONAL COMMUNITY REVOLVING LOAN FUND**

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 June 9, 2017 to review an application from Windwater Enterprises, LLC, in order to purchase the Hotel Whiteface in Wilmington, New York (Essex County), and

Whereas, the Regional Loan Review Committee approved a commitment of \$75,000 from the Regional Tourism Transformational Community Revolving Loan Fund at the terms and conditions attached, and

Now, upon the recommendation of the Project Development Committee, therefore be it

RESOLVED, the Development Authority of the North Country does hereby ratify a loan in the amount of \$75,000 from the Regional Tourism Transformational Community Revolving Loan Fund to Windwater Enterprises, LLC, at the terms and conditions outlined on the attached Term Sheet, and further authorizes the Executive Director to execute all documents necessary to make the loan, and be it further

RESOLVED, this is considered a Type II Action under the State Environmental Quality Review (SEQRA) and is considered an exempt activity requiring no further action.

TERM SHEET

Borrower: Windwater Enterprises, LLC

Loan Fund: Regional Tourism Transformational Community Revolving Loan Fund

Amount: \$75,000

Loan Term: 240 months

Loan Rate: 1%

Loan Payment: Principal and interest

Conditions:

- NYBDC Financing
- Personal cash equity of \$250,000
- Appraisal of at least \$685,000 on real estate and contents
- Personal guarantees of Allison Livesey and operating company to be formed
- Since this is acquisition only MWBE does not apply
- Since this business will have less than 15 employees (30 FTE) labor peace does not apply.
- Key man life insurance on Allison Livesey in the amount of \$75,000

TRANSFORMATIONAL TOURISM FUND

Borrower: Windwater Enterprises LLC

Location: Business: 3002 County Route 48, Oswego, NY
13126
Physical: 788 Springfield Road, Wilmington, NY
12997

Ownership: Allison M. Livesey

Loan Amount: \$75,000.00

Term: 20 years

Rate: 1%

Guarantor: Allison M. Livesey, Operating Company to be formed

Use of Funds: Acquisition of real estate

Collateral: Second mortgage on real estate; second priority lien position in machinery and equipment, furniture and fixtures, inventory, accounts receivable and general intangibles.

Jobs: Year One: 3 FT/2.5 FTE
Year Two: 1 FT/1.5 FTE
Year Three: 1 FTE

Total Project Costs

Sources of Funds

Tourism Loan Fund	\$ 75,000.00-8%
NYBDC	\$ 610,000.00
Equity	\$ 250,000.00

Total	\$ 935,000.00
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Uses of Funds

Real Estate	\$ 658,000.00
Renovations	\$ 159,018.00
Construction Cont.	\$ 15,000.00
FFE	\$ 21,294.00
Working Capital	\$ 30,000.00
SBA Guaranty Fee	\$ 16,012.50
Professional Fees	\$ 35,675.50
Total	\$ 935,000.00

NYBDC-20 years at Prime plus 2.75%

Description of Project

Widewater Enterprises LLC will purchase the former Hotel Whiteface which is located in Wilmington, NY. The facility will also feature a Rudy Too's Eats & Brews. She is requesting \$75,000 from the Tourism Fund toward acquisition of the real estate. Ms. Livesey is forming a new operating company.

The original Whiteface Chalet was established in 1959 and enjoyed decades of success, always private with restaurant and pub for guests only. It changed hands in the 2000s with limited success from 2009-2013 and has set vacant and in mid-renovation since 2013. The previous owners are off-site and have used the property as an investment venture/tax write-off. The facility is located at the foot of Whiteface Mountain. With this purchase Ms. Livesey would acquire 6.96 acres, including a 15,000 sf chalet/motor lodge and 15 ft deep broken pool. The facility will be pet-friendly. Ms. Livesey would be an on-site owner operator.

The project will have 11 guest rooms that sleep 6 or 4, and 2 suites that sleep 6 or 8. All rooms will have private tiled bathrooms, flat screen TVs, wet bar, two beds (1 room will have a king bed), and high end futon couch/bed. Rudy Too's Eats and Brews will be open to the public 5-7 days a week, year-round. The restaurant will be a spin-off of Rudy's Lakeside Drive-in located in Oswego. Rudy Too's will have an abbreviated menu from Rudy's Lakeside Drive-in with new offerings as well. Ms. Livesey is planning to be operational by September 2017.



Images from Real Estate Listing

Competition includes Adirondack Spruce Lodge in Wilmington with rooms from \$197-\$339; Alpine Country Inn and Suites in Wilmington with rooms from \$79-\$229; Golden Arrow Lakeside Resort in Wilmington with rooms from \$198-\$298. There are at least 9 places with accommodations identified in the business plan located in Wilmington.

In order to promote the business the applicant will be working with Step One Creative, a division of Step One Communications, LLC. Step One is a marketing communications firm, that offers full-service advertising design, brand development, public relations, copywriting, media planning/placement, and web development for organizations and businesses throughout Central and Upstate New York. The agency has worked with clientele to develop award-winning

Hotel Whiteface

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June 1, 2017

advertising/marketing materials including print ads, brochures, TV/Radio commercials, billboard designs, websites, press releases, and so on. This is also to provide the booking system program.

Management: Ms. Livesey is a native of Oswego, NY and graduate of Boston University with a degree in Political Science. For the past 11 years she has assisted her brother in running her family's third generation restaurant in Oswego. She will be General Manager and direct front house operations.

Scott Goewey – Has spent 25 years at Rudy's Lakeside Drive-in. He has grown from entry level to top management. He will be responsible for back of house operations to include food & beverage and buildings and grounds.

Financial Review-Hotel Whiteface

	Year One	Year Two	Year Three
Sales	854,495	1,276,105	1,339,833
Gross Profit	678,944	1,012,654	1,063,268
Expenses	416,074	625,879	636,099
Other Income/Exp	0	0	0
Net Income (Loss)	262,869	386,775	427,168
Depreciation (+)	16,489	24,733	24,733
Interest (+)	20,064	29,153	27,965
Cash for Debt Service	299,422	440,661	479,866
Tourism Fund	4,139	4,139	4,139
NYBDC	55,659	55,659	55,659
Total Debt	59,798	59,798	59,798
Debt Service Coverage	5.00	6.47	7.97

Sales Inc (Dec.)	----	50%	5%
Gross Profit	79%	79%	79%
Expenses	31%	30%	32%

Tourism Fund -\$344.92 monthly

NYBDC-\$4,638.22 monthly

- Projections were prepared by the applicant with assistance from the SBDC.
- No historical information was provided for the business.
- The profit centers for this business include:
 - Room Revenues – 60%
 - Pub Revenues – 37%
 - Retail - .47%

- Ski Passes – .09%
- Events/Banquets - .94%
- Spice Bags - .94%

- Assumes 11 rooms with a total of \$2100 per night, or \$210 per room per night; 2 suites with a total of \$550 per night or \$275 per suite per night; and 1 standard room at \$195 per night. Revenue assumes 60% occupancy. The room rates are comparable with competitors; however the occupancy rate seems high for a start-up business.
- Pub revenue assumes an average ticket of \$20 per person. There are 13 rooms sleeping 6 which would relate to approximately \$1560 per night. It appears aggressive to assume that all bookings would be for 6 people in a room. The applicant also assumes that for the same 270 nights this would total \$421,000 in revenue. She added an additional 14% to reflect the increase in general spending in the area based upon a published report.
- The applicant will purchase bulk ski passes at the beginning of the season and sell them on-site.
- Events/banquets the applicant is looking to have a series of event to draw people to the business. They will start with two annual events scheduled to bring in business during the typical slow seasons in the early spring and late fall. Examples include a “Look Who’s Coming to Dinner” and Stew Review.
- The owner is projecting to take a salary of \$93,328 in year one, \$142,992 in year two, and \$145,852 in year three.
- Advertising is projected to be around 2% of sales.
- Other primary expenses are salaries, taxes, cleaning, supplies, utilities, and advertising.

Balance Sheet

	At Loan Closing
Current Assets	81,688
Fixed Assets	853,312
Other Assets	0
Total Assets	935,000
Current Liabilities	18,345
Long Term Liabilities	666,655
Total Liabilities	685,000
Equity	250,000
Total Liabilities and Equity	935,000
Working Capital	63,343
Current Ratio	4.45

Debt to Equity	2.74
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- Cash consists of \$30,000 for working capital. The balance is for fees and loan closing costs.
- Current liabilities are the current portion of long-term debt.

Personal Credit

Ms. Livesey shows total assets of \$174,642 and liabilities of \$193,330. Primary assets are in life insurance, real estate and automobiles. The real estate is her primary residence in Oswego. This home is for sale. Primary liabilities are her mortgage and auto loan. It should be noted that her credit report shows balances totaling \$222,727. This includes her mortgage, installment loans, and revolving credit. She reports income as of \$88,500.

She has a credit score of 639. Several accounts were past due but most showed dates in 2015 and 2016. Only one account reflected past due in 2017. One account was closed with a \$0 balance. All other accounts paid as agreed.

Collateral:

	<u>Market (cost)</u>
Real Estate: 788 Springfield Road, Wilmington NY 12997	\$658,000.00
Improvements	\$159,018.00
Total Real Estate	\$817,018.00
NYBDC (1 st Mortgage)	\$ 610,000.00
Tourism Fund (2 rd Mortgage)	\$ 75,000.00
Loan to Value	83.8%

Tourism Fund would require an appraisal with a minimum value of \$685,000 for a 1:1 loan-to-value.

Contingencies:

- NYBDC Financing
- Cash equity of \$250,000
- Appraisal of at least \$685,000 on real estate and improvements
- Personal guarantees of Allison M. Livesey and operating company to be formed
- Since the funds will be used for acquisition only MWBE does not apply
- Since this is an existing business and it has less than 15 employees (30 FTE) labor peace does not apply.
- Key man life insurance on Allison M. Livesey in the amount of \$75,000

Motion: DeYoung

Second: Hefferon

6/9/2017



Board Resolution No. 2017-06-70
June 22, 2017

**APPROVING ADDITIONAL SIX MONTH EXTENSION FOR
AFFORDABLE RENTAL HOUSING PROGRAM (ARHP) LOAN TO
JEFFERSON LERAY LLC**

Whereas, **Resolution No. 2008-06-05** authorized an Affordable Rental Housing Program (ARHP) loan to Jefferson LeRay LLC to acquire and rehabilitate Wood Creek Apartments located in Calcium, New York; and

Whereas, the loan ballooned on January 1, 2017 with a payment of \$1,567,168.44, and

Whereas, **Resolution No. 2016-12-137** approved a six-month extension to the loan with the last payment due June 1, 2017, and

Whereas, Jefferson LeRay LLC is meeting with the Authority to discuss refinancing options for the property, and

Whereas, Jefferson LeRay LLC has requested that the Authority consider extending the existing terms and conditions for an additional six months beginning with the July 1, 2017 payment and ending with the December 1, 2017 payment as they continue to work through the refinancing; and

Whereas, all remaining terms and conditions of the loan to Jefferson LeRay LLC will remain the same; and

Whereas, Jefferson LeRay LLC has paid as agreed on its loan to the Authority.

Now, upon the recommendation of the Project Development Committee, therefore be it

RESOLVED, the Development Authority of the North Country does hereby approve a six month extension for the Affordable Rental Housing Program loan to Jefferson LeRay LLC at the terms and conditions outlined on the attached Term Sheet, and further authorizes the Executive Director to execute all documents necessary to extend the loan.

TERM SHEET

Borrower: Jefferson LeRay LLC

Loan Fund: Affordable Rental Housing Program

Balloon Amount: \$1,567,168.44

Loan Extension: 6 months (7/1/2017- 12/1/2017)

Loan Rate: 4.5%

Loan Payment: \$9,105.58 monthly



Board Resolution No. 2017-06-71
June 22, 2017

**AUTHORIZING APPLICATION TO BE SUBMITTED THROUGH THE
NEW YORK STATE CONSOLIDATED FUNDING
APPLICATION ROUND SEVEN**

Whereas, the Development Authority of the North Country has submitted applications and has been successfully awarded funding in rounds one through six of the New York State Consolidated Funding Applications process ("CFA"), and

Whereas, the Authority was approached by the Cornell Cooperative Extension of Jefferson County to partner with them on an application to the New York State Grown and Certified Agricultural Producer's Grant Program, and

Whereas, the Authority would be the Program Administrator and would partner with the seven-county Cornell Cooperative Extension offices across the North Country in order to provide the technical assistance to agricultural producers, and

Whereas, the program guidelines state that a \$500,000 block grant will be awarded to a single entity in each NYS Regional Economic Development Council Region, of which not more than 15% (\$75,000) may be used for program delivery and administration costs directly related to the execution of the program, and

Whereas, the Authority has long supported agriculture and agri-businesses in the North Country through its Farmland Drainage Fund, North Country Value-Added Agriculture Fund, and Farm Profitability Teams, and

Whereas, the application meets the mission of the Authority, and

Whereas, if the application is successful and funding is awarded, the Authority Board will have the decision of authorizing acceptance of the funds and authorizing the Executive Director to enter into an agreement for the funds at a future meeting.

Now, upon the recommendation of the Project Development Committee, therefore be it

RESOLVED, the Development Authority of the North Country does hereby authorize an application to be submitted to the New York State Grown and Certified Agricultural Producer's Grant Program through the New York State Consolidated Funding Application Round Seven in partnership with the seven-county Cornell Cooperative Extension offices.



Board Resolution No. 2017-06-72

June 22, 2017

APPROVING A NORTH COUNTRY VALUE ADDED AGRICULTURE LOAN TO AUSABLE BREWING COMPANY LLC

Whereas, **Resolution No. 2014-10-07** established the North Country Value Added Agriculture Revolving Loan Fund, and

Whereas, the North Country Value Added Agriculture Committee can make commitments for loans up to \$250,000 with the Authority Board ratifying the request at its next meeting, and

Whereas, the North Country Value Added Agriculture Committee met on June 14, 2017 to review an application from Ausable Brewing Company, LLC, and

Whereas, Ausable Brewing Company, LLC proposes to start-up a microbrewery near Keeseville, New York (Essex County), and

Whereas, the project has the potential to create 1.5 FTE jobs, and

Whereas, the North Country Value Added Agriculture Committee is recommending a commitment of \$64,500 from the fund consistent with the program guidelines, and

Now, upon the recommendation of the Project Development Committee, therefore be it

RESOLVED, the Development Authority of the North Country does hereby approve a loan in the amount of \$64,500 from the North Country Value Added Agriculture Revolving Loan Fund to Ausable Brewing Company, LLC at the terms and conditions outlined on the attached Term Sheet, consistent with the Empire State Development program requirements and further authorizes the Executive Director to execute all documents necessary to make the loan, and be it further

RESOLVED, this is considered a Type II Action under the State Environmental Quality Review (SEQRA) and is considered an exempt activity requiring no further action.

TERM SHEET

Borrower: Ausable Brewing Company, LLC

Loan Fund: North Country Value Added Agriculture Loan Fund

Amount: \$64,500
(New York State Empire State Development Funding)

Loan Term: 120 months

Loan Rate: 3%

Loan Payment: Annual Principal and Interest

Collateral: 3rd mortgage and lien position on 765 Mace Chasm Road, Keeseville, NY 12944
Assignment of rents and leases
2nd lien position on all machinery and equipment, furniture and fixtures, inventory, accounts receivable, and general intangibles.

Guarantors: Dan Badger, Dylan Badger

Conditions: Owner cash/equity contribution in the amount of \$21,500
Champlain National Bank financing of \$129,000
Empire State Development grant of \$43,000
Third party broker opinion or as completed appraisal with a minimum value of \$233,500 for a 1:1 loan-to-value
ESD incentive proposal waived MWBE requirements, therefore no MWBE requirements.
Copy of purchase agreement, note and mortgage with Robert Hues

NORTH COUNTRY VALUE-ADDED AGRICULTURE FUND

Borrower: Ausable Brewing Company, LLC.

Location: Project: 765 Mace Chasm Road
Keeseville, NY 12944

Ownership: Dan Badger (50%)
Dylan Badger (50%)

Loan Amount: \$64,500

Term: 10 years

Rate: 3%

Payments: Annual

Guarantor: Dan Badger
Dylan Badger

Collateral: 3rd mortgage and lien position on 765 Mace Chasm Road,
Keeseville, NY 12944.

2nd lien position on all machinery and equipment,
furniture and fixtures, inventory, accounts receivable and
general intangibles.

Use of Funds: Construction, Machinery and Equipment, and Working
Capital

Jobs: Existing: .5 FTE
Years 1-3: 0 FTE
Total: .5 FTE

Sources and Uses of Funds

Sources	Amount	Uses	Amount
Champlain National Bank	\$ 129,000	Machinery and Equipment	\$ 105,000
North Country Value Added Ag Program	\$ 64,500	Construction	\$ 90,000
ESD Reimbursable Grant	\$ 43,000	Working Capital	\$ 43,000
Owner Cash/Equity	\$ 21,500	Water Systems	\$ 15,000
		Soft Costs	\$ 3,000
		Fixtures	\$ 2,000
Total			
Total	\$ 258,000	Total	\$ 258,000

Ausable Brewing Company, LLC.

Page 2

June 12, 2017

Background

Ausable Brewing Company is a start-up microbrewery in the eastern Adirondacks, located outside the village of Keeseville, NY. It is located on 140 acres of fertile farm land, and will function as a farm brewery, in which some of the ingredients are grown on site, including hops, grains, and certain fruits. It will also produce craft sodas, and provide a scenic, family-friendly atmosphere that is inviting to both tourists and local consumers. New legislation within the state of New York encourages this endeavor, providing a new farm brewery license that helps make this venture possible.

The co-owners of Ausable Brewing Company, brothers Dan and Dylan Badger, possess professional brewing experience as well as professional farming experience, and are skilled in these trades (Resumes attached). They are excited to combine these two factions of the industry in order to produce high quality beers using local ingredients, and have a following of local consumers eager for their products. Ausable Brewing Company is the only Adirondack brewery with a professionally trained Master Brewer at the helm.

The brewery itself will be located within a timber-framed barn, which will reinforce the brewery's image as a craft operation with its roots in local, responsible agriculture, and it will appeal to consumers who are intrigued by the trend towards local, small-scale food production. Ausable Brewing Company is affiliated with several other local farms that already have strong followings within the local communities, including a vegetable farm, a meat farm, and a dairy farm. All of these farms function as CSA (Community Supported Agriculture) operations, in which members pay in advance to receive a certain quantity of food each week throughout the season. Ausable Brewing Company will share many of these customers and advertise alongside these farms. They will also offer a similar structure to the CSA in the form of a beer-of-the-week membership, in which members pay in advance to receive a certain quantity of beer each week at a slightly discounted rate. The New York State Liquor Authority has already approved this structure. To date, there is a waiting list of over 120 customers that have expressed interest becoming members of the beer club once production begins.

We currently serve our product only at our own location (except special events), just 3 days a week from May to December. Between our quality and consistency of goods and our family-friendly atmosphere, we have created a destination that brings people in from all over the Adirondacks. In the summer we see plenty of tourists, but in the spring and fall it is our consistent local following that keeps us busy. Our biggest issue at this point is in keeping up with demand. Mid-summer we have to limit the number of growlers we sell each week in order to make sure we do not run out of certain varieties. Right now, we are each working 12-hour days, 6 to 7 days a week, with just one part-time employee in order to keep up with production and serve our customers. With our planned expansion, however, we gain the capacity for a lot more profit, which would give us sufficient income to hire more help and allow us to more comfortably run this business for many years to come.

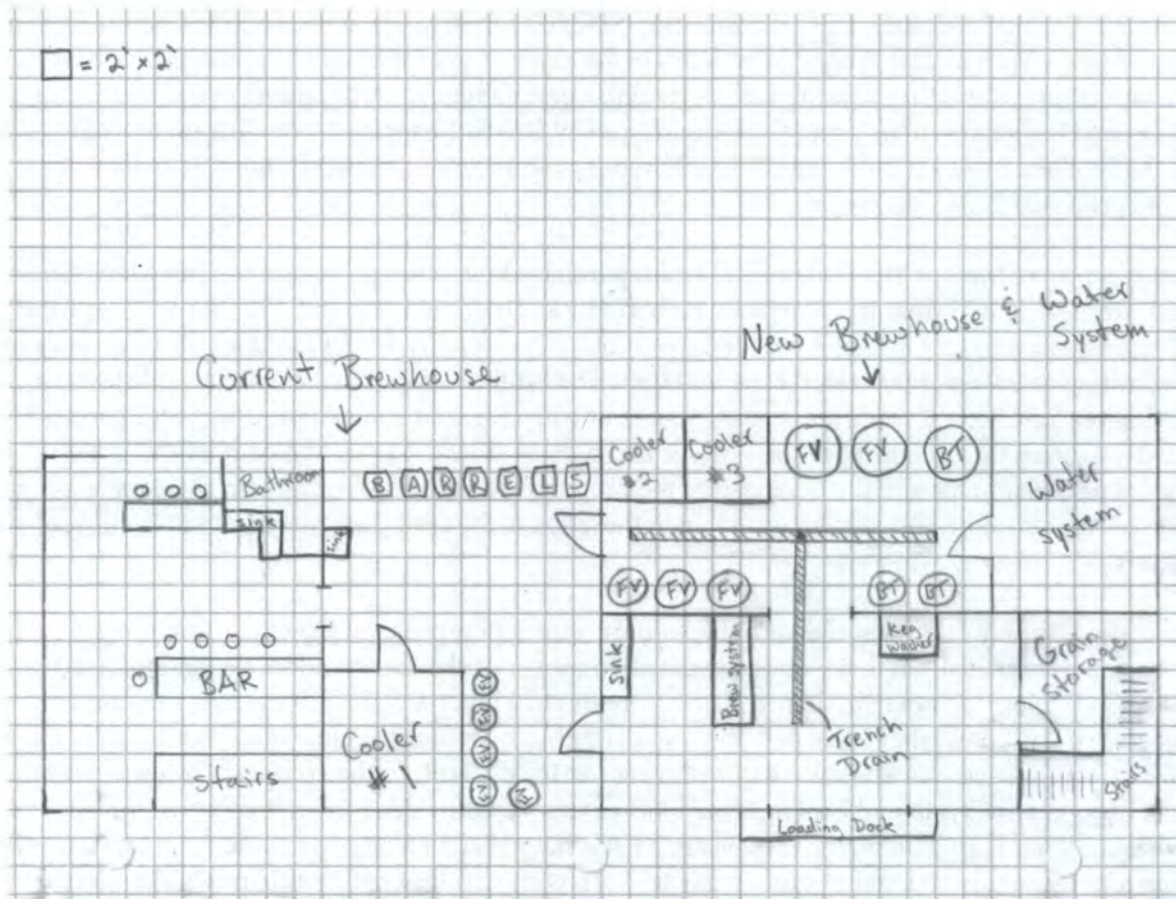
Project

Ausable Brewing Company, LLC is requesting \$64,500 for 10 years at 3% from the North Country Value-Added Agricultural Program to facilitate the expansion of their brew house, provide funds to purchase stainless steel fermenting vessels, and to upgrade their water systems in the brew house. Dan and Dylan Badger are in the process of securing \$129,000 in financing from Champlain National Bank and the brothers have also secured a \$43,000 reimbursable grant through Empire State Development for the proposed \$258,000 project.

Most recently in May of 2017, Dan and Dylan, purchased the property located at 765 Mace Chasm Road, Keeseville NY from their landlord Robert Hues. The brothers paid \$130,000 for the property and Robert Hues has a mortgage with the two brothers personally for \$40,000 for 15 years at 4% and the brother's used personal cash for the \$90,000. The brother's also have a note payable to their grandfather for \$72,000 for 5 years at 4% that is uncollateralized and is owned by them personally. These two loans do not appear in the sources and uses as shown on the first page of the write-up as they are personal loans and the purchase of the property was not contingency for the expansion project to move forward. The underwriter did include these loans for cash flow purposes in the subsequent analysis.

Dylan and Dan indicated that they are still in the construction phase of the expansion project as the wet spring has put a slight delay on the excavation aspect of the construction. Dylan indicated that they anticipated some delay in their construction timeline and they are still running on time with their project. Up until now, they have performed most of our own construction work, but in order to get their project finished quickly, they will be hiring out for the bulk of the construction work. Ryan Weidenbach, who Dylan and Dan indicated has extensive knowledge in both construction and metal working, is their main contractor. He designed and helped erect a large pavilion for them last year. Dylan and Dan indicated that is smart, easy to work with and very reasonably priced. Fuller Excavation is a local company that has been pouring concrete foundations and doing septic systems in the area for many years now.

Project Blue Print:



Management (Their resumes are provided and attached).

Dan Badger - Certified Master Brewer, UC Davis has worked as a professional beer brewer on both sides of the country, as well as a professional wine maker. He has training with many different styles of both beer and wine, and has brewed on large commercial brewing systems as well as small systems such as our own. Dan also has experience working retail at a craft beer and home-brew supply store in a tourist-driven town in central Vermont. He began his brewing endeavors as a home-brewer while pursuing an undergraduate degree in biochemistry, and rather than continuing his education in med-school as he had planned, Dan took a job at a winery in Vermont. Afterward, he went back to his passion for beer brewing, and attended the Master Brewers Program at the University of California at Davis. Dan has a good palate for alcoholic beverages, a scientific background, and a technical know-how when it comes to both small-scale and large-scale beer production. At the same time, he tries not to forget his roots as a home-brewer and intends to embrace that community in the surrounding region of Keeseville.

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Other work experience includes agriculture, stone masonry, and the maintenance and construction of hiking trails. Dan is already connected with some of the local farmers surrounding Keeseville, including Asa Thomas-Train who he has worked with for a number of years doing masonry and trail building. Dan will be able to work with this community of farmers closely to help supply ingredients for our beers and dispose of our waste through responsible, beneficial methods such as feeding to livestock and composting. It will be a symbiotic relationship between farm and brewery.

Dylan Badger - Ecological Agriculture Degree, UVM has been focused on both brewing and agriculture for over 5 years now with a specific interest in growing hops and grains for brewing. He received an Ecological Agriculture degree from the University of Vermont, graduating at the top of his class in just three years. While at UVM, he took every opportunity to research and study hops, specifically focusing on growing them in the Northeast. Dylan worked with the UVM extension agency to conduct unique research involving disease control on hops and also helped plant a test plot of hops at their research farm in Alburgh, VT. He also built and maintained the first student-run on-campus vegetable gardens at UVM. All the while he was brewing constantly, expanding his knowledge base through personal experience, talks with other brewers, and consistent contact with Dan.

Since college Dylan has continued to build on his brewing and agriculture knowledge. He consistently attends agriculture conferences, some of which are focused on hop production in the Northeast. He has worked on farms in Vermont and New York raising animals, fruits and vegetables. Most recently, Dylan has been working at Fledging Crow Vegetables in Keeseville, and has developed great relationships with the owners as well as their customers. He has gained valuable experience at farmers' markets, and will continue to do so part-time over the next year. Dylan also worked for over a year in a retail setting, helping hundreds of customers daily for a company that prides itself in customer relations. He looks forward to developing deep relationships with customers, many of which are already customers of the other local farms. Ausable Brewing Company will focus on using locally grown ingredients in order to deliver high-quality beer to our valued consumers.

Market

Ausable Brewing Company will produce hand-crafted beer and soda. We will begin by brewing small batches of ales and ginger soda, sourcing ingredients as locally as possible while we establish our own crops of hops, grains, fruits, and ginger. We will be able to produce a maximum of 150 gallons of beer per week initially, and plan on brewing around 130 barrels (4000 gallons) in our first year. Our farm-brewery location will provide a friendly family environment with nice scenery where customers can sample and purchase our products. We will serve samples and pints at the brewery, and sell half-gallon growlers for off-premises consumption. We will also serve samples and sell growlers of beer and cups of ginger soda at local farmers' markets. Brewery merchandise such as hats, shirts and engraved pint glasses will also be available for purchase.

Using local ingredients and brewing on a functioning farm will give us a competitive advantage in the market as the only Adirondack brewery that is growing some of its own ingredients. We will be able to seek out fresh, local ingredients and promote the 'Buy Local' mentality that is a growing movement in this area, and through our neighboring farms be able to easily advertise and tap into that base of

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consumers. We will be heavily branded as an Adirondack brewery, which will appeal to both local consumers and tourists.

Ausable Brewing Company will be able to produce a maximum of 150 gallons per week of beer. The majority of our beer will be sold in growlers. The growler itself will require a one-time \$5 deposit, after which growler fills will mostly be \$12 each, with some higher-end products (richer, higher alcohol beers that require more ingredients) priced higher.

During limited times each week, we will also sell growlers at the brewery, as well as glasses of beer for responsible, on-premises consumption. Beers will typically be sold as American 14 oz. pints for \$4 each, with some higher-end products being sold in smaller glasses and at higher prices. We will also sell paddles of tasting glasses for people to try several small servings of our beers, which will come to about \$1.25 for each 4 oz. glass. Soda will be served in 12 oz. cups for \$2 each.

For our beer-of-the-week club we will offer customers a discounted price on growlers of standard beer, at \$10 each, for those who pay in advance for a certain number of growlers each week.

Competition

Keeseville is a prime location for supplying craft beer to consumers in the eastern Adirondacks, as well as the population of Plattsburgh to the north. It is a sufficiently large market to ensure us initial success and provide ample room for growth. This market has been steadily growing in compliance with the growth trend of craft brewing as a whole.

Approximately 130,000 people live within the Adirondack Park boundaries year round, with a seasonal increase to about 200,000. 7-10 million tourists visit the park annually from all over the northeast including parts of Canada. The greater Plattsburgh area is located outside of the park boundaries with a population of about 32,000, which does not include the 8,400 students of SUNY Plattsburgh and Clinton Community College.

Within the greater Adirondack region, Adirondack Pub and Brewery, located in Lake George, and Lake Placid Pub and Brewery have the highest levels of production at about 3,000 barrels a year and 1,500 barrels a year, respectively. Including the 8,000 barrels a year that Lake Placid Pub and Brewery contracts to FX Matts brewery in Utica, and the 500 barrels brewed annually by Legends in Plattsburgh, the total amount of beer produced in our region is less than 20,000 barrels annually. Even with this high estimate, it is less than 4% of the volume of beer being produced in the state of Vermont, a state which is almost identical in area and only four times the size of our market by population. There is ample room for growth in the craft brewing industry in the Adirondack region of New York.

According to the Brewers Association, beer brewing in the U.S. was a 96 billion dollar industry in 2011, and while overall beer sales dropped by 1.3% in volume, craft brewing grew by 13% in volume and 15% in dollars. The craft brewing industry produced a retail value of \$8.7 billion in 2011 up from \$7.6 billion in 2010, producing 11.5 million barrels of beer in 2011 up from 10.1 million in 2010. This accounted for 5.7% of the overall U.S. beer market in volume and 9.1% in dollars. 250 craft breweries opened in the U.S. in 2011 (174 microbreweries and 76 brew pubs); while only 37 breweries

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closed (12 microbreweries and 25 brew pubs). These statistics support our notion that it is a safer model to begin a brewing operation that is not attached to a restaurant.

According to the U.S. Department of Commerce in The National Data Book Statistical Abstract of the United States, 2011-2012, well over 50% of adults in 2008 consumed alcohol, with beer consumption by far the most popular: 21.7 gallons of beer per capita, 2.5 gallons of wine per capita, and 1.4 gallons of distilled spirits per capita. The average household spent \$444 a year on alcohol in the entire U.S., while average household sales in the northeast were slightly higher at \$455 a year, so we are encouraged to be starting our operation in this region of the country.

Eastern Adirondack consumers are eager for more varieties of high-quality craft beer. Local brewers, local retailers, local beer distributors, and local consumers all attest to it. Since announcing we were going to start a brewery in Keeseville, local supporters have been asking about when they can buy our beer, and a few have even tried to pay for it in advance. Many of these supporters are from more upscale communities outside of Keeseville, but we have a lot of support from Keeseville residents as well. Keeseville supports an eccentric mix of local people and a demonstrated demand for craft brewed beer.

Financial Analysis – Ausable Brewing Company, LLC.

Income Statement	Actual			Pro Forma		
	2014	2015	2016	2017	2018	2019
FY Jan 1- Dec 31						
Sales	\$40,784	\$156,088	\$192,988	\$187,286	\$274,684	\$302,151
COGS	\$27,205	\$46,931	\$43,768	\$36,000	\$42,000	\$35,402
Gross Profit	\$13,579	\$109,157	\$149,220	\$151,286	\$232,684	\$266,749
Total Expenses	\$30,817	\$107,077	\$129,825	\$65,398	\$71,365	\$74,286
Other Income	\$0	\$0	\$33	\$0	\$0	\$0
Net Income	(\$17,238)	\$2,080	\$19,428	\$85,888	\$161,319	\$192,463
Ratio Analysis						
Sales Growth	NA	2.83	0.24	-0.03	0.47	0.10
COGS	0.67	0.30	0.23	0.19	0.15	0.12
Gross Profit	0.33	0.70	0.77	0.81	0.85	0.88

Operating Exp.	0.76	0.69	0.67	0.35	0.26	0.25
EBIT	-0.42	0.01	0.10	0.46	0.59	0.64

Actual

- The actual figures provided by Ausable Brewing Co., LLC are based on the U.S. Federal Tax Returns for the business from 2014 through 2016.
- Sales revenues are derived from the production and sale of Standard Beer (31%), Beer-Of-The Week Membership (27%), Specialty Beer (22%), Growler Container Deposits (9%), Soda (8%), and Merchandise (3%).
 - Sales revenues have increased each successive year of the Pro Forma growing sales significantly from 2014 through 2016.
- Cost of Goods Sold is broken down by the same categories as the sales revenues and the largest expenses associated with the Cost of Goods Sold is New Growler Purchases, Standard Beer, Beer of the Week, and Specialty Beer.
 - Cost of Goods Sold has steadily decreased from 67% of sales in 2014 to 23% of sales in 2016.
- The primary total expenses for the business as shown on their U.S. Federal Tax Returns
 - Actual 2014: Depreciation (\$11,211), Rent (\$6,000), Taxes and Licenses (\$4,176), Utilities (\$3,171), Repairs and Maintenance (\$2,119), Interest (\$1,688), Auto (\$1,412), and Fees (\$1,040).
 - Actual 2015: Depreciation (\$27,325), Rent (\$26,000), Repairs and Maintenance (\$23,046), Taxes and Licenses (\$10,768), Small Equipment (\$9,938), Auto (\$5,573), Supplies (\$3,987), and Accounting (\$440).
 - The business did not show any Salaries or Wages/Payroll Expense for the business for 2014 and 2015.
 - Actual 2016: Rent (\$54,000), Depreciation (\$15,497), Taxes and Licenses (\$11,614), Small Equipment (\$11,587), Repairs and Maintenance (\$10,444), Auto (\$6,117), Utilities (\$5,263), Insurance (\$5,031), Interest (\$3,150), Telephone (\$1,158), Advertising (\$1,000), Accounting (\$750), and Fees/Donations (\$185).
 - The business started to show Salaries and Wages in 2016 of \$4,029. Based on the business plan it appears to be a part-time bartender that is paid \$7.50 an hour in addition to tips.
 - According to Dan and Dylan's U.S. Federal Tax Returns for 2016 the principals appear to be taking an owner's draw of \$9,714 each totaling \$19,428 for 2016.
 - Operating Expenses have decreased from 76% of sales in 2014 to 69% of sales in 2015, and 67% of sales in 2016.
- The business showed a net loss of -\$17,238 in 2014, a net profit of \$2,080 in 2015, and a net profit of \$19,428 in 2016. The net profit figure for 2016 matches the total owner draw or income for 2016.

Pro Forma

- Sales revenues for the Pro Forma are derived from the same revenue streams as the actual figures provided and consist of production and sale of Standard Beer (31%), Beer-Of-The

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North Country Value-Added Agriculture Program (\$64,500; 10 years at 3%)	\$7,474	\$7,474	\$7,474	\$7,474	\$7,474	\$7,474
Grandfather Loan (\$72,000; 5 years 4%)	\$15,912	\$15,912	\$15,912	\$15,912	\$15,912	\$15,912
Robert Hues (\$40,000; 15 years at 4%)	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
Total Debt	\$40,034	\$40,034	\$40,034	\$40,034	\$40,034	\$40,034
Debt Coverage Ratio	-0.11	0.73	0.95	2.78	4.64	5.39

Actual

- The actual figures were derived from the U.S. Federal Tax Returns for the business from 2014 through 2016.
- Interest and Depreciation were derived from the U.S. Federal Tax Returns and added back for analysis.
- Based on the historical figures provided for analysis the business would not have sufficient cash to service the debt incurred by the project as shown with debt coverage ratios below 1.0 from 2014 through 2016.

Pro Forma

- The Pro Forma figures were derived from internally provided statements and estimates for 2017 through 2019.
- Interest and Depreciation were added back for analysis. Interest is estimated b
- If the Pro Forma holds true the business will generate enough cash to service the debt incurred by the project.
- The mortgage in the amount of \$40,000 for 15 years at 4% payable to Robert Hues for the subject property that is owned personally by Dan and Dylan is included in the cash flow analysis for the business as the business will be paying the mortgage as the business is also Dan and Dylan's employer.
- The note in the amount of \$72,000 for 5 years at 4% is also included in the cash flow analysis as the business will also be paying this note, although it is technically a personal note to Dan and Dylan.

2017 YTD Financial Statement:	
Costs:	\$13,594.94
Deposits:	\$5,629.59
Bank Accounts:	\$96,035.66
Liabilities:	\$23,738.53
Signature:	
Date:	2/3/17

- The underwriter attached their 2017 YTD Financial Statement as shown on February 3rd, 2017.

Personal Financial/Credit Analysis:

Personal Financial Statements as of Feb 3 2017:			
Dylan Badger		Dan Badger	
Checking/Savings Accounts:	\$24,365.84	Checking/Savings Accounts:	\$27,685.24
IRA:	\$8,754.68	IRA:	\$6,682.33
Car - Toyota Highlander:	\$4,500	Car - Corolla + pickup:	\$6,700
Total Assets:	\$37,620.52	Total Assets:	\$41,067.57
Total Liabilities:	-	Total Liabilities:	-
Ausable Brewing Company			
Checking/Savings Accounts:	\$96,035.66		
Total Liabilities:	\$23,738.53		
Signature:		Signature:	
Date:	2/3/17	Date:	2/3/17

- The attached Personal Financial Statement was provided by Dan and Dylan Badger as of February 3rd, 2017.

Credit:

Dan Badger has a FICO Credit Score of 786 and all of his accounts showing on his credit report have been paid as agreed.

Dylan Badger has a FICO Credit Score of 756 and all of his accounts showing on his credit report have been paid as agreed.

The underwriter submitted a request for AAA Credit Bureau to run the following credit reports on 6/6/17.

Collateral Analysis	Cost	Discount
Real Estate (Cost)	\$130,000	\$130,000
Real Estate/Improvements	\$90,000	\$90,000
Fermenting Vessels - Stainless Steel Tanks (75% at discount)	\$105,000	\$78,750
Existing Equipment (U.S. Tax Returns for 2016) (75% discount)	\$97,187	\$72,890
Total Collateral	\$422,187	\$371,640
Champlain National Bank (1st mortgage and 1st lien position on business assets)	\$129,000	\$129,000
Robert Hues (2nd mortgage)	\$40,000	\$40,000
Total Collateral Less Liens	\$253,187	\$202,640
NC Value-Added Ag Program (3rd mortgage and 2nd lien position on all business assets)	\$64,500	\$64,500
Loan to Value for the NC Value-Added Ag Program	25%	32%

- Dylan and Dan Badger estimate that the as completed value of the real estate and building will be \$250,000.
- The loan of \$70,000 from their grandfather does not have any collateral requirements and was not included in the collateral analysis. The loan is to Dylan and Dan personally.
- Based on the collateral analysis the North Country Value-Added Agriculture Program should have sufficient collateral position for the proposed request.

Contingencies:

1. Champlain National Bank financing in the amount of \$129,000.
2. Proof of Empire State Development Grant in the amount of \$43,000.
3. Owner Cash/Equity contribution in the amount of \$21,500.
4. ESD incentive proposal MWBE requirements were waived.
5. North Country Value-Added Ag Program MWBE requirements waived.
6. Satisfactory as Completed Appraisal giving the North Country Value-Added Ag Program a 1:1 loan to value.
7. Copy of Purchase Agreement, Note and Mortgage with Robert Hues.

Appendix A: Owner's Resume's

Dylan Badger

765 Mace Chasm Rd.
Keeseville, NY 12944
dylanbadger@gmail.com

Experience:

Co-Owner, Ausable Brewing Company

- Brewing and kegging beer; cleaning kegs, growlers and draft lines
- Construction: Electrical work, framing, trim work and roofing
- Bartending and managing the tap room 3 days a week
- Accounting: Sales tax, income tax, excise tax, deposits

Farmer, Fledging Crow Vegetables

July 2012 – August 2014

- Seeding, transplanting, weeding, harvesting, washing and packaging vegetables
- Managing the harvest crew when owners weren't around
- Running wholesale deliveries and the farmers' market stand weekly
- Interacting with restaurant owners and CSA customers to confirm and maintain quality assurance of goods

Farmer, Newhall Farm

July 2011 – June 2012

- Raising livestock, sheep, pigs, chickens and turkeys
- Haying 140 acres of hay fields – raking freshly cut hay and wrapping round bails
- Maintaining barns and farm equipment when necessary
- Delivering meat and eggs to wholesalers and interacting with the business owners to assure they were happy with our products
- Running lines, tapping trees and boiling sap to make maple syrup

Groundskeeper, University of Vermont

May 2010 – October 2010

- Building and maintaining the first student run on-campus vegetable gardens
- Maintaining ornamental gardens throughout the campus
- Helping the UVM extension team conduct research on grain growing and soil fertility

Education

Bachelor of Science in Ecological Agriculture, University of Vermont

September 2008 – October 2011

- Graduated in 3 years with 4.0 GPA and received multiple awards within my field
- Studied agriculture while abroad in the Dominican Republic, Ireland and Portugal
- Conducted research on hops (titled Organic Fungicides on Hops) with the help of UVM extension and recited our findings at multiple hop conferences within the Northeast

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- Helped plant a 1 acre research hop yard at the UVM research farm

Dan Badger

dbadge@gmail.com

(315) 244-3295

EDUCATION:

UC Davis Extension, Davis, CA
Master Brewer's Program, 2009
Successfully completed the **IBD examination**

State University of New York at Geneseo, Geneseo, NY
Major: Biochemistry, 2007
Minor: English Literature, 2007
Gamma Sigma Epsilon Honor Society
Studied Abroad in New Zealand, Italy, and France
GPA: 3.38

BREWING EXPERIENCE:

Co-owner and brewer for **Ausable Brewing Company**, Keeseville, NY
Brewer for **Long Trail Brewing Company**, Bridgewater, VT
Brewer for **Mammoth Brewing Company**, Mammoth Lakes, CA
9 years all-grain home-brewing
4 months apprenticing at **Custom Brewcrafters**, Honeoye Falls, NY, 2007
Vineyard worker and winemaker at **Boyden Valley Winery**, Cambridge, VT, 2008

RELATED SKILLS:

Experience with DE (plate and frame) and Perlite filtration (Velo leaf)
Experience with bottling, canning, and kegging operations
Experience on 1 bbl, 15 bbl, and 50 bbl brewing systems, both hot side and cold side
Bartending, payroll accounting
Experience in residential construction, both interior and exterior
First Aid Training

PREVIOUS EMPLOYMENT:

Long Trail Brewing Company, 2010-2011, Brewer
Mammoth Brewing Company, 2009-2010, Brewer
Boyden Valley Winery, 2007, Vineyard worker, Winemaker
The Green Mountain Club, 2003-2004, Trail crew worker in the Green Mountains, VT
U.S. Forest Service, 2004, 2008, Trail crew supervisor in the Ruby Mountains, NV
Great Basin Institute, 2009, Trail crew supervisor in the Sierra Mountains, NV/CA
Red House Construction, 2007, Residential construction and remodeling in VT
Twin Oaks Construction, Fall 2010, Trail construction in the Cascade Mountains, WA
Hops 'n Barley, 2012, Craft beer retail in Woodstock, VT



Board Resolution No. 2017-06-73

June 22, 2017

APPROVING A NORTH COUNTRY VALUE ADDED AGRICULTURE LOAN TO FOR AND EVER WILD LLC

Whereas, **Resolution No. 2014-10-07** established the North Country Value Added Agriculture Revolving Loan Fund, and

Whereas, the North Country Value Added Agriculture Committee can make commitments for loans up to \$250,000 with the Authority Board ratifying the request at its next meeting, and

Whereas, the North Country Value Added Agriculture Committee met on June 14, 2017 to review an application from For and Ever Wild, LLC, and

Whereas, For and Ever Wild, LLC proposes a shared-use commercial kitchen with incubator space, a retail store and tasting bar in Lake Placid, New York (Essex County), and

Whereas, the project has the potential to create 4 FTE jobs, and

Whereas, the North Country Value Added Agriculture Committee is recommending a commitment of \$37,200 from the fund consistent with the program guidelines, and

Now, upon the recommendation of the Project Development Committee, therefore be it

RESOLVED, the Development Authority of the North Country does hereby approve a loan in the amount of \$37,200 from the North Country Value Added Agriculture Revolving Loan Fund to For and Ever Wild, LLC at the terms and conditions outlined on the attached Term Sheet, consistent with the Empire State Development program requirements and further authorizes the Executive Director to execute all documents necessary to make the loan, and be it further

RESOLVED, this is considered a Type II Action under the State Environmental Quality Review (SEQRA) and is considered an exempt activity requiring no further action.

TERM SHEET

Borrower: For and Ever Wild, LLC

Loan Fund: North Country Value Added Agriculture Loan Fund

Amount: \$37,200
(New York State Empire State Development Funding)

Loan Term: 120 months

Loan Rate: 3%

Loan Payment: Annual Principal and Interest

Collateral: Co-proportional first lien position with AEDC on all machinery and equipment, furniture and fixtures, inventory, accounts receivable, and general intangibles.

Guarantors: Jennifer Jubin

Conditions: Proof of NYS Agriculture and Markets Food Processing License at 2669 Main Street, Lake Placid, NY
Adirondack Economic Development Corporation financing of \$27,900
Proof of Empire State Development grant of \$18,600
Owner cash/equity contribution in the amount of \$9,300
Acceptable MWBE Utilization Plan or waiver
Personal guarantee of Jennifer Jubin and Arthur Jubin

NORTH COUNTRY VALUE-ADDED AGRICULTURE FUND

Borrower: For and Ever Wild, LLC.
d/b/a Forever Wild Beverage Co.

Location: Business: PO Box 888
Lake Placid, NY 12946

Project: 2669 Main Street,
Lake Placid NY 12946

Ownership: Jennifer Jubin (100%)

Loan Amount: \$37,200

Term: 10 years

Rate: 3%

Payments: Annual

Guarantor: Jennifer Jubin
Additional Co-signor/Guarantor (Required by AEDC)

Collateral: 1st co-proportional lien position with AEDC on all machinery and equipment, furniture and fixtures, inventory, accounts receivable and general intangibles.

Use of Funds: Machinery, Equipment, Labor and Construction Materials

Jobs: Existing: 0
Years 1-3: 4 FTE

Sources and Uses of Funds

Sources	Amount	Uses	Amount
NC Value Added Ag Program	\$ 37,200	Kitchen Equipment	\$ 20,000
ESD Grant	\$ 18,600	Production Equipment	\$ 25,000
AEDC	\$ 27,900	Construction Labor	\$ 20,000
Owner Cash/Equity	\$ 9,300	Construction Materials	\$ 14,500
		Bar Equipment	\$ 4,000
		Soft Costs	\$ 4,000
		Permits	\$ 3,000
		Furniture and Fixtures	\$ 2,500
Total Sources	\$ 93,000	Total Uses	\$ 93,000

Background

For and Ever Wild, LLC. (Forever Wild), is owned and operated by Jennifer Jubin, under the DBA Forever Wild Beverage Co. Forever Wild is a start-up business located in Lake Placid, NY that produces regionally inspired handcrafted tonics for health and spirit. The business focuses on the utilization of regional sources for fermented foods and drinks for their products, including; vinegar based shrub, bitters, kombucha, and bulk fermented food. For the last two years, Forever Wild, has maintained a NYS Agriculture and Markets Food Processing License at Cascade Ski Center in Lake Placid, NY. Cascade operates a full-time kitchen in the winter, prohibiting Forever Wild from producing and contributing to the seasonality of Forever Wild's operations. The lack of operational space for the business in the Cascade Ski Center led to the proposed project request.

Project

For and Ever Wild, LLC (Forever Wild) is requesting \$37,200 from the North Country Value-Added Agriculture Program to help facilitate the construction of a new facility located at 2669 Main Street in Lake Placid NY and provide financing for kitchen and production equipment. Jennifer's father, Arthur Jubin, owns the real estate where the building is being constructed and Jennifer will lease all of the space in the building. The 1,800 square foot commercial space will feature a shared-use commercial kitchen, business incubator, retail store, and tasting bar. Forever Wild and local producers will rent space from Jennifer Jubin at the facility and benefit from a shared resource model, as well as the physical and online marketplace. The floor plan for the proposed facility is attached to the write-up.

In addition to the proposed request Forever Wild also secured a North Country Regional Economic Development (Empire State Development) Reimbursable Grant in the amount of \$18,600. The business also plans on applying for additional financing of \$27,900 through Adirondack Economic Development Corporation to fill the remaining gap in the project.

Management

Jennifer Jubin is the sole and managing member of For & Ever Wild, LLC. She conducts all business associated with Forever Wild Beverage Co. with the exception of those provided in "Contractual Services." Jennifer obtained an FDA & USDA approved food processing license through University of California at Davis's Better Processing School and is qualified to manage food processing and bottling operations.

Jennifer Jubin also manages the Cascade Ski Center.

Market

A primary strategy of the maker space is its proximity to the consumer, in downtown Lake Placid, the tourism center of the North Country. The site also benefits from its close proximity to the Park's youngest population of millennials and 2 nearby colleges: North Country Community College and Paul Smith's College, which is known its culinary program.

A small storefront will showcase Forever Wild and other in-house producers including fermented food, drink, breads, and spreads. Additionally, the general store will feature local and American made textiles, art, and specialty food. Each piece will tell a story and create community by forging a union between buyer and maker. Works and brands will be carefully selected for their social relevance with a focus on American-made, functional goods.

Target Market

Forever Wild's products appeal to the health conscious or locally minded consumer (often millennial), looking for regionally sourced, specialty or "craft" food, and fermented products. The bar & retail will target a range of audiences interested in exploring fermented food as well as North Country made culture. The makerspace will contribute to a growing culture of entrepreneurship targeting: entrepreneurs, students, artisanal chefs, and millennials looking to make the Adirondacks their home and strengthen the region's economy with high quality exports.

Forever Wild's primary marketing strategy is to create products that invoke the spirit of the wilderness. Each product is carefully crafted in harmony with nature and inspired by a strong connection to place, the Adirondacks. To remain consistent in strategy and product delivery, each product will have at its core, the following principles:

1. Local ingredients *regionally & identifiably "Adirondack North Country"*
2. Wild fermentation *wild preservation to maintain probiotic & nutritional integrity*
3. Health & spirit *in wilderness & community is the health of the human spirit*

The Wild Bar will provide further differentiation and an additional retail outlet offering a value-added educational component to the power of fermented foods and herbal products.

Marketplace

Local retailers:

- Lake Placid Gift Co. – focuses on locally made products & creates gifts baskets
- Green Goddess – sells local produce, bulk herbs, and health foods
- The Pickle Shop – sells house-made pickles in Saranac Lake

Marketing Strategies

- Co-operative Marketing - The shared resource model is central to the marketing plan. A benefit of membership will be a cooperative advertising structure for print and other media outlets. Bundled advertising will make the high price of entry to magazines with high readership like Adirondack Life more accessible.
 - Label – all food products will be an inadvertent advertisement for Forever Wild as it is required by labeling law to include the co-packing facility and address on their label.
 - Physical - The onsite retail space will feature in-house produced items. The bar and event space will serve as a promotional venue.
 - Online – A clean and compelling website, online marketplace, and social media strategy will be integral to reaching national and international markets.
 - Outreach Coordinator – A primary responsibility of the first salaried position will be outreach and marketing to attract and promote producers and build cross-sector relationships in and beyond the region.
-

Competition

Currently, there are no co-packing facilities in the North Country that offer the proposed filling, bottling, labeling, and packaging equipment under one roof. The maker space aims to fill a market need by providing specific production equipment, resources, and a culture of entrepreneurship.

The only other food hub in Essex County, the Hub on the Hill, will serve as a partner, rather than competitor.

Hub on the Hill - “Located at 545 Middle Road in Essex, NY, The Hub on the Hill serves as a regional food hub for Essex County. In addition to a well-equipped commercial kitchen space, The Hub offers shared cooled, frozen, and dry storage space for rent. The mission of The Hub is to provide a space for the aggregation, storage, processing, and distribution of local foods.”

Forever Wild maintains a great working relationship with the Hub and its staff. Not only does the Hub sell Forever Wild product, but both businesses aim to partner, looking to augment each other by providing value and resources to producers in the future. They recently hired a full-time operations manager who is in charge of marketing regional products, including Forever Wild. In creating the maker space, we will consult with the Hub to be sure there is little overlap in equipment. The Hub is closer in proximity to the farms, while Forever Wild is closer to the consumer. We hope to partner on everything from equipment purchases to grants, events, promotion, etc. Forever Wild’s focus will be on providing assistance in the early stages of business development: from conception to prototype. Once production has outgrown the kitchen’s capacity, producers will be encouraged to contract with the Hub and or other larger, specialty facilities with the ultimate intent to remain “North Country” made.

Financial Review – For and Ever Wild, LLC.

Income Statement	Pro Forma		
	2017	2018	2019
FY Jan 1-Dec 31			
Sales	\$106,812	\$228,392	\$271,208
COGS	\$46,387	\$97,662	\$118,132
Gross Profit	\$60,425	\$130,730	\$153,076
Total Expenses	\$38,194	\$67,428	\$70,428
Other Income	\$0	\$0	\$0
Net Income	\$22,231	\$63,302	\$82,648
Ratio Analysis			
Sales Growth	NA	1.14	0.19
COGS	0.43	0.43	0.44
Gross Profit	0.57	0.57	0.56
Operating Exp.	0.36	0.30	0.26
EBIT	0.21	0.28	0.30

- The Pro Forma is based on information provided by Jennifer Jubin for underwriting.
- The Pro Forma figures for 2017 represent 6 months of operations starting in July of 2017.
- The Pro Forma figures for 2018 and 2019 represent one full-year of operations.
- Sales revenues are derived from the On-site Wild Bar, On-site Market, Online, Wholesale, and the business incubator dues or rent. The business plans to operate Thursday through Sunday from 8 AM to 8 PM.
 - The Wild Bar represents roughly 35% of revenues over the three year Pro Forma. An example of the Wild Bar drink menu is attached.
 - The Market represents approximately 30% of revenues over the three year Pro Forma.
 - Wholesale products represent approximately 30% of revenues over the three year Pro Forma.
 - Online sales and the Business Incubator (Maker) dues both represent approximately 3% of revenues for the three years each.

- Maker dues are shown to be \$3,372, \$8,272, and \$8,848 from 2017 through 2019 respectively.
- Cost of Goods Sold is broken down by the same categories as the sales revenues. Cost of goods sold is shown to be 43% of sales revenues for the three years provided and is broken down by the same categories as sales revenues.
- The Primary Operating Expenses for the Pro Forma are shown to be; Salaries and Wages, Rent, Utilities, Insurance, Advertising, Travel, Dues, Office Supplies, and Telephone.
 - Salaries and Wages are shown to be \$10,560, 19,360, and \$19,360 from 2017 through 2019 respectively.
 - A production/retail assistant is the only employee shown in the Pro Forma for 2017 at \$12 per hour.
 - The Pro Forma shows 1-2 production/retail assistants at \$12 an hour each and one maker manager added in 2018 at \$15 an hour. The business projects to create 4-5 FTE jobs after 3 years of operations.
 - Jennifer does not currently draw a salary, but has included a \$300 monthly salary in the form of direct labor costs to Forever Wild. She may also be included in the payroll in the future as an hourly production/retail assistant.
 - Rent is shown to be \$7,800, \$15,600, and \$15,600 from 2017 through 2019 respectively. The building is owned by Jennifer’s father, Arthur Jubin, and rent will be paid to him. Jennifer will be leasing the entire facility from Arthur Jubin and she will charge “rent” or “maker dues” for other businesses that utilize the facility.

Cash Flow Analysis	Actual		
	2017	2018	2019
FY Jan 1 - Dec 31	2017	2018	2019
Net Profit/Loss	\$22,231	\$63,302	\$82,648
Add: Depreciation	\$0	\$0	\$0
Add: Interest	\$1,626	\$2,892	\$2,383
Total Cash for Debt	\$23,857	\$66,194	\$85,031
P&I			
North Country Value-Added Ag Program (\$37,200; 10 years at 3%)	\$2,155	\$4,311	\$4,311
AEDC(\$27,900; 5 years at 8%)	\$3,394	\$6,789	\$6,789

Total Debt	\$5,550	\$11,099	\$11,100
Debt Coverage Ratio	4.30	5.96	7.66

- Depreciation was not included in the Pro Forma and is not added back for analysis.
- Interest is based on the interest for the North Country Value-Added Ag Program and AEDC's loan and was added back for analysis.
- As shown the 2017 figures represent 6 months of operations from July 1, 2017 through December 31, 2017.
- The principal and interest payments for the North Country Value-Added Ag Program and AEDC's loan represent 6 months of repayments.
- The figures for 2018 and 2019 represent 12 months of operations.
- The North Country Value-Added Ag Program's estimated principal and interest payment for the requested \$37,200 for 10 years at 3% would be approximately \$4,310.52 annually or \$359.21 per month.
- AEDC's estimated principal and interest payment for the requested \$27,900 for 5 years at 8% would be approximately \$6788.52 annually or \$565.71 per month.
- Based on the above cash flow analysis, if the Pro Forma holds true, the business would have sufficient cash to service the debt incurred by the project as shown with debt coverage ratios above 1.0 from 2017 through 2019.

Balance Sheet	At Closing
	Year 1
Current Assets	\$25,495
Capital Assets – Net	\$51,500
Other Assets	\$18,600
Total Assets	\$95,595
Current Liabilities	\$3,924
Long Term Liabilities	\$61,176
Other Liabilities	\$0
Total Liabilities	\$65,100
Total Shareholders' Equity	\$30,495
Total Liabilities & Shareholders' Equity	\$95,595
Working Capital	\$21,571

Current Ratio	6.5
Debt/Worth	2.1

Current Assets

- Cash on Hand or in Banks: \$25,495

Capital Assets

- Production Equipment: \$25,000
- Kitchen Equipment: \$20,000
- Bar Equipment: \$4,000
- Furniture and Fixtures: \$2,500
- Total Capital Assets: \$51,500

Other Assets

- Reimbursable Grant (ESD): \$18,600

Current Liabilities

- Short-Term Portion (Due in 1 year or less) of Long-Term Liabilities from the NC Value-Added Ag Program and AEDC of \$3,924.

Long-Term Liabilities

- Long-Term Liabilities (Due in 1 year or more) from NC Value-Added Ag Program and AEDC of \$61,176.

Personal Financial/Credit Analysis:

Jennifer Jubin submitted a personal financial statement dated March 16th, 2017. Her Assets are primarily comprised of cash on hand or in banks of \$20,000, Real Estate of \$40,000, and a present value of an automobile of \$12,000 totaling \$72,000. Her liabilities are primarily comprised of an automobile loan with an original balance of \$16,874.72 with a current balance of \$12,254.53 with a monthly payment of \$255.09. She lists a salary of \$10,000 from managing the Cascade Ski Center and real estate income/air bnb rental of \$10,000. Ms. Jubin shows real estate owned with a present market value of \$40,000 that was subdivided from the project property at 2669 Main Street, Lake Placid NY that is unencumbered.

Jennifer Jubin's credit report was run on behalf of DANC by AAA Credit Bureau on May 31st, 2017 and her FICO credit score is a 786 with all accounts paid as agreed.

Collateral:

- 1st co-proportional lien position with AEDC on all machinery and equipment, inventory, furniture and fixtures, accounts receivable and general intangibles.
- Personal Guarantee of Jennifer Jubin
- Co-signor and/or Personal Guarantee of another party.

Collateral Analysis	Cost	Discount
Kitchen Equipment (Discounted at 75%)	\$20,000	\$15,000
Production Equipment (Discounted at 75%)	\$25,000	\$18,750
Bar Equipment (Discounted at 75%)	\$4,000	\$3,000
FF&E (Discounted at 75%)	\$2,500	\$1,875
Total Collateral	\$51,500	\$38,625
North Country Value-Added Ag Program (\$37,200) with AEDC (\$27,900) (1st co-proportional lien position on All Machinery and Equipment)	\$65,100	\$65,100
Loan to Value for the NC Value-Added Ag Fund	126.4%	168.5%

- The underwriter spoke with Steve Garneau at AEDC in reference to the project and he indicated that AEDC is willing to share a 1st collateral position with the North Country Value-Added Ag Fund. He also indicated that he would like to structure this loan, if approved, as a participation loan to keep closing costs down for the project.
- Jennifer Jubin shows an unencumbered property on her personal financial statement that was gifted to her in 2012 with an estimated present market value of \$40,000. Jennifer Jubin indicated to the underwriter that she would be willing to pledge that piece of property as collateral if needed. Steve Garneau from AEDC indicated that he is going to seek approval from his loan review committee and board without the real estate or property included. AEDC's loan review committee approved their request for the \$27,900 without additional property, although they did require an additional co-signor and guarantor. Ms. Jubin expressed

For and Ever Wild, LLC.

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May 30, 2017

to the underwriter that her father, Arthur Jubin, would be willing to co-sign and/or be a guarantor for the loan.

- At cost and discount the project appears to be under collateralized for the request from the North Country Value-Added Ag Program and Adirondack Economic Development Corporation.
-

Contingencies:

1. Proof of NYS Agriculture and Markets Food Processing License at 2669 Main Street, Lake Placid, NY.
2. Adirondack Economic Development Corporation financing of \$27,900. (AEDC's loan review committee approved with additional co-signor and/or guarantor.
3. Proof of Empire State Development Grant in the amount of \$18,600.
4. Owner Cash/Equity contribution in the amount of \$9,300.
5. Acceptable MWBE Utilization Plan or waiver.
6. Personal guarantee of Jennifer Jubin
7. Additional co-signor and/or guarantor



Board Resolution No. 2017-06-74
June 22, 2017

**AUTHORIZING A CELL TOWER PARTNERSHIP WITH THE U.S. ARMY
GARRISON AT FORT DRUM**

Whereas, the Development Authority of the North Country has pursuant to **Resolution No. 2017-02-12**, entered into a partnership agreement with U. S. Army Fort Drum Garrison Command to support community planning coordination and communications relative to off post activities, and

Whereas, the Authority has further authorized partnerships for materials management services with Fort Drum which are currently being formalized, and

Whereas, the Development Authority and the Fort Drum Garrison have initiated and are pursuing discussions relative to a Cell Tower Partnership for the purposes of upgrading the service and enhancing the wireless coverage on Fort Drum, and

Whereas, the cell tower activities would include, but not be limited to, the analysis of the proper location and height of tower to maximize coverage, construction and ongoing tower management, and delivering telecommunications services to tower, and

Whereas, the development of said programs will benefit the U.S. Army Garrison at Fort Drum, the programs will also benefit the Authority in its regional effort to improve 4G coverage and communications services in the region, and

Whereas, the development of such a joint effort will require the Authority's investment in facilities and equipment to implement the pilot initiatives, which would be offset by projected service revenues.

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

RESOLVED, the Development Authority of the North Country hereby authorizes an agreement with the U.S. Army Fort Drum Garrison, relative to operating cell tower services, and be it further

RESOLVED, the Executive Director is herewith authorized to purchase any necessary equipment to support this effort from the existing appropriations, and be it further

RESOLVED, the Executive Director is hereby authorized to enter into any necessary and required agreements to complete the intent of this resolution.



Board Resolution No. 2017-06-75
June 22, 2017

**AUTHORIZING THE AMENDMENT OF THE TECHNOLOGY DIVISION
FYE 2018 CAPITAL BUDGET TO INCLUDE A NEW PROJECT TO
CONSTRUCT FIBER AND EQUIPMENT TO 40 LOCATIONS WITHIN
THE NORTH COUNTRY LIBRARY SYSTEM (NCLS)**

Whereas, the Technology Division of the Development Authority of the North Country has recently been awarded a contract via Firstlight Communications to provide 100 mbps communications services to 39 libraries plus the NCLS headquarters building., and

Whereas, the project will provide enhanced services to the Library System allowing them to deliver new programs, and

Whereas, the project has an estimated cost of construction and equipment of \$550,000 to complete the project, and

Whereas, the NCLS, in order to receive funding, requires that the project costs get tracked separately requiring a separate project for this build, and

Whereas, in order to track the project costs separately we will require a new capital project and associated capital to construct the library network.

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

RESOLVED, the Development Authority of the North Country authorizes an amendment to the capital budget to include a new project for \$550,000 for the construction of the NCLS network, and further be it

RESOLVED, that the Executive Director is herewith authorized to execute all necessary and appropriate contracts and the Comptroller is herewith directed to establish a new capital project.



Board Resolution No. 2017-06-76
June 22, 2017

**AUTHORIZING A SECONDARY SCADA SUPPORT CONTRACT
FOR EMERGENCY SUPPORT SERVICES
AND POTENTIAL PROJECT SPECIFIC SOLUTIONS**

Whereas, the Development Authority utilizes Supervisory Control and Data Acquisition (SCADA) systems to monitor and manage internal and municipal water treatment and wastewater treatment facilities as well as several operations at the Development Authority Materials Management Facility, and

Whereas, the SCADA systems are essential to the daily operation of several municipal water and wastewater treatment facilities, and

Whereas, the Authority has determined it is appropriate to ensure there is adequate and available redundancy for maintenance of SCADA systems, and

Whereas, the Development Authority has determined that it is prudent to retain the services of an outside organization to be on standby as a back-up in the event that our internal Controls Engineer requires assistance or is unavailable, and

Whereas, Aqualogics Systems, Inc. has demonstrated the ability to manage, program, and operate SCADA systems similar to the type used by the Authority.

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

RESOLVED, the Development Authority of the North Country Board of Directors authorizes the Executive Director of the Development Authority to negotiate and enter into a contract with Aqualogics Systems, Inc. for maintenance support and project specific SCADA services.



Board Resolution No. 2017-06-77
June 22, 2017

**AUTHORIZING EXECUTIVE DIRECTOR TO ENTER INTO OPERATIONS
AND MAINTENANCE AGREEMENT WITH THE TOWN OF CLIFTON –
HAMLET OF NEWTON FALLS WASTEWATER TREATMENT
FACILITIES**

Whereas, the Development Authority of the North Country is qualified and equipped to provide contract operator services for municipal wastewater facilities, and

Whereas, the Town of Clifton has been under contract with the Development Authority of the North Country since 2015, and

Whereas, the Town of Clifton desires to enter into a new five (5) year Operations and Maintenance Service Agreement with the Development Authority of the North Country for a total amount of \$102,470, and

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

RESOLVED, the Development Authority of the North Country does hereby authorize and direct the Executive Director to enter into an Operations and Maintenance Service Agreement with the Town of Clifton for their wastewater treatment facilities, and be it further

RESOLVED, the Executive Director is hereby authorized to execute the required and necessary agreements.

RESOLVED, that this Resolution shall take effect immediately.

OPERATIONS & MAINTENANCE SERVICE AGREEMENT

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY & TOWN OF CLIFTON –NEWTON FALLS WASTEWATER SERVICES

This sets forth the Operation and Maintenance Service Agreement made effective _____, 2017 by and between the TOWN OF CLIFTON ("Town") and the DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY, a New York public authority with offices at the Dulles State Office Building, 317 Washington Street, Watertown, New York 13601 ("Authority").

RECITALS

- 1) The Town has determined that the Authority is best qualified and equipped to provide Operation & Maintenance services for the Hamlet of Newton Falls Wastewater Treatment Plant and desires to continue engagement of the Authority for such services. The Town is authorized to enter into this Agreement by Resolution dated _____, a certified copy of which is attached as **Exhibit "A"**.
- 2) The Authority desires to continue to provide Operations and Maintenance Services for the Newton Falls Wastewater Treatment Plant described in this Agreement.
- 3) Construction, start-up and/or addition of any facilities within the term of this contract that changes the level of effort of the Authority shall precipitate a renegotiation of the operation and maintenance costs for these base services.

AGREEMENT

In the consideration of the mutual covenants herein contained, the parties agree to the following Articles:

Article I	Definitions
Article II	Employment and Scope of Services
Article III	Emergency Procedures and Services
Article IV	Terms
Article V	Compensation
Article VI	Town Responsibilities
Article VII	Termination
Article VIII	Insurance and Liability
Article IX	Accounts
Article X	Miscellaneous

ARTICLE I - Definitions

Section 101. Defined Terms. As used or referred to in this Agreement, unless a different meaning clearly appears from the context:

- 1) "Authority Officer", the Chairman, any Vice Chairman, the Secretary, the Treasurer, the Executive Director, or any authorized representative of the Development Authority of the North Country.
- 2) "Chief Elected Official", the Town Supervisor or his/her duly appointed representative.
- 3) "Data Maintenance," refers to Authority activities related to: A) editing existing customer data on the IMA, or B) adding new customer data to the IMA.
- 4) "Datasets," refers to spatial data in formats that are compatible with the Authority's GIS, including shapefile and geodatabase.
- 5) "EDU", equivalent dwelling unit intended to indicate a standard based upon the average single-family residence.
- 6) "Emergency", an unforeseen combination of circumstances or the resulting state that calls for immediate action.
- 7) "Fiscal Year" for the Town means the period of twelve (12) calendar months beginning with January 1st of any year ending with December 31st of such year, and for the Authority means the period of twelve (12) calendar months beginning with April 1st of any year ending with March 31st of the next year.
- 8) "Hosting Services," refers to the act of the Authority storing and providing access to spatial data via the IMA.
- 9) "IMA," Internet Mapping Application, the Authority's web-based GIS which serves as the platform for providing GIS hosting services
- 10) "Operations and Maintenance Expenses", recurring charges incurred for day-to-day operation of the facilities. It shall include such things as labor, materials, cost of utilities, cost of repairs to the facilities, and other day-to-day expenses associated with the normal operation of the facilities.
- 11) "Record Drawings", engineered drawings that have been prepared for construction and have been updated upon project completion to reflect any changes made to the original design.
- 12) "SCADA", Supervisory Control and Data Acquisition system deployed by the Authority to remotely monitor facilities.
- 13) "Wastewater Treatment Plant", "Pump Station" or "Facilities", the Newton Falls Wastewater Treatment Plant and Pump Station briefly described below:

<u>Description</u>	<u>Approximate Quantity</u>
Rotating Biological Contactor	2
Primary Settling Tank	1
Final Settling Tank	1
Load Cells	2
Effluent Flow Meter	1
Triplex Pump Station	1

- 14) "Town of Clifton", a municipal corporation with offices at 7171 St. Highway 3, Cranberry Lake, New York 12927 (herein referred to as "Clifton" or the "Town").

ARTICLE II - Employment and Scope of Services

Section 201. Engagement. The Town hereby engages the Authority to operate and maintain the Wastewater Treatment Plant, providing licensed operators where required.

- 1) All work will be conducted in accordance with all State and Federal Laws and Regulations.
- 2) The Authority will take directions only from the Town representatives. The Authority will be responsible for responding to all calls from residents concerning the operation of these Facilities.
- 3) The Authority will seek approval from the Town for non-incidentual expenses, unless the situation is deemed an emergency. The Authority will determine whether the situation is deemed an emergency, as defined in Section 101.
- 4) Scheduled services that occur on holidays observed by the Authority will be performed the next normal working day following the holiday.

Section 202. Scope of Services. The Authority shall provide all necessary labor and equipment to perform the services as follows, and will perform work in accordance with manufacturer's specifications to maintain warranties.

- 1) Operations and Maintenance Services

Town of Clifton – Newton Falls Wastewater Treatment Plant and Pump Station Operations & Maintenance Services
<p><u>Daily Services</u> (7 days per week):</p> <ul style="list-style-type: none"> - Visual inspection of the operation of wastewater treatment plant; inspect and examine all mechanical, electrical equipment and piping for proper operation; complete daily log sheet documenting specific checks - Review past 24-hours of operations to ensure that monitoring parameters have been within acceptable limits; make process adjustments to optimize performance - Perform DEC required testing - General housekeeping of treatment plant
<u>Weekly Services</u>

- Maintain triplex pump station
<u>Monthly Services</u>
- Grease/oil equipment in accordance with manufacturer's recommendations
- Prepare operations report
- Complete NYSDEC Reports
- Collect and submit samples for analysis
- Clean and flush system components as required
<u>Annual Services:</u>
- Grease/oil equipment in accordance with manufacturer's recommendations
- Clean and flush system components as required
- Coordinate annual flow meter calibration with outside vendor as required by SPDES permit
- Test/verify critical SCADA alarms are functional

2) Miscellaneous Services

a) The following miscellaneous services are provided by the Authority at no additional cost to the Town:

- Transportation for Authority employees to complete the routine tasks described above
- Work closely with Town on system operations and provide additional services as directed by the designated Town Representative.
- Incorporation of the Town's facility equipment into the Authority's computerized maintenance management system (CMMS).
- Prepare written summary of work including sampling results, maintenance completed, and other incidents on a monthly basis.
- Inspect SCADA system, historical trending, and verify proper operation.
- Attend scheduled Town Board meetings as requested to provide status report.

b) Geographic Information System (GIS) Services

The Authority agrees to provide the Town with GIS Hosting Services and access to the IMA via a password-protected account through the Internet 24 hours/day, 7 days/week, with the exception of planned interruptions for system maintenance and unplanned interruptions in service beyond the Authority's control. The Authority will endeavor to provide as much advance notice of scheduled interruptions as reasonably possible, and not less than 48 hours. In the event of unscheduled interruptions, the Authority will use its best efforts to restore services as soon as reasonably possible under all the circumstances then existing.

The Town will be responsible for obtaining and maintaining any computer equipment (hardware, software, etc.) and high-speed internet connection to access Hosting Services.

The Town agrees not to use the IMA to upload, post, submit, e-mail or transmit any content that infringes on any patent, trademark, trade secret, or copyright. In no event will the Town hold liable the Authority for any damages, loss of profits, or other losses for IMA use or misuse.

The Town understands that Hosting Services are provided "as is" with no warranty.

All Town Datasets hosted on the IMA will remain the property of the Town. Town Datasets are defined as those that the Town develops, on its own or through contract. In the event that this agreement is not renewed, the Authority will provide the Town with all Town Datasets in electronic format within 15 days.

The Authority will provide Hosting Services for Datasets other than those currently existing (referred to hereafter as "Other Datasets"). Other Datasets must be developed by the Authority (in accordance with Section 202, Additional Services, the Town, or a third party. Other Datasets not developed by the Authority must be provided by the Town in "shapefile" or "geodatabase" format.

3) Additional Services

Any other tasks not included in the scope of services described above, such as response to customer complaints, equipment repairs, response to emergency situations, inspection of service connections, UFPO, etc. all as requested of the Authority by the Town will be reimbursed at the labor rates agreed upon in this contract (See Section 503). Mileage will be charged at the effective Federal Mileage Rate to and from the Warneck Pump Station at the time the work is performed.

Any other GIS tasks that are not included in the scope of base services described above, such as Data Maintenance, or developing new datasets, all as requested of the Authority by the Town will be reimbursed as described in Section 503.

Any SCADA tasks that are not included in the scope of base services described above, such as replacing damaged equipment, all as requested of the Authority by the Town will be reimbursed as described in Section 503.

ARTICLE III - Emergency Procedures and Services

Section 301. Procedures. The Authority will exercise due diligence and prudent judgment in response to any emergency situation that may occur. The Authority will utilize documented Standard and Emergency Operating Procedures, prepared by the Authority, during both regular and emergency operations. The Authority will notify the respective Town Representative of any emergency and actions taken, as soon as practicable.

Section 302. Payment. The Authority staff will provide 24-hour coverage for emergency responses. All responses to emergencies during non-duty hours will be billed at the employee's overtime burden compensation rate with a two-hour minimum, and all equipment used for emergencies will be billed in accordance with the rates specified in Section 503. Mileage from Warneck Pump Station to and from work site will be reimbursed at the current Federal Mileage Rate.

ARTICLE IV - Terms

Section 401. Term. The term of this Agreement shall be five (5) years commencing April 1, 2017 and ending on March 31, 2022.

Section 402. Additional Term. The Town, by written notice to the Authority, on or before 30 days of the expiration of this Agreement, may extend the term of this Agreement for a period not less than one nor more than five years, upon the same terms and conditions except annual compensation, which shall be established by mutual agreement of the parties.

ARTICLE V – Compensation

Section 501. Compensation. For all services required under Section 202 1, 2, and 3 of this Agreement, the Authority shall be compensated as follows payable one-twelfth thereof monthly, and within 30 days following receipt by the Town of a proper invoice covering the month in which such service was rendered.

Year	Base O&M Contract Wastewater
April 1, 2017 to March 31, 2018	\$19,205
April 1, 2018 to March 31, 2019	\$19,829
April 1, 2019 to March 31, 2020	\$20,473
April 1, 2020 to March 31, 2021	\$21,138
April 1, 2021 to March 31, 2022	\$21,825

Section 502. Emergency-related equipment, labor and material. The Town shall pay the Authority the cost of equipment rental, labor and material used and incurred by the Authority in coping with an emergency. The Town will make payment within 30 days following receipt by the Town of a proper invoice of such costs so incurred.

Section 503. Additional Work. The Town shall pay the Authority the cost of additional work outside the normal scope of this Agreement at the rates listed below, within 30 days following receipt by the Town of a proper invoice therefore [Note: The wage rates will be updated annually on April 1st]. Mileage from Warneck Pump Station to and from work site will be reimbursed at the current Federal Mileage Rate. The Town shall approve the cost of labor, equipment and material in advance, unless the situation is deemed an emergency such that immediate response is required.

Employee Wage Rate	Standard	Overtime
Manager/Engineer	\$105	NA
Engineering Manager	\$105	NA
WQ Supervisor 1	\$70	NA
WQ Supervisor 2	\$78	NA
WQ Supervisor Trainee	\$60	\$74
Water Quality Coordinator	\$58	NA
Controls Engineer	\$75	NA
Environmental Coordinator	\$75	\$98
Project Engineer	\$75	NA
GIS Supervisor	\$65	NA
GIS Specialist	\$55	NA
GIS Tech	\$50	NA
Engineering Assistant	\$60	\$74
Lead Operator	\$62	\$78
Operator	\$57	\$71
Technician	\$50	\$63
Admin	\$59	\$76

ARTICLE VI - Town Responsibilities

Section 601. Facilities. The Town shall make available to the Authority the facilities described in this Agreement. The Town and its authorized representatives retain all rights of access to the facilities.

Section 602. Easements and Licenses. The Town shall maintain all easements, licenses and permits that have been granted as owner of the Facilities described in this Agreement and procure all others necessary to operate and maintain such Facilities.

Section 603. Purchases. The Authority will maintain an adequate inventory of equipment, chemicals, fuels, lubricants and supplies necessary to operate and maintain the Facilities, and shall advise the Town of necessary replacements and additions to such inventory. The Town shall order and be invoiced for such inventory. The receipt, proper use and record keeping thereof, shall be the Town's responsibility.

Section 604. Snow Removal. The Town shall be responsible for all snow removal.

ARTICLE VII - Termination

Section 701. Termination. The Town and/or Authority may terminate this Agreement with or without cause upon 90 days prior written notice, provided however, that the Town shall pay the Authority all costs incurred by the Authority to the date of termination.

ARTICLE VIII – Insurance/Liability

Section 801. Insurance. The Town shall secure and maintain with New York State qualified insurers insurance in amounts satisfactory to the Authority against loss or damage to the Authority and its facilities and against public or other liability to the extent not less than that reasonably necessary to protect the interest of the Authority. The Town will at all times indemnify and save harmless the Authority against all liabilities, judgments, costs, damages, expenses and attorney's fees for loss, damage or injury to persons or property resulting in any manner from the operation of this Agreement. The Authority shall secure and maintain insurance satisfactory to the Town and shall name the Town of Clifton as additional insured on the liability policy. The Authority will at all times indemnify and save harmless the Town against all liabilities, judgments, costs, damages, expenses, and attorney's fees for loss, damage or injury to persons or property resulting in any manner from the operation of the Agreement.

Section 802. Liability. The Authority shall use reasonable diligence to provide the services herein required, but shall not be liable to the Town for damages, breach of contract, or otherwise, for failure, suspension, diminution, or other variations of service occasioned by any cause beyond the control of the Authority. The Town will not be liable in the event of a breach beyond their control. Such causes may include, but are not restricted to, acts of God or of the public enemy, acts of the Government in its sovereign or contractual capacity, fires, floods, epidemics, riots, strikes, civil disturbance, quarantine, restrictions, or inability to obtain equipment or supplies.

ARTICLE IX - Accounts

Section 901. Accounts and Audits. All accounts, reports and other records generated by the Authority or required under this Agreement, in the performance hereof, shall be open to inspection and audit at all reasonable times by the Town. Such records shall be retained by the Authority for a minimum of seven years following the expiration or earlier termination of this Agreement or an extended agreement.

ARTICLE X - Miscellaneous

Section 1001. Independence of Agreement. The parties acknowledge that the Authority has undertaken and may undertake various projects unrelated to the operation and maintenance of the Town of Clifton Facilities. It is the intent of the parties that this Agreement, the service provided hereunder and all payments, accounts receivable and equipment resulting from or required by such operation and maintenance service shall be separate from and independent of all unrelated projects and activities of the Authority. The Town shall have no right to, or claim upon, the assets, insurance proceeds or income of the Authority other than those associated with the performance of this Agreement, in satisfaction of any claim by the Town arising hereunder. A similar restrictive clause is contained and will be provided in all service agreements made by the Authority with others.

Section 1002. Authority Status. The Authority is an independent contractor with the Town and this Agreement does not create and shall not be construed as creating a relationship of principal and agent, landlord and tenant, or employer and employee.

Section 1003. Waiver. No waiver by Town or Authority of any breach of any term, covenant or condition contained in this Agreement shall operate as a waiver of such term, covenant or condition itself, or of any subsequent breach thereof.

Section 1004. Governing Laws. This Agreement shall be construed and enforced in accordance with the laws of the State of New York. If any provision of this Agreement shall, to any extent, be held invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and shall continue to be valid and unenforceable to the fullest extent permitted by law.

Section 1005. Entire Agreement. This Agreement contains the entire agreement of the parties and may be modified or amended only by the written mutual agreement of the parties.

Section 1006. Supercedence. This Agreement supercedes former similar agreements between the parties, pertaining to the facilities described in this document. All other agreements are hereby terminated, except as to those provisions intended to survive such termination.

Section 1007. Notices. All notices required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given if sent by certified or registered mail, return receipt requested, postage prepaid.

EXHIBIT A – Resolution by Town Board of Clifton to Enter Into this Agreement with the Development Authority of the North Country.

ALL OF THE ABOVE is established by the signatures of the authority representatives of the parties.

TOWN OF CLIFTON

DEVELOPMENT AUTHORITY
OF THE NORTH COUNTRY

By: _____
Charles Hooven
Town Supervisor

By: _____
James W. Wright
Executive Director

ACKNOWLEDGEMENTS

STATE OF NEW YORK)
) ss:
COUNTY OF ST. LAWRENCE)

On this ____ day of _____, 2017, before me personally came **CHARLES HOOVEN**, who being duly sworn, did dispose and says that he resides in _____, New York; that he is the Town of Clifton Supervisor, and which executed the foregoing instrument; and that he signed his name thereto by order of said Board.

NOTARY PUBLIC

On this ____ day of _____, 2017, before me personally came **JAMES W. WRIGHT**, who being duly sworn, did dispose and says that he resides in Watertown, New York; that he is the Executive Director of the Development Authority of the North Country, the Authority described herein, and which executed the foregoing instrument; and that he signed his name thereto by order of said Authority.

NOTARY PUBLIC



Board Resolution No. 2017-06-78
June 22, 2017

**AUTHORIZING EXECUTIVE DIRECTOR TO ENTER INTO OPERATIONS
AND MAINTENANCE AGREEMENT WITH THE TOWN OF CLIFTON –
HAMLET OF NEWTON FALLS WATER TREATMENT FACILITIES**

Whereas, the Development Authority of the North Country is qualified and equipped to provide contract operator services for municipal water facilities, and

Whereas, the Town of Clifton has been under contract with the Development Authority of the North Country since 2015, and

Whereas, the Town of Clifton desires to enter into a new five (5) year Operations and Maintenance Service Agreement with the Development Authority of the North Country for a total amount of \$129,691, and

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

RESOLVED, the Development Authority of the North Country does hereby authorize and direct the Executive Director to enter into an Operations and Maintenance Service Agreement with the Town of Clifton for their water treatment facilities, and be it further

RESOLVED, the Executive Director is hereby authorized to execute the required and necessary agreements.

RESOLVED, that this Resolution shall take effect immediately.

OPERATIONS & MAINTENANCE SERVICE AGREEMENT

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY & TOWN OF CLIFTON – NEWTON FALLS WATER SERVICES

This sets forth the Operation and Maintenance Service Agreement made effective _____, 2017 by and between the TOWN OF CLIFTON ("Town") and the DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY, a New York public authority with offices at the Dulles State Office Building, 317 Washington Street, Watertown, New York 13601 ("Authority").

RECITALS

- 1) The Town has determined that the Authority is best qualified and equipped to provide Operation & Maintenance services for the Newton Falls Water Treatment Facility and desires to continue engagement with the Authority for such services. The Town is authorized to enter into this Agreement by Resolution dated _____, a certified copy of which is attached as **Exhibit "A"**.
- 2) The Authority desires to continue to provide Operations and Maintenance Services for the Newton Falls Water Treatment Facility described in this Agreement.
- 3) Construction, start-up and/or addition of any new facilities within the term of this contract that changes the level of effort of the Authority shall precipitate a renegotiation of the operation and maintenance costs for these base services.

AGREEMENT

In the consideration of the mutual covenants herein contained, the parties agree to the following Articles:

Article I	Definitions
Article II	Employment and Scope of Services
Article III	Emergency Procedures and Services
Article IV	Terms
Article V	Compensation
Article VI	Town Responsibilities
Article VII	Termination
Article VIII	Insurance and Liability
Article IX	Accounts
Article X	Miscellaneous

ARTICLE I - Definitions

Section 101. Defined Terms. As used or referred to in this Agreement, unless a different meaning clearly appears from the context:

- 1) "Authority Officer", the Chairman, any Vice Chairman, the Secretary, the Treasurer, the Executive Director, or any authorized representative of the Development Authority of the North Country.
- 2) "Chief Elected Official", the Town Supervisor or his/her duly appointed representative.
- 3) "Data Maintenance," refers to Authority activities related to: A) editing existing customer data on the IMA, or B) adding new customer data to the IMA.
- 4) "Datasets," refers to spatial data in formats that are compatible with the Authority's GIS, including shapefile and geodatabase.
- 5) "EDU", equivalent dwelling unit intended to indicate a standard based upon the average single-family residence.
- 6) "Emergency", an unforeseen combination of circumstances or the resulting state that calls for immediate action.
- 7) "Fiscal Year" for the Town means the period of twelve (12) calendar months beginning with January 1st of any year ending with December 31st of such year, and for the Authority means the period of twelve (12) calendar months beginning with April 1st of any year ending with March 31st of the next year.
- 8) "Hosting Services," refers to the act of the Authority storing and providing access to spatial data via the IMA.
- 9) "IMA," Internet Mapping Application, the Authority's web-based GIS which serves as the platform for providing GIS hosting services
- 10) "Operations and Maintenance Expenses", recurring charges incurred for day-to-day operation of the facilities. It shall include such things as labor, materials, cost of utilities, cost of repairs to the facilities, and other day-to-day expenses associated with the normal operation of the facilities.
- 11) "Record Drawings", engineered drawings that have been prepared for construction and have been updated upon project completion to reflect any changes made to the original design.
- 12) "SCADA", Supervisory Control and Data Acquisition system deployed by the Authority to remotely monitor facilities.

- 13) "Water Treatment Facilities", the Newton Falls Water Treatment Facility and the Woodhaven Water Treatment Facility as generally described below:

WATER TREATMENT FACILITIES	
Newton Falls	
<u>Description</u>	<u>Approximate Quantity</u>
Raw Water Pumps	2
Chemical Feed Systems	3
Sand Filtration Units	2
Finished Water Pumps	2
Backwash Water Pumps	2
Water Storage Tank	1

- 14) "Town of Clifton", a municipal corporation with offices at 7171 St. Highway 3, Cranberry Lake, New York 12927 (herein referred to as "Clifton" or the "Town").

ARTICLE II - Employment and Scope of Services

Section 201. Engagement. The Town hereby engages the Authority to operate and maintain the Water Treatment Facilities, providing licensed operators where required.

- 1) All work will be conducted in accordance with all State and Federal Laws and Regulations.
- 2) The Authority will take directions only from the Town representatives. The Authority will be responsible for responding to all calls from residents concerning the operation of these Facilities.
- 3) The Authority will seek approval from the Town for non-incidentual expenses, unless the situation is deemed an emergency. The Authority will determine whether the situation is deemed an emergency, as defined in Section 101.
- 4) Scheduled services that occur on holidays observed by the Authority will be performed the next normal working day following the holiday.

Section 202. Scope of Services. The Authority shall provide all necessary labor and equipment to perform the services as follows, and will perform work in accordance with manufacturer's specifications to maintain warranties.

- 1) Operations and Maintenance Services

Town of Clifton – Newton Falls Water Treatment Facilities Operations & Maintenance Services

Daily Services (7 days per week):

- Visual inspection of the water treatment systems; inspect and examine all mechanical, electrical equipment and piping for proper operation; complete daily log sheet documenting specific checks, pressures, flow and run time
- Perform DOH required testing

Monthly Services

- Grease/oil equipment in accordance with manufacturer's recommendations
- Prepare monthly operations report
- Complete NYSDOH Reports
- Collect and submit samples for analysis

Annual Services:

- Exercise valves, verify operation and flush system components
- Prepare Annual Water Quality Report
- Test/verify alarms are functional

NOTE: There is a mutual understanding that the Town is planning a future water system upgrade and replacement of these existing systems, and the Authority understands that minimal maintenance and repairs are desired by the Town to avoid repair costs for equipment and processes that will be replaced.

2) Miscellaneous Services

a) The following miscellaneous services are provided by the Authority at no additional cost to the Town:

- Transportation for Authority employees to complete the routine tasks described above
- Work closely with Town on system operations and provide additional services as directed by the designated Town Representative.
- Incorporation of the Town's facility equipment into the Authority's computerized maintenance management system (CMMS).
- Prepare written summary of work including sampling results, maintenance completed, and other incidents on a monthly basis.
- Inspect SCADA system, historical trending, and verify proper operation.
- Attend scheduled Town Board meetings as requested to provide status report.

b) Geographic Information System (GIS) Services

The Authority agrees to provide the Town with GIS Hosting Services and access to the IMA via a password-protected account through the Internet 24 hours/day, 7 days/week, with the exception of planned interruptions for system maintenance and unplanned interruptions in service beyond the Authority's control. The Authority will endeavor to provide as much advance notice of scheduled interruptions as reasonably possible, and not less than 48 hours. In the event of unscheduled interruptions, the Authority will use its best efforts to restore services as soon as reasonably possible under all the circumstances then existing.

The Town will be responsible for obtaining and maintaining any computer equipment (hardware, software, etc.) and high-speed internet connection to access Hosting Services.

The Town agrees not to use the IMA to upload, post, submit, e-mail or transmit any content that infringes on any patent, trademark, trade secret, or copyright. In no event will the Town hold liable the Authority for any damages, loss of profits, or other losses for IMA use or misuse.

The Town understands that Hosting Services are provided "as is" with no warranty.

All Town Datasets hosted on the IMA will remain the property of the Town. Town Datasets are defined as those that the Town develops, on its own or through contract. In the event that this agreement is not renewed, the Authority will provide the Town with all Town Datasets in electronic format within 15 days.

The Authority will provide Hosting Services for Datasets other than those currently existing (referred to hereafter as "Other Datasets"). Other Datasets must be developed by the Authority (in accordance with Section 202, Additional Services, the Town, or a third party. Other Datasets not developed by the Authority must be provided by the Town in "shapefile" or "geodatabase" format.

3) Additional Services

Any other tasks not included in the scope of services described above, such as response to customer complaints, equipment repairs, response to emergency situations, inspection of service connections, UFPO, etc. all as requested of the Authority by the Town will be reimbursed at the labor rates agreed upon in this contract (See Section 503). Mileage will be charged at the effective Federal Mileage Rate to and from the Warneck Pump Station at the time the work is performed.

Any other GIS tasks that are not included in the scope of base services described above, such as Data Maintenance, or developing new datasets, all as requested of the Authority by the Town will be reimbursed as described in Section 503.

Any SCADA tasks that are not included in the scope of base services described above, such as replacing damaged equipment, all as requested of the Authority by the Town will be reimbursed as described in Section 503.

ARTICLE III - Emergency Procedures and Services

Section 301. Procedures. The Authority will exercise due diligence and prudent judgment in response to any emergency situation that may occur. The Authority will utilize documented Standard and Emergency Operating Procedures, prepared by the Authority, during both regular and emergency operations. The Authority will notify the respective Town Representative of any emergency and actions taken, as soon as practicable.

Section 302. Payment. The Authority staff will provide 24-hour coverage for emergency responses. All responses to emergencies during non-duty hours will be billed at the employee's overtime burden compensation rate with a two-hour minimum, and all equipment used for emergencies will be billed in accordance with the rates specified in Section 503. Mileage from Warneck Pump Station to and from work site will be reimbursed at the current Federal Mileage Rate.

ARTICLE IV - Terms

Section 401. Term. The term of this Agreement shall be five (5) years commencing April 1, 2017 and ending on March 31, 2022.

Section 402. Additional Term. The Town, by written notice to the Authority, on or before 30 days of the expiration of this Agreement, may extend the term of this Agreement for a period not less than one nor more than five years, upon the same terms and conditions except annual compensation, which shall be established by mutual agreement of the parties.

ARTICLE V – Compensation

Section 501. Compensation. For all services required under Section 202 1, 2, and 3 of this Agreement, the Authority shall be compensated as follows payable one-twelfth thereof monthly, and within 30 days following receipt by the Town of a proper invoice covering the month in which such service was rendered.

Year	Base O&M Contract Water
April 1, 2017 to March 31, 2018	\$24,306
April 1, 2018 to March 31, 2019	\$25,096
April 1, 2019 to March 31, 2020	\$25,912
April 1, 2020 to March 31, 2021	\$26,754
April 1, 2021 to March 31, 2022	\$27,623

Section 502. Emergency-related equipment, labor and material. The Town shall pay the Authority the cost of equipment rental, labor and material used and incurred by the Authority in coping with an emergency. The Town will make payment within 30 days following receipt by the Town of a proper invoice of such costs so incurred.

Section 503. Additional Work. The Town shall pay the Authority the cost of additional work outside the normal scope of this Agreement at the rates listed below, within 30 days following receipt by the Town of a proper invoice therefore [Note: The wage rates will be updated annually on April 1st]. Mileage from Warneck Pump Station to and from work site will be reimbursed at the current Federal Mileage Rate. The Town shall approve the cost of labor, equipment and material in advance, unless the situation is deemed an emergency such that immediate response is required.

Employee Wage Rate	Standard	Overtime
Manager/Engineer	\$105	NA
Engineering Manager	\$105	NA
WQ Supervisor 1	\$70	NA
WQ Supervisor 2	\$78	NA
WQ Supervisor Trainee	\$60	\$74
Water Quality Coordinator	\$58	NA
Controls Engineer	\$75	NA
Environmental Coordinator	\$75	\$98
Project Engineer	\$75	NA
GIS Supervisor	\$65	NA
GIS Specialist	\$55	NA
GIS Tech	\$50	NA
Engineering Assistant	\$60	\$74
Lead Operator	\$62	\$78
Operator	\$57	\$71
Technician	\$50	\$63
Admin	\$59	\$76

ARTICLE VI - Town Responsibilities

Section 601. Facilities. The Town shall make available to the Authority the facilities described in this Agreement. The Town and its authorized representatives retain all rights of access to the facilities.

Section 602. Easements and Licenses. The Town shall maintain all easements, licenses and permits that have been granted as owner of the Facilities described in this Agreement and procure all others necessary to operate and maintain such Facilities.

Section 603. Purchases. The Authority will maintain an adequate inventory of equipment, chemicals, fuels, lubricants and supplies necessary to operate and maintain the Facilities, and shall advise the Town of necessary replacements and additions to such inventory. The Town shall order and be invoiced for such inventory. The receipt, proper use and record keeping thereof, shall be the Town's responsibility.

Section 604. Snow Removal. The Town shall be responsible for all snow removal.

ARTICLE VII - Termination

Section 701. Termination. The Town and/or Authority may terminate this Agreement with or without cause upon 90 days prior written notice, provided however, that the Town shall pay the Authority all costs incurred by the Authority to the date of termination.

ARTICLE VIII – Insurance/Liability

Section 801. Insurance. The Town shall secure and maintain with New York State qualified insurers insurance in amounts satisfactory to the Authority against loss or damage to the Authority and its facilities and against public or other liability to the extent not less than that reasonably necessary to protect the interest of the Authority. The Town will at all times indemnify and save harmless the Authority against all liabilities, judgments, costs, damages, expenses and attorney's fees for loss, damage or injury to persons or property resulting in any manner from the operation of this Agreement. The Authority shall secure and maintain insurance satisfactory to the Town and shall name the Town of Clifton as additional insured on the liability policy. The Authority will at all times indemnify and save harmless the Town against all liabilities, judgments, costs, damages, expenses, and attorney's fees for loss, damage or injury to persons or property resulting in any manner from the operation of the Agreement.

Section 802. Liability. The Authority shall use reasonable diligence to provide the services herein required, but shall not be liable to the Town for damages, breach of contract, or otherwise, for failure, suspension, diminution, or other variations of service occasioned by any cause beyond the control of the Authority. The Town will not be liable in the event of a breach beyond their control. Such causes may include, but are not restricted to, acts of God or of the public enemy, acts of the Government in its sovereign or contractual capacity, fires, floods, epidemics, riots, strikes, civil disturbance, quarantine, restrictions, or inability to obtain equipment or supplies.

ARTICLE IX - Accounts

Section 901. Accounts and Audits. All accounts, reports and other records generated by the Authority or required under this Agreement, in the performance hereof, shall be open to inspection and audit at all reasonable times by the Town. Such records shall be retained by the Authority for a minimum of seven years following the expiration or earlier termination of this Agreement or an extended agreement.

ARTICLE X - Miscellaneous

Section 1001. Independence of Agreement. The parties acknowledge that the Authority has undertaken and may undertake various projects unrelated to the operation and maintenance of the Town of Clifton Facilities. It is the intent of the parties that this Agreement, the service provided hereunder and all payments, accounts receivable and equipment resulting from or required by such operation and maintenance service shall be separate from and independent of all unrelated projects and activities of the Authority. The Town shall have no right to, or claim upon, the assets, insurance proceeds or income of the Authority other than those associated with the performance of this Agreement, in satisfaction of any claim by the Town arising hereunder. A similar restrictive clause is contained and will be provided in all service agreements made by the Authority with others.

Section 1002. Authority Status. The Authority is an independent contractor with the Town and this Agreement does not create and shall not be construed as creating a relationship of principal and agent, landlord and tenant, or employer and employee.

Section 1003. Waiver. No waiver by Town or Authority of any breach of any term, covenant or condition contained in this Agreement shall operate as a waiver of such term, covenant or condition itself, or of any subsequent breach thereof.

Section 1004. Governing Laws. This Agreement shall be construed and enforced in accordance with the laws of the State of New York. If any provision of this Agreement shall, to any extent, be held invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and shall continue to be valid and unenforceable to the fullest extent permitted by law.

Section 1005. Entire Agreement. This Agreement contains the entire agreement of the parties and may be modified or amended only by the written mutual agreement of the parties.

Section 1006. Supercedence. This Agreement supercedes former similar agreements between the parties, pertaining to the facilities described in this document. All other agreements are hereby terminated, except as to those provisions intended to survive such termination.

Section 1007. Notices. All notices required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given if sent by certified or registered mail, return receipt requested, postage prepaid.

EXHIBIT A – Resolution by Town Board of Clifton to Enter Into this Agreement with the Development Authority of the North Country.

ALL OF THE ABOVE is established by the signatures of the authority representatives of the parties.

TOWN OF CLIFTON

DEVELOPMENT AUTHORITY
OF THE NORTH COUNTRY

By: _____
Charles Hooven
Town Supervisor

By: _____
James W. Wright
Executive Director

ACKNOWLEDGEMENTS

STATE OF NEW YORK)
) ss:
COUNTY OF ST. LAWRENCE)

On this ____ day of _____, 2017, before me personally came **CHARLES HOOVEN**, who being duly sworn, did dispose and says that he resides in _____, New York; that he is the Town of Clifton Supervisor, and which executed the foregoing instrument; and that he signed his name thereto by order of said Board.

NOTARY PUBLIC

On this ____ day of _____, 2017, before me personally came **JAMES W. WRIGHT**, who being duly sworn, did dispose and says that he resides in Watertown, New York; that he is the Executive Director of the Development Authority of the North Country, the Authority described herein, and which executed the foregoing instrument; and that he signed his name thereto by order of said Authority.

NOTARY PUBLIC



Board Resolution No. 2017-06-79
June 22, 2017

**AUTHORIZING EXECUTIVE DIRECTOR TO ENTER INTO OPERATIONS
AND MAINTENANCE AGREEMENT WITH THE TOWN OF CLIFTON –
WOODHAVEN WATER PLANT**

Whereas, the Development Authority of the North Country is qualified and equipped to provide contract operator services for municipal water plant, and

Whereas, the Town of Clifton has been under contract with the Development Authority of the North Country since 2015, and

Whereas, the Town of Clifton desires to enter into a new one (1) year Operations and Maintenance Service Agreement with the Development Authority of the North Country for a total amount of \$5,928, and

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

RESOLVED, the Development Authority of the North Country does hereby authorize and direct the Executive Director to enter into an Operations and Maintenance Service Agreement with the Town of Clifton for the Woodhaven Water Plant, and be it further

RESOLVED, the Executive Director is hereby authorized to execute the required and necessary agreements.

RESOLVED, that this Resolution shall take effect immediately.

OPERATIONS & MAINTENANCE SERVICE AGREEMENT

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY & TOWN OF CLIFTON – WOODHAVEN WATER PLANT

This sets forth the Operation and Maintenance Service Agreement made effective _____, 2017 by and between the TOWN OF CLIFTON ("Town") and the DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY, a New York public authority with offices at the Dulles State Office Building, 317 Washington Street, Watertown, New York 13601 ("Authority").

RECITALS

- 1) The Town has determined that the Authority is best qualified and equipped to provide Operation & Maintenance services for the Woodhaven Water Treatment Facility and desires to continue engagement of the Authority for such services. The Town is authorized to enter into this Agreement by Resolution dated _____, a certified copy of which is attached as **Exhibit "A"**.
- 2) The Authority desires to provide Operations and Maintenance Services for the Woodhaven Water Treatment Facility described in this Agreement.
- 3) Construction, start-up and/or addition of any new water services within the term of this contract that changes the level of effort of the Authority shall precipitate a renegotiation of the operation and maintenance costs for these base services.

AGREEMENT

In the consideration of the mutual covenants herein contained, the parties agree to the following Articles:

Article I	Definitions
Article II	Employment and Scope of Services
Article III	Emergency Procedures and Services
Article IV	Terms
Article V	Compensation
Article VI	Town Responsibilities
Article VII	Termination
Article VIII	Insurance and Liability
Article IX	Accounts
Article X	Miscellaneous

ARTICLE I - Definitions

Section 101. Defined Terms. As used or referred to in this Agreement, unless a different meaning clearly appears from the context:

- 1) "Authority Officer", the Chairman, any Vice Chairman, the Secretary, the Treasurer, the Executive Director, or any authorized representative of the Development Authority of the North Country.
- 2) "Chief Elected Official", the Town Supervisor or his/her duly appointed representative.
- 3) "Data Maintenance," refers to Authority activities related to: A) editing existing customer data on the IMA, or B) adding new customer data to the IMA.
- 4) "Datasets," refers to spatial data in formats that are compatible with the Authority's GIS, including shapefile and geodatabase.
- 5) "EDU", equivalent dwelling unit intended to indicate a standard based upon the average single-family residence.
- 6) "Emergency", an unforeseen combination of circumstances or the resulting state that calls for immediate action.
- 7) "Fiscal Year" for the Town means the period of twelve (12) calendar months beginning with January 1st of any year ending with December 31st of such year, and for the Authority means the period of twelve (12) calendar months beginning with April 1st of any year ending with March 31st of the next year.
- 8) "Hosting Services," refers to the act of the Authority storing and providing access to spatial data via the IMA.
- 9) "IMA," Internet Mapping Application, the Authority's web-based GIS which serves as the platform for providing GIS hosting services
- 10) "Operations and Maintenance Expenses", recurring charges incurred for day-to-day operation of the facilities. It shall include such things as labor, materials, cost of utilities, cost of repairs to the facilities, and other day-to-day expenses associated with the normal operation of the facilities.
- 11) "Record Drawings", engineered drawings that have been prepared for construction and have been updated upon project completion to reflect any changes made to the original design.
- 12) "SCADA", Supervisory Control and Data Acquisition system deployed by the Authority to remotely monitor facilities.

- 13) "Water Treatment Facilities", the Woodhaven Water Treatment Facility as generally described below:

WATER TREATMENT FACILITIES	
<u>Woodhaven</u>	
<u>Description</u>	<u>Approximate Quantity</u>
Well Pump	1
Chlorine Feed System	1
Steel Pressure Tank	1

- 14) "Town of Clifton", a municipal corporation with offices at 7171 St. Highway 3, Cranberry Lake, New York 12927 (herein referred to as "Clifton" or the "Town").

ARTICLE II - Employment and Scope of Services

Section 201. Engagement. The Town hereby engages the Authority to operate and maintain the Water Treatment Facilities, providing licensed operators where required.

- 1) All work will be conducted in accordance with all State and Federal Laws and Regulations.
- 2) The Authority will take directions only from the Town representatives. The Authority will be responsible for responding to all calls from residents concerning the operation of these Facilities.
- 3) The Authority will seek approval from the Town for non-incidentual expenses, unless the situation is deemed an emergency. The Authority will determine whether the situation is deemed an emergency, as defined in Section 101.
- 4) Scheduled services that occur on holidays observed by the Authority will be performed the next normal working day following the holiday.

Section 202. Scope of Services. The Authority shall provide all necessary labor and equipment to perform the services as follows, and will perform work in accordance with manufacturer's specifications to maintain warranties.

- 1) Operations and Maintenance Services

Town of Clifton – Woodhaven Water Treatment Facilities Operations & Maintenance Services

Daily Services (7 days per week):

- Visual inspection of the water treatment systems; inspect and examine all mechanical, electrical equipment and piping for proper operation; complete daily log sheet documenting specific checks, pressures, flow and run time
- Perform DOH required testing

Monthly Services

- Grease/oil equipment in accordance with manufacturer's recommendations
- Prepare monthly operations report
- Complete NYSDOH Reports
- Collect and submit samples for analysis

Annual Services:

- Exercise valves, verify operation and flush system components as required
- Prepare Annual Water Quality Report
- Test/verify alarms are functional

NOTE: There is a mutual understanding that the Town is planning a future water system upgrade and replacement of these existing systems, and the Authority understands that minimal maintenance and repairs are desired by the Town to avoid repair costs for equipment and processes that will be replaced.

2) Miscellaneous Services

a) The following miscellaneous services are provided by the Authority at no additional cost to the Town:

- Transportation for Authority employees to complete the routine tasks described above
- Work closely with Town on system operations and provide additional services as directed by the designated Town Representative.
- Incorporation of the Town's facility equipment into the Authority's computerized maintenance management system (CMMS).
- Prepare written summary of work including sampling results, maintenance completed, and other incidents on a monthly basis.
- Attend scheduled Town Board meetings as requested to provide status report.

b) Geographic Information System (GIS) Services

The Authority agrees to provide the Town with GIS Hosting Services and access to the IMA via a password-protected account through the Internet 24 hours/day, 7 days/week, with the exception of planned interruptions for system maintenance and unplanned interruptions in service beyond the Authority's control. The Authority will endeavor to provide as much advance notice of scheduled interruptions as reasonably possible, and not less than 48 hours. In the event of unscheduled interruptions, the Authority will use its best efforts to restore services as soon as reasonably possible under all the circumstances then existing.

The Town will be responsible for obtaining and maintaining any computer equipment (hardware, software, etc.) and high-speed internet connection to access Hosting Services.

The Town agrees not to use the IMA to upload, post, submit, e-mail or transmit any content that infringes on any patent, trademark, trade secret, or copyright. In no event will the Town hold liable the Authority for any damages, loss of profits, or other losses for IMA use or misuse.

The Town understands that Hosting Services are provided "as is" with no warranty.

All Town Datasets hosted on the IMA will remain the property of the Town. Town Datasets are defined as those that the Town develops, on its own or through contract. In the event that this agreement is not renewed, the Authority will provide the Town with all Town Datasets in electronic format within 15 days.

The Authority will provide Hosting Services for Datasets other than those currently existing (referred to hereafter as "Other Datasets"). Other Datasets must be developed by the Authority (in accordance with Section 202, Additional Services, the Town, or a third party. Other Datasets not developed by the Authority must be provided by the Town in "shapefile" or "geodatabase" format.

3) Additional Services

Any other tasks not included in the scope of services described above, such as response to customer complaints, equipment repairs, response to emergency situations, inspection of service connections, UFPO, etc. all as requested of the Authority by the Town will be reimbursed at the labor rates agreed upon in this contract (See Section 503). Mileage will be charged at the effective Federal Mileage Rate to and from the Warneck Pump Station at the time the work is performed.

Any other GIS tasks that are not included in the scope of base services described above, such as Data Maintenance, or developing new datasets, all as requested of the Authority by the Town will be reimbursed as described in Section 503.

Any SCADA tasks that are not included in the scope of base services described above, such as replacing damaged equipment, all as requested of the Authority by the Town will be reimbursed as described in Section 503.

ARTICLE III - Emergency Procedures and Services

Section 301. Procedures. The Authority will exercise due diligence and prudent judgment in response to any emergency situation that may occur. The Authority will utilize documented Standard and Emergency Operating Procedures, prepared by the Authority, during both regular and emergency operations. The Authority will notify the respective Town Representative of any emergency and actions taken, as soon as practicable.

Section 302. Payment. The Authority staff will provide 24-hour coverage for emergency responses. All responses to emergencies during non-duty hours will be billed at the employee's overtime burden compensation rate with a two-hour minimum, and all equipment used for emergencies will be billed in accordance with the rates specified in Section 503. Mileage from Warneck Pump Station to and from work site will be reimbursed at the current Federal Mileage Rate.

ARTICLE IV - Terms

Section 401. Term. The term of this Agreement shall be one (1) year commencing April 1, 2017 and ending on March 31, 2018.

Section 402. Additional Term. The Town, by written notice to the Authority, on or before 30 days of the expiration of this Agreement, may extend the term of this Agreement for a period not less than one nor more than five years, upon the same terms and conditions except annual compensation, which shall be established by mutual agreement of the parties.

ARTICLE V – Compensation

Section 501. Compensation. For all services required under Section 202 1, 2, and 3 of this Agreement, the Authority shall be compensated as follows payable one-twelfth thereof monthly, and within 30 days following receipt by the Town of a proper invoice covering the month in which such service was rendered.

Year	Base O&M Contract Water
April 1, 2017 to March 31, 2018	\$5,928

Section 502. Emergency-related equipment, labor and material. The Town shall pay the Authority the cost of equipment rental, labor and material used and incurred by the Authority in coping with an emergency. The Town will make payment within 30 days following receipt by the Town of a proper invoice of such costs so incurred.

Section 503. Additional Work. The Town shall pay the Authority the cost of additional work outside the normal scope of this Agreement at the rates listed below, within 30 days following receipt by the Town of a proper invoice therefore [Note: The wage rates will be updated annually on April 1st]. Mileage from Warneck Pump Station to and from work site will be reimbursed at the current Federal Mileage Rate. The Town shall approve the cost of labor, equipment and material in advance, unless the situation is deemed an emergency such that immediate response is required.

Employee Wage Rate	Standard	Overtime
Manager/Engineer	\$105	NA
Engineering Manager	\$105	NA
WQ Supervisor 1	\$70	NA
WQ Supervisor 2	\$78	NA
WQ Supervisor Trainee	\$60	\$74
Water Quality Coordinator	\$58	NA
Controls Engineer	\$75	NA
Environmental Coordinator	\$75	\$98
Project Engineer	\$75	NA
GIS Supervisor	\$65	NA
GIS Specialist	\$55	NA
GIS Tech	\$50	NA
Engineering Assistant	\$60	\$74
Lead Operator	\$62	\$78
Operator	\$57	\$71
Technician	\$50	\$63
Admin	\$59	\$76

ARTICLE VI - Town Responsibilities

Section 601. Facilities. The Town shall make available to the Authority the facilities described in this Agreement. The Town and its authorized representatives retain all rights of access to the facilities.

Section 602. Easements and Licenses. The Town shall maintain all easements, licenses and permits that have been granted as owner of the Facilities described in this Agreement and procure all others necessary to operate and maintain such Facilities.

Section 603. Purchases. The Authority will maintain an adequate inventory of equipment, chemicals, fuels, lubricants and supplies necessary to operate and maintain the Facilities, and shall advise the Town of necessary replacements and additions to such inventory. The Town shall order and be invoiced for such inventory. The receipt, proper use and record keeping thereof, shall be the Town's responsibility.

Section 604. Snow Removal. The Town shall be responsible for all snow removal.

ARTICLE VII - Termination

Section 701. Termination. The Town and/or Authority may terminate this Agreement with or without cause upon 90 days prior written notice, provided however, that the Town shall pay the Authority all costs incurred by the Authority to the date of termination.

ARTICLE VIII – Insurance/Liability

Section 801. Insurance. The Town shall secure and maintain with New York State qualified insurers insurance in amounts satisfactory to the Authority against loss or damage to the Authority and its facilities and against public or other liability to the extent not less than that reasonably necessary to protect the interest of the Authority. The Town will at all times indemnify and save harmless the Authority against all liabilities, judgments, costs, damages, expenses and attorney's fees for loss, damage or injury to persons or property resulting in any manner from the operation of this Agreement. The Authority shall secure and maintain insurance satisfactory to the Town and shall name the Town of Clifton as additional insured on the liability policy. The Authority will at all times indemnify and save harmless the Town against all liabilities, judgments, costs, damages, expenses, and attorney's fees for loss, damage or injury to persons or property resulting in any manner from the operation of the Agreement.

Section 802. Liability. The Authority shall use reasonable diligence to provide the services herein required, but shall not be liable to the Town for damages, breach of contract, or otherwise, for failure, suspension, diminution, or other variations of service occasioned by any cause beyond the control of the Authority. The Town will not be liable in the event of a breach beyond their control. Such causes may include, but are not restricted to, acts of God or of the public enemy, acts of the Government in its sovereign or contractual capacity, fires, floods, epidemics, riots, strikes, civil disturbance, quarantine, restrictions, or inability to obtain equipment or supplies.

ARTICLE IX - Accounts

Section 901. Accounts and Audits. All accounts, reports and other records generated by the Authority or required under this Agreement, in the performance hereof, shall be open to inspection and audit at all reasonable times by the Town. Such records shall be retained by the Authority for a minimum of seven years following the expiration or earlier termination of this Agreement or an extended agreement.

ARTICLE X - Miscellaneous

Section 1001. Independence of Agreement. The parties acknowledge that the Authority has undertaken and may undertake various projects unrelated to the operation and maintenance of the Town of Clifton Facilities. It is the intent of the parties that this Agreement, the service provided hereunder and all payments, accounts receivable and equipment resulting from or required by such operation and maintenance service shall be separate from and independent of all unrelated projects and activities of the Authority. The Town shall have no right to, or claim upon, the assets, insurance proceeds or income of the Authority other than those associated with the performance of this Agreement, in satisfaction of any claim by the Town arising hereunder. A similar restrictive clause is contained and will be provided in all service agreements made by the Authority with others.

Section 1002. Authority Status. The Authority is an independent contractor with the Town and this Agreement does not create and shall not be construed as creating a relationship of principal and agent, landlord and tenant, or employer and employee.

Section 1003. Waiver. No waiver by Town or Authority of any breach of any term, covenant or condition contained in this Agreement shall operate as a waiver of such term, covenant or condition itself, or of any subsequent breach thereof.

Section 1004. Governing Laws. This Agreement shall be construed and enforced in accordance with the laws of the State of New York. If any provision of this Agreement shall, to any extent, be held invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and shall continue to be valid and unenforceable to the fullest extent permitted by law.

Section 1005. Entire Agreement. This Agreement contains the entire agreement of the parties and may be modified or amended only by the written mutual agreement of the parties.

Section 1006. Supercedence. This Agreement supercedes former similar agreements between the parties, pertaining to the facilities described in this document. All other agreements are hereby terminated, except as to those provisions intended to survive such termination.

Section 1007. Notices. All notices required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given if sent by certified or registered mail, return receipt requested, postage prepaid.

EXHIBIT A – Resolution by Town Board of Clifton to Enter Into this Agreement with the Development Authority of the North Country.

ALL OF THE ABOVE is established by the signatures of the authority representatives of the parties.

TOWN OF CLIFTON

DEVELOPMENT AUTHORITY
OF THE NORTH COUNTRY

By: _____
Charles Hooven
Town Supervisor

By: _____
James W. Wright
Executive Director

ACKNOWLEDGEMENTS

STATE OF NEW YORK)
) ss:
COUNTY OF ST. LAWRENCE)

On this ____ day of _____, 2017, before me personally came **CHARLES HOOVEN**, who being duly sworn, did dispose and says that he resides in _____, New York; that he is the Town of Clifton Supervisor, and which executed the foregoing instrument; and that he signed his name thereto by order of said Board.

NOTARY PUBLIC

On this ____ day of _____, 2017, before me personally came **JAMES W. WRIGHT**, who being duly sworn, did dispose and says that he resides in Watertown, New York; that he is the Executive Director of the Development Authority of the North Country, the Authority described herein, and which executed the foregoing instrument; and that he signed his name thereto by order of said Authority.

NOTARY PUBLIC



Board Resolution No. 2017-06-80
June 22, 2017

**AUTHORIZING OPERATIONS AND MAINTENANCE
SERVICE AGREEMENT WITH THE TOWN OF PAMELIA –
SEWER DISTRICT NO. 9**

Whereas, the Development Authority of the North Country is qualified and equipped to provide contract operator services for municipal wastewater facilities, and

Whereas, the Town of Pamela has been under contract with the Development Authority of the North Country since 2016, and

Whereas, the Town of Pamela desires to continue a one (1) year Operations and Maintenance Service Agreement with the Development Authority of the North Country for the Town's Sewer District No. 9 for a total amount of \$2,772, and

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

RESOLVED, the Development Authority of the North Country does hereby authorize and direct the Executive Director to enter into an Operations and Maintenance Service Agreement with the Town of Pamela – Sewer District No. 9, and be it further

RESOLVED, the Executive Director is hereby authorized to execute the required and necessary agreements.

OPERATIONS & MAINTENANCE SERVICE AGREEMENT
(TOWN OF PAMELIA - SEWER DISTRICT No. 9)

**DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY
&
TOWN OF PAMELIA**

This sets forth the Operation and Maintenance Service Agreement made effective March 1, 2017, by and between the **TOWN OF PAMELIA**, a New York municipal corporation with offices at 25859 NYS Route 37, Watertown New York 13601 ("Town") and the **DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY**, a New York public authority with offices at the Dulles State Office Building, 317 Washington Street, Watertown, New York 13601 ("Authority").

RECITALS

- 1) The Town has determined that the Authority is qualified and equipped to provide Operation and Maintenance services for the Town Facilities and desires to engage the Authority for such services. The Town is authorized to enter into this Agreement by Resolution dated _____, 2017 a certified copy of which is attached as **Exhibit "A"**.
- 2) The Authority desires to provide Operations and Maintenance Services for the Town facilities described in this Agreement.

AGREEMENT

In the consideration of the mutual covenants herein contained, the parties agree to the following Articles:

Article I	Definitions
Article II	Employment and Scope of Services
Article III	Emergency Procedures and Services
Article IV	Terms
Article V	Compensation
Article VI	Town Responsibilities
Article VII	Termination
Article VIII	Insurance and Liability
Article IX	Accounts
Article X	Miscellaneous

ARTICLE I - Definitions

Section 101. Defined Terms. As used or referred to in this Agreement, unless a different meaning clearly appears from the context:

- 1) "Authority Officer", the Chairman, any Vice Chairman, the Secretary, the Treasurer, the Executive Director, or any authorized representative of the Development Authority of the North Country.
- 2) "Town Official", means the Town Supervisor or his duly authorized representative.
- 3) "Department of Health", the regulatory agency administering the legal requirements for drinking water within New York State, referred to as the "DOH".
- 4) "Department of Environmental Conservation", the regulatory agency administering the legal requirements for clean water programs within New York State, referred to as the "DEC".
- 5) "Emergency", an unforeseen combination of circumstances or the resulting state that calls for immediate action.
- 6) "Fiscal Year" means the period of twelve (12) calendar months beginning with April 1st of any year ending with March 31st of the next year.
- 7) "Operations and Maintenance Expenses", charges incurred for day-to-day operation of the sewer facilities. It shall include such things as labor, materials, cost of utilities, cost of repairs to the facilities, and other day-to-day expenses associated with the normal operation of the facilities.
- 8) "Record Drawings", engineered drawings that have been prepared for construction and have been updated upon project completion to reflect any changes made to the original design.
- 9) "SCADA", Supervisory Control and Data Acquisition system employed by the Authority to remotely monitor certain facilities.
- 10) "Town of Pamela", a municipal corporation with offices at 25859 NYS Route 37, Watertown New York 13601 (herein referred to as "Town of Pamela" or "Town").
- 11) "Warneck Pump Station", the office location of the Development Authority of the North Country's water/wastewater services group, physically located at 23557 NYS Route 37, Watertown, New York 13601.

- 12) "Wastewater Facilities", the Town-owned wastewater facilities described in Town of Pamela Map, Plan and Report for Sewer District No. 9 and briefly described below:

Wastewater Collection System:

- One (1) Lift Station on Bradley Street
- Gravity Sewer Collection Piping, Valves, and Force Main

ARTICLE II - Employment and Scope of Services

Section 201. Engagement. The Town hereby engages the Authority to operate and maintain the Town's Wastewater Facilities (hereinafter "Town Facilities"), employing licensed operators where required.

- 1) All work will be conducted in accordance with all State and Federal Laws and Regulations.
- 2) The Authority will take directions only from the Town designated representatives. The Town will be responsible for designating the representatives that will provide direction to the Authority. The Town will be responsible for responding to all calls from residents concerning the operation of the Town Facilities.
- 3) The Authority will seek approval from the Town for non-incident expenses, unless the situation is deemed an emergency. The Authority will determine whether the situation is deemed an emergency, as defined in Section 201.
- 4) Scheduled services that occur on holidays observed by the Authority will be performed the next normal working day following the holiday.

Section 202. Scope of Services. The Authority shall provide all necessary labor and equipment to perform the services as follows, and will perform work in accordance with manufacturer's specifications to maintain warranties.

1) Operations and Maintenance Services:

Wastewater Collection System Services
<u>Weekly Services</u> <ul style="list-style-type: none">- Visual inspection of sanitary sewer pump station for proper operation- General housekeeping of pump station- Record key operation parameters (flow, equipment run hours, pump pressures)- Visual inspection of wet well for grease build-up

2) Miscellaneous Services:

The following miscellaneous services are provided by the Authority at no additional cost to the Town:

- Transportation for Authority employees to complete the routine tasks described above
- Incorporation of the Town Facilities equipment into the Authority's Computerized Maintenance Management System (CMMS)
- Development of written preventative maintenance plans for the Town Facilities equipment
- Attendance at monthly Town Meetings, as requested

3) Additional Services:

Any other tasks not included in the scope of services described above, such as: response to customer complaints, response to emergency situations, inspection of service connections, other technical assistance as requested, etc., all as requested of the Authority by the Town will be reimbursed at the labor rates agreed upon in this contract. Mileage will be charged at the effective mileage rate to and from the Warneck Pump Station.

The Town will be responsible for the costs of all laboratory, vendor maintenance (i.e., generator service, electrical contractor services, etc.), heavy equipment rental charges, materials and supplies.

4) Future Development:

Scope and cost of services is based on facilities described in the Town of Pamela Map, Plan and Report for Sewer District No. 9. Future development or changes not presented in these reports will result in re-negotiation of compensation for this Contract.

ARTICLE III - Emergency Procedures and Services

Section 301. Procedures. The Authority will exercise due diligence and prudent judgment in response to any emergency situation that may occur. The Authority will utilize documented Standard and Emergency Operating Procedures, prepared by the Authority, during both regular and emergency operations. The Authority will notify the Town Representative of any emergency and actions taken, as soon as practicable.

Section 302. Payment. The Authority staff will provide 24-hour coverage for alarm and emergency responses. All responses to emergencies during non-duty hours will be billed at the employee's overtime burden compensation rate with a two-hour minimum, and all equipment used for emergencies will be billed in accordance with the rates specified in Section 503 and the current Development Authority Equipment Rental Rates provided to the Town. Mileage from the Warneck Pump Station to and from the work site will be reimbursed at the current Federal Mileage Rate.

ARTICLE IV - Terms

Section 401. Term. The term of this Agreement shall be one (1) year commencing **March 1, 2017 and ending February 27, 2018.**

Section 402. Additional Term. The Town, by written notice to the Authority, on or before 30 days of the expiration of this Agreement, may extend the term of this Agreement for a period not less than one nor more than five years, upon the same terms and conditions except annual compensation, which shall be established by mutual agreement of the parties.

ARTICLE V – Compensation

Section 501. Compensation. For all services required under Section 202-1, 2, and 3 of this Agreement, the Authority shall be compensated as follows, payable one-twelfth thereof monthly, and within 30 days following receipt by the Town of a proper invoice covering the month in which such service was rendered. The cost of the contract will be reviewed and increased as additional connections are added to the system. Contract price will be reviewed and agreed upon prior to end of contract term.

Year	Period	Base DANC Cost
1	3/1/2017 to 2/27/2018	\$2,772

Section 502. Emergency-related equipment, labor and material. The Board shall pay the Authority the cost of equipment rental, labor and material used and incurred by the Authority in coping with an emergency. The Board will make payment within 30 days following receipt by the Board of a proper invoice of such costs so incurred.

Section 503. Additional Work. The Town shall pay the Authority the cost of additional work outside the normal scope of this Agreement at the rates listed below. Mileage to the worksite will be reimbursed at the current Federal Mileage Rate. The Town shall approve the cost of labor, equipment and materials in advance, unless the situation is deemed an emergency such that immediate response is required.

Employee Wage Rate	Standard	Overtime
Manager/Engineer	\$105	NA
Engineering Manager	\$105	NA
WQ Supervisor 1	\$70	NA
WQ Supervisor 2	\$78	NA
WQ Supervisor Trainee	\$60	\$74
Water Quality Coordinator	\$58	NA
Controls Engineer	\$75	NA
Environmental Coordinator	\$75	\$98
Project Engineer	\$75	NA
GIS Supervisor	\$65	NA
GIS Specialist	\$55	NA
GIS Tech	\$50	NA
Engineering Assistant	\$60	\$74
Lead Operator	\$62	\$78
Operator	\$57	\$71
Technician	\$50	\$63
Admin	\$59	\$76

ARTICLE VI - Town Responsibilities

Section 601. Town Facilities. The Town shall make available to the Authority the facilities described in this Agreement. The Town and its authorized representatives retain all rights of access to the facilities.

Section 602. Easements and Licenses. The Town shall maintain all easements, licenses and permits that have been granted as owner of the Town Facilities and procure all others necessary to operate and maintain such facilities.

Section 603. Purchases. The Authority will maintain an adequate inventory of equipment, chemicals, fuels, lubricants and supplies necessary to operate and maintain the Town Facilities, and shall advise the Town of necessary replacements and additions to such inventory. The Authority, in cooperation with the Town, shall order such inventory and the Town shall be invoiced by the Authority, for such inventory. The receipt, proper use and record keeping thereof, shall be the Authority's responsibility.

Section 604. Snow Removal. The Town will be responsible for all snow removal at the Town Facilities, on an as needed basis.

ARTICLE VII - Termination

Section 701. Termination. The Town and/or Authority may terminate this Agreement with or without cause upon 90 days prior written notice, provided, however, that the Town shall pay the Authority all costs incurred by the Authority to the date of termination.

ARTICLE VIII – Insurance/Liability

Section 801. Insurance. The Town shall secure and maintain with New York State qualified insurers insurance in amounts satisfactory to the Authority against loss or damage to the Authority and its facilities and against public or other liability to the extent not less than that reasonably necessary to protect the interest of the Authority. The Town will at all times indemnify and save harmless the Authority against all liabilities, judgments, costs, damages, expenses and attorney's fees for loss, damage or injury to persons or property resulting in any manner from the willful malfeasance or negligent acts or omissions of the Town, its officers, employees, agents or contractors pertaining to the activities to be carried out pursuant to the obligations of this Agreement. The Authority shall secure and maintain insurance satisfactory to the Town. The Authority will at all times indemnify and save harmless the Town against all liabilities, judgments, costs, damages, expenses and attorney's fees for loss, damage or injury to persons or property resulting in any manner from the willful malfeasance or negligent acts or omissions of the Authority, its agents or employees pertaining to the activities to be carried out pursuant to the obligations of this Agreement.

Section 802. Liability. The Authority shall use reasonable diligence to provide the services herein required, but shall not be liable to the Town for damages, breach of contract, or otherwise, for failure, suspension, diminution, or other variations of service occasioned by any cause beyond the control of the Authority. The Town will not be liable in the event of a breach beyond their control. Such causes may include, but are not restricted to, acts of God or of the public enemy, acts of the Government in its sovereign or contractual capacity, fires, floods, epidemics, riots, strikes, civil disturbance, quarantine, restrictions, or inability to obtain equipment or supplies.

ARTICLE IX - Accounts

Section 901. Accounts and Audits. All accounts, reports and other records generated by the Authority or required under this Agreement, in the performance hereof, shall be open to inspection and audit at all reasonable times by the Town. Such records shall be retained by the Authority for a minimum of seven years following the expiration or earlier termination of this Agreement or an extended agreement.

ARTICLE X – Miscellaneous

Section 1001. Independence of Agreement. The parties acknowledge that the Authority has undertaken and may undertake various projects unrelated to the operation and maintenance of the Town's Facilities. It is the intent of the parties that this Agreement, the service provided hereunder and all payments, accounts receivable and equipment resulting from or required by such operation and maintenance service shall be separate from and independent of all unrelated projects and activities of the Authority. The Town shall have no right to, or claim upon, the assets, insurance proceeds or income of the Authority other than those associated with the performance of this Agreement, in satisfaction of any claim by the Town arising hereunder. A similar restrictive clause is contained and will be provided in all service agreements made by the Authority with others.

Section 1002. Authority Status. The Authority is an independent contractor with the Town and this Agreement does not create and shall not be construed as creating a relationship of principal and agent, landlord and tenant, or employer and employee.

Section 1003. Waiver. No waiver by Town or Authority of any breach of any term, covenant or condition contained in this Agreement shall operate as a waiver of such term, covenant or condition itself or of any subsequent breach thereof.

Section 1004. Governing Laws. This Agreement shall be construed and enforced in accordance with the laws of the State of New York. If any provision of this Agreement shall, to any extent, be held invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and shall continue to be valid and unenforceable to the fullest extent permitted by law.

Section 1005. Entire Agreement. This Agreement contains the entire agreement of the parties and may be modified or amended only by the written mutual agreement of the parties. Section 1006. Supercedence. This Agreement supersedes former similar agreements between the parties, pertaining to the facilities described in this document. All other agreements are hereby terminated, except as to those provisions intended to survive such termination.

Section 1007. Notices. All notices required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given if sent by certified or registered mail, return receipt requested, postage prepaid.

EXHIBIT A – Resolution by Town Board to enter into this Agreement with the Development Authority of the North Country

ALL OF THE ABOVE is established by the signatures of the authority representatives of the parties.

TOWN OF PAMELIA

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

By: _____
Scott Allen
Town Supervisor

By: _____
James W. Wright
Executive Director

ACKNOWLEDGEMENTS:

STATE OF NEW YORK)
) ss:
COUNTY OF JEFFERSON)

On this ____ day of _____, 2017, before me personally came **SCOTT ALLEN**, who being duly sworn, did dispose and says that he resides in Watertown, New York; that he is the Town of Pamela Supervisor described herein, and which executed the foregoing instrument; and that he signed his name thereto by order of said Village.

NOTARY PUBLIC

STATE OF NEW YORK)
) ss:
COUNTY OF JEFFERSON)

On this ____ day of _____, 2017, before me personally came **JAMES W. WRIGHT**, who being duly sworn, did dispose and says that he resides in Watertown, New York; that he is the Executive Director of the Development Authority of the North Country, the Authority described herein, and which executed the foregoing instrument; and that he signed his name thereto by order of said Authority.

NOTARY PUBLIC