

**IDA**

**CONFERENCE ROOM  
LAKE PLEASANT, NY**

**MAY 31, 2011**

The meeting was called to order by Chairman Towers at 1:30 P.M. with the following members present:

Brian Towers, Chairman  
William Farber, Vice Chairman  
William Faro  
Fred Fink  
Robin Morrison  
Robert Peck

Absent: Tim Pine

Also Present:  
Ann Melious, Executive Director  
Laura Abrams, Secretary  
Pete Klein, Press

Motion to approve the minutes of the May 5, 2011 meeting by Mr. Peck, seconded by Mr. Farber. Carried.

Payment of Bills:

Village of Speculator	\$ 14.75
National Grid	\$127.00
Adirondack Septic Tank	\$600.00
Stephenson Lumber	\$ 15.15
Ann Melious	\$ 24.00

The Chairman asked Ms. Melious to explain the Adirondack Septic Tank bill. Ms. Melious stated that was the gentleman that diagnosed the problem with the septic at Oak Mt. and then pumped out the tank. The ground pump vibrated and became loose from the tank. The grinder pump was functional, it was just a connection problem, and Matt reconnected it.

Motion to pay the bills as audited by Mr. Faro, seconded by Mr. Fink. Carried.

Levy Lumber:

Ms. Melious stated that she, Bill Faro and John Frey spoke with Mr. & Mrs. Levi. She stated that it is a family business. They had a tragic fire that burned down their office and a garage, in which they lost several decades accumulation of spare parts for all their various equipment. They have a trailer leased for the office but they want to rebuild. They would like to rebuild somewhat larger than the previous footprint. Ms. Melious stated that she just saw the preliminary application today. They are an employer of 10 full time and 3 part time employees. They are looking for a loan of \$100,000 with 0% interest through October then our regular 3% interest for a term that has not been specified, probably between 7 and 10 years. Mr. Faro explained how the operation works. Mr. Farber discussed the structure of the loan.

The Board discussed what funds could be used for the loan.

Mr. Fink stated the question he has is regarding restricted and unrestricted funds. The concern he has is that at one point he thought Dick Dinolfo stated that the real issue was that cash could not be spent for something else if the restricted balance is there. He further stated that he had intended to ask the Board for approval to reach out to the Budget Office for the Public Authority through our IDA to find out why this is restricted and why it is driven by the foreclosure, that is when the restriction all of sudden appears on our balance sheet. The worst case scenario we are looking at is the 12/31/10 numbers for cash were a little over \$270,000 and we have a restricted balance of almost \$205,000, which would imply that all we have is \$70,000 + changes from 12/31. He is not saying that is what we have, but in a worst case based on what responses he did get from Dick, that may be the situation and he would like clarification from the Budget Office.

Mr. Farber stated that we have historically struggled with the difference between which funds are restricted from an accounting standpoint and funds that are restricted from the standpoint of the Small Cities granting. You have overlapping restrictions which have made it confusing. Mr. Farber stated regarding the USDA and Small Cities funds he doesn't believe there are any restrictions from a granting standpoint which would prevent us from doing this loan, in that the purpose for the loan is really in lockstep with what was applied for and what was done with the money in the first round of lending. So it is simply from an accounting standpoint more than a confirm with the grantor standpoint. His take from Dick's conversation was that from an accounting standpoint he was just trying to frame up our financial position more than to say to us "If you've got money in the bank you can't loan it." Mr. Farber stated that he is more concerned with us having money in the bank that we don't loan unless we can prove beyond the shadow of a doubt that it is proceeds exclusively from something like the cell tower, because both the USDA grant and the Small Cities grant requires that you continue to roll the money and get it out. He only has concerns when we talk about doing something with the money that seems to deviate from the original purpose. The Chairman asked if the revenues we receive from the cell tower are restricted, we can't use them to lend? Mr. Farber stated he thinks from Dick's standpoint, because we have an outstanding loan, that is where he gets into the question of restricted funds. Mr. Fink stated that he does not know where Dick is coming from. Mr. Fink further stated that he brought this to another CPA and he doesn't believe there is any restriction. Mr. Fink stated there would be no restriction, other than within the program guidelines. Mr. Peck stated that the cell tower income was pledged as part of the loan agreement. Mr. Fink stated that even there, outside of a footnote disclosure, there is no sense that he got as to any restriction, his concern is that Dick says there is a restriction and he couched that restriction in a term that included cash. Ms. Melious suggested the Audit Committee look into this and clarify it.

The Board decided that the Audit Committee should look into the subject of restricted and unrestricted funds.

Levi Lumber:

The Board discussed Levi Lumber. Mr. Farber stated that he felt that Levi Lumber should move forward with a full application. Everyone agreed.

Oak Mt.:

Ms. Melious stated that we have an offer for purchase. She asked for an Executive Session under the Open Meetings Law to discuss finances and negotiations.

Motion to enter Executive Session by Mr. Faro, seconded by Mr. Morrison. Carried.

Motion to open session by Mr. Farber, seconded by Mr. Faro. Carried.

The Chairman reported that while in Executive Session the Board discussed a proposal from an individual with regard to the purchase of Oak Mt., no official action was taken.

Appraisal of Oak Mt. Property:

Mr. Fink stated that he will reach out to a ski area owner and see if he can get a list of appraisers.

Oak Mt.:

Ms. Melious stated that at this point there is a funding gap that would prevent Oak Mt. operating through the summer. Apparently there are no operating funds left from the winter. The winter season was in the black. The Friends of Oak Mt. are concerned, they are not sure they have all the money they need to do interim funding should there be activity at Oak Mt. over the summer. Laura and Matt O'Brien have proposed the installation of a zip line to generate revenues. They got a proposal from Project Adventure, which is a company that does installation of these; the complete package for a zip line comes to \$15,000. Matt and Laura believe this is a method by which Oak Mt. can generate enough money to be self-sustaining during the summer. They would like \$7,500 from the IDA and \$7,500 from FOOM.

Mr. Faro asked if additional insurance is needed. Ms. Melious stated there shouldn't be additional insurance as long as the Village isn't canceling their insurance. Mr. Morrison stated that they should be carrying two different policies, one for the ski season and one for the overall general liability that they assume by running operations all summer long. He doesn't know what it would cost to run a zip line or whether that would come under the scope of the ski area or not. Mr. Farber stated that he would think that the IDA would want some documentation showing that the Village put their insurance carrier on notice that this was exposure they were going to incur.

The Chairman asked if there is a plan and is it supported by the Village, they are the ones leasing the property. Ms. Melious stated that she does not know if the Village is on board with this.

Mr. Farber stated that he has always been a strong advocate for the idea that if Oak Mt. is going to be successful as a business, something other than a subdivided parcel of property, it has to be a year round venue. He feels that participating in the matching funds towards capital expenditures of this type, which make it into a four season facility rather than just a ski facility, are reasonable investments for the IDA to make. He further stated that he feels if we can demonstrate that this is more than a one season facility it will have a significant impact on our ability to sell it and it will have a significant impact on the bottom line.

Mr. Fink stated he feels we need to maintain our asset, but as you move off in this direction, he is not sure whether it isn't a prohibited activity.

Mr. Farber asked how IDAs develop business parks. Clearly in those instances they are taking a vacant parcel of land, adding sewer and water infrastructure, building buildings etc. His thinking as far as the opportunity that the IDA has with respect to an asset like Oak Mt. is along those lines. Mr. Fink stated that he doesn't know how an IDA would rationalize this. He suspects that when an IDA decides to develop a property they are going to do so because they expect it will either pay itself off when they sell it to an individual business or that it will provide some great economic benefit to the area. He sees the difference here because we foreclosed on it and it does not appear to be as viable a property as at least the prior burrow anticipated. For us to invest

more starts to come under us throwing good money after bad. Mr. Farber stated that he understands that totally, that was his rational why perhaps investments towards four season was easier to get our arms wrapped around then just if we were talking about enhancements to the ski facility as a ski facility. Discussion continued.

Mr. Farber made a motion, contingent upon Ms. Melious confirming that the Village and FOOM can work out their differences to provide staffing and insurance for Oak Mt., that we agree to match FOOMs money and participate in the purchase of the zip line in an amount not to exceed \$7,500.00, seconded by Mr. Faro. Mr. Farber stated that this sends a message that the IDA is there and ready to do this and hopefully puts pressure on the Village and FOOM to get their differences reconciled. Matt and Laura have done yeomen's work at Oak Mt. and he would like to see it continue. Mr. Fink stated that he doesn't believe that it is a project we should be involved in.

Motion carried, with Mr. Fink and Mr. Morrison casting a nay vote.

The Chairman went around the room for any further business.

Mr. Farber apologized to those that felt pressured by the motion, but we have a short summer season in terms of the ability to do this if we are going to do it and the only way for it to be successful is to do it now, not a month from now.

Pete Klein informed the Board that after the very confusing meeting between the Village and FOOM; FOOM came up with \$3,000 to keep Matt & Laura on.

As there was no further business, motion to adjourn by Mr. Morrison, seconded by Mr. Farber. Carried.