

**IDA**

**OAK MT. SKI CENTER  
SPECULATOR, NY**

**OCTOBER 19, 2010**

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

William Farber, Vice Chairman  
William Faro  
Fred Fink  
Robin Morrison  
Robert Peck  
Tim Pine

Absent: Brian Towers, Chairman

Also Present:

William Osborne, Executive Director  
Laura Abrams, Secretary  
Pete Klein, Press  
Matt O'Brien  
Collie Smith  
Del Cook

Treasurer's Report: Mr. Osborne handed out updated financials. We have not received payments from Indian Lake Market; the paperwork has been submitted to the Bankruptcy Court.

Motion to accept the Treasurer's Report by Mr. Pine, seconded by Mr. Faro. Carried.

Payment of Bills:

Wm. J. Kline Publications	\$5.78
National Grid	\$67.84
NBT Bank	\$850.00

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

Executive Director's Report:

Mr. Osborne introduced Matt O'Brien, who with his wife Laura will be managing Oak Mt. Ski Center. Matt reported that the mowing is 95% done and all T-Bars are on, all lifts run. The reason the chairs are off the lift right now is for the annual inspection. There is an issue with the old lodge roof, it is leaking. Matt has quotes on materials to replace the

roof. They are working on rentals, they have a company that is willing to come in and use most of our equipment, having to replace some of the equipment. The bindings on the adult skis need to be replaced. They are working on increasing the stock of snowboards. They only have about 25 right now and they sell out every weekend. Some new ideas they have for this year are: a progression park with beginner features, Friday and Saturday nights there will be tubing with night skiing on the beginner hill because when the lights are on for tubing they are on the beginner hill. For the summer they are looking at mountain biking and summer tubing.

Neil McGovern entered at this time.

The Board toured the grounds.

After the tour, Mr. Osborne asked what the Board wants to do with the buildings on the Acorn property. Mr. Farber stated that after looking at the basement of the better building and seeing how the walls are bowing in, clearly you can't have a concrete block basement in an area as wet as that without a drainage system and a floor. He concurs with Keith Taylor's evaluation, that they are not salvageable. Mr. Fink stated, getting back to the disposal policy, it probably would be helpful to the local building authority to condemn them.

Mr. Osborne discussed the proposal that the IDA support the Friends of Oak Mt. He originally presented the proposal at the last meeting, that the IDA would provide a \$25,000 grant, which would come in the form of some kind of challenge grant so that the Friends of Oak Mt. could use it to facilitate further fund raising. The monies supplied by the IDA could be used only for capital improvements here at Oak Mt. Ski Center, things like putting a new roof on, buying new snowboards, hardening the parking lot, expenses in tearing the building down, expanding the snowmaking, etc. Mr. Osborne explained that Matt said the only issue with expanding the snowmaking capability at this point in time is that you would need to add more compressor strength at the bottom. His suggestion was to look into portable guns that have hoses that run off of existing lines that you can take long distances out.

Mr. Osborne explained that Friends of Oak Mt. is a significant organization; they already have 70 people throughout the southern half of the County signed up to volunteer to work here this winter. They have risen over \$30,000 already. Camp of the Woods just came through with a \$10,000 donation that goes directly to the Village. It is an asset that we own; he believes that it is a much more valuable asset as an operating ski center than if it just sits here idle. Given the widespread support, given the amount of time and treasure that citizens of Hamilton County have put into this place over the last three years and are going to put into it this year, he would like to see the IDA support the effort.

Mr. Osborne handed out copies of the MOU he put together and the resolution he put forward at the last meeting. The only change to the resolution from the last meeting is item #3 which clarifies that any monies that come from the IDA would need to be approved and would only go for capital improvements. One of the problems with the

words “capital improvement” is defining it. His feeling is that it would be a more corporate IRS type of capital improvement, which would be something that would significantly improve the value of the property itself.

Mr. Farber stated that it has been his understanding throughout that we were talking about matching monies of FOOM with monies of the IDA for capital improvements and that the logic for that was that obviously when FOOM spends money on something, whether its snowboards or roof etc. they are enhancing our asset. Because we get the value of that asset at the end of the day and it is improving the asset that we own, it differentiates this project from other loans we might give. His thinking was that it made sense to match that with IDA funds so that FOOM feels better about the fact that they had enhanced our asset. Where that differs from what is being proposed is that it appears that the agreement and the resolution only draws the stipulation with respect with us spending money on our capital asset, which is not how he thought it would be set up.

Mr. Osborne stated that his rationale for wording it this way is that the main reason for the existence of FOOM is to inoculate the Village of Speculator from any losses. Otherwise if that was not the case, it is his understanding that the Village would have said no to operate the ski center this year.

Mr. Farber stated he understands that and under that model FOOM may not necessarily match the full \$25,000 because they may need to use some of the money they raised to protect the Village from any loss. But he feels it is wholly appropriate for the IDA to match money that FOOM spends on our capital asset because it is good for them and good for us.

Mr. Faro asked where we stand with the \$60,000 loan that we were going to give to the Village. Mr. Osborne informed Mr. Faro that the IDA made that \$60,000 interest free loan that is due to be paid back the 1<sup>st</sup> of February. Mr. Faro asked where will the funding come from for the \$25,000 match we are discussing. Mr. Osborne stated cell tower income. Mr. Farber stated that at the last meeting Mr. Osborne identified about \$100,000 of unrestricted money that the IDA had that they could use for these types of purposes. Mr. Fink stated that last year in our financials he thought we had a restricted fund balance but if that was deducted from the total net assets the unrestricted fund balance was in the hole by almost \$800. The check book balance has actually decreased from the beginning of the year. So why would the unrestricted fund balance now have gone from -\$800 to \$100,000. Mr. Osborne stated that it depends on how you define restricted fund balance. He is not talking from an accounting standpoint; he is talking from a standpoint of restrictions placed on the money from outside sources in terms of its use. There is approximately \$100,000 that we can loan or grant as we see fit. Mr. Fink stated that he thought that the cash that is sitting there against the restricted fund balance, the piston bully and the first mortgage asset purchased. Mr. Osborne stated that was never his understanding. Mr. Farber asked if Mr. Osborne did a computation to reduce the amount of available funds by what we spent on the piston bully. Mr. Osborne stated no. Mr. Farber stated the expenditure for the piston bully would have been an expenditure that we could have only made out of unrestricted funds, therefore you would have to take our

gross unrestricted funds that we have taken in as revenue and reduce it by the amount that we spent on the piston bully before you could determine how much we have available to loan. Mr. Osborne stated he did not do that, so we are probably looking at about \$70,000.

Mr. Fink stated that what concerns him is that when you start to see a negative unrestricted fund balance it implies that we have dipped into unrestricted funds for something that we shouldn't have, so they should at least be replenished. He is not sure if this transaction that is being contemplated would dig us a bigger hole. Mr. Osborne stated that those funds were replenished by the \$240,000 loan from NBT. Mr. Fink suggested an amendment or condition were it to pass, that we check with Mr. Dinolfo to make sure we aren't either exasperating a problem that may or may not exist or create one that did not previously exist.

Mr. Farber stated that based on this conversation, we may need to think about cash flow in terms of time disbursement, getting the money back from the Village before we disburse anything beyond the \$10,000, that is your calculation of how much we have that is unrestricted. When you go back and evaluate this with Dick, he may shed light on it before we have to do that. It seems we have to amend our prior calculation to reflect the purchase of the piston bully.

Mr. Morrison stated that after reading the proposed MOU, he has a couple of questions. Item #4 any expenditures or money be approved by the Chairman; should be changed to state that it should be approved by the Board. Mr. Morrison further stated that he struggles with the Capital Improvement section; when you add additional snow making equipment it is not safeguarding our capital equipment that we own at this point. He agrees with doing the work on the roof or parking lot; but to further invest and adding to something that we weren't able to sell originally, just doesn't sit well. If we take down the two buildings, that will be an expensive proposition. Mr. Farber stated that he didn't think that anyone was proposing to have the buildings taken down by a contractor at our shared expense. He thought that the Village was looking for the consent from the IDA to allow the disposition of those buildings, not for the IDA to pay for the disposition of those buildings. The Mayor of the Village stated that is correct. He further stated that the Village felt that the buildings were worth taking down, because this is something they could do partly with the Village crew and partly with FOOM volunteers. They could do it at little or no cost at all.

Mr. Peck suggested taking these items one at a time. Where are we with Mr. Morrison's suggestion on Item #4, approval by the Board rather than the Chairman? Mr. Farber stated that maybe we are somewhere in the middle of doing one at a time and this agreement. Maybe the way to get there is to modify this agreement so that FOOM understands that there is a potential of \$50,000 budget, FOOM can raise \$25,000 and we'll put up, up to \$25,000 and we simply want a say in approving the capital improvements, one by one, because of this issue of disagreeing what constitutes a capital improvement. Mr. Farber stated we could provide a motion or resolution today to move forward with the roof. If there are other items that we need immediate approval for, he would be inclined to do that as well. He understands the sensitivity that he has heard that

not all capital improvements are equal and having a concern about what really contemplates a capital improvement. We can have special meetings in a way that won't hold anybody up going forward.

Mr. Osborne asked if volunteer labor would count as part of the match. Mr. Farber stated that it was never his intent to do that, it complicates our ability to account for it and be assured of what we are buying. The Board agreed.

Mr. Fink stated that the other issue he is having trouble dealing with is the issue of asset disposition. What bothers him is that there is no asset disposition plan for the property. We have had it now for a significant period of time. He has trouble with protecting something we don't have a plan to dispose of.

It was discussed whether this match with FOOM should be called a grant. Mr. Farber asked Mr. Fink if he feels we are under-minding our stance by using the word grant, perhaps we should be talking about the IDA spending money on our asset up to an amount that is matched by FOOM. If the IDA were to spend \$4,000 on materials for the roof, we could get \$2,000 of it back from FOOM.

After discussion, Mr. Farber clarified that the one thing the IDA needs to decide would be whether the IDA feels that they would be willing to implement up to \$25,000 investment from the IDA, being approved on a project by project basis.

Mr. Fink stated that if we are going to discuss each action separately, he is not troubled. Mr. Fink did state that as far as the parking lot, he does not see that as an issue where if we don't take an action, one of our assets will be ruined. Clearly the parking lot is more of us standing in as manager, and one thing he does not think we should be, even through an agent, is running Oak Mt. on a long term. He further stated that he is sure everyone here would like to see a private owner of the ski mountain. Mr. Farber stated he agrees with him, but it is important with those points to draw the distinction between what we would legislatively vote to do and what we could do under the rules for a public authority. There is nothing that forces the IDA to sell it, it is just the legislative decision making body concluding that it is a better decision to sell Oak Mt., get it back on the private roll and such. But he does not think from an IDA standpoint there is a prohibition, if the IDA decided tomorrow that what they really want to do is be in the ski business and create jobs that way. Mr. Fink stated that he would like somebody suitable to make that legal opinion for us. Mr. Farber stated that he would have no problem getting that opinion and similarly getting an opinion before we spent money on the parking lot.

The Mayor stated that what cuts off the ski season is not the absence of snow, but the softening of the roads. He further stated that he has talked to his Board and Highway Department about a contribution on the Village's part, for the betterment of Oak Mt., that their Highway Department could bring the road coming in here up to code; having done that they could accept it as a Village road, which would mean that it would be available for CHIPs money. That would be a tremendous value to owners of Oak Mt., particularly to the lots before you get up here. The Highway Superintendent did say that he could not

get involved in the parking lot. The Mayor further stated that the Village wants nothing more than to see the mountain owned by a private person and run as a ski mountain. They see themselves as partners with the IDA.

Mr. Morrison stated the justification for him is that we could get a fire truck in here in mid-April.

Mr. Farber stated that he feels that we can conclude that enhancement of the parking lot does enhance the asset, but for everyone's comfort level we could get an outside opinion on it.

Mr. Farber asked the Board if under this methodology, where we are looking at the projects on a case by case basis, if they are comfortable putting up, up to \$25,000 of our resources to match money that is brought in to enhance the capital asset. Discussion continued.

Mr. Farber made a motion to create a Capital Fund of up to \$25,000 out of the IDA's unrestricted fund balance to be spent on capital improvements. Seconded by Mr. Fink. Carried.

Mr. Osborne stated that the Village has asked for approval to modify the existing ski and snowboard inventory as necessary with new bindings in order for them to be rented. Please keep in mind that those skis that are over there are worthless. The Mayor stated that he was asked if they had a written inventory of what is in the rental shop. He found out that they do not. He stated that he will get Matt to do an inventory of the existing items.

Mr. Pine made a motion to allow the Village to modify the ski and snowboard inventory, seconded by Mr. Peck Carried.

Mr. Osborne discussed the NBT loan. Mr. Doherty from NBT has stated that he is more than willing to come to the next IDA meeting to discuss this loan. Mr. Fink stated that he was pleased that we can go out without penalty. He has contacted a couple of investment houses to see if we meet their guidance and it is too small, but we could bid it out if we wanted to. Mr. Osborne pointed out that NBT did take out the need for another appraisal.

Mr. Osborne handed out a document that he received from the Small Business Administration for the terms of the loan to the Lake Pleasant Inn. Somewhere along the way it got confused that our loan was not a working capital loan, but was part of the equity. This is a document that if you want to do business as a co-lender with the Small Business Administration, you are required to sign.

Mr. Osborne requested an Executive Session to discuss the personal finances of a loan applicant.

Motion to enter Executive Session to discuss the personal finances of a loan applicant by Mr. Morrison, seconded by Mr. Pine. Carried.

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

Mr. Farber stated that while in Executive Session the Board took a preliminary look at a loan application and the personal financials of individuals looking for IDA money, no action was taken.

Mr. Peck made a motion to adjourn, seconded by Mr. Fink.

Mr. Pine asked if the Board made a decision on the roof project. Mr. Farber stated that he believes that we did not make a formal decision.

Mr. Peck and Mr. Fink withdrew their motion to adjourn.

The Board agreed to ask the Village to get an additional price quote in writing for materials.

Mr. Pine made a motion to approve replacement of the roof for an amount not to exceed \$8,000 in materials. Seconded by Mr. Morrison. Carried.

Mr. Pine asked if we will be looking into rebuilding where the buildings are that they want to tear down. Mr. Farber stated yes, we are going to get confirmation that in no way will the demolition of those buildings extinguish our right to rebuild on that site if a period of time elapses.

Mr. Pine asked if there is anything wrong with the piston bully. Mr. Farber stated no it is on its way back.

Mr. Faro asked if Oak Mt. is still being advertised for sale and where. Mr. Osborne stated no, there are no advertisements for sale right now. Mr. Farber stated that was Mr. Fink's earlier point, we may want to focus on some planning of the disposition of the asset.

Mr. Peck made a motion to adjourn, seconded by Mr. Pine. Carried.