

Board Members Present: Tim Petersen, Eric Virkler, Mick Lehman, Eric Sunderhaft, Mike Bradish, Tyler McDonald and Terry Thisse

Board Members Present Virtually: Christie Nakano, Larry Dolhof

Others present: Cheyenne Steria, Jenna Kraeger, Brittany Davis, Kevin McArdle, Ron Burns, Darlene Rowsam (Left at 9:45), Joe Lawrence, Tom Gillette, Gagan Singh

Meeting called to order by Chairman Petersen at 8:30 am

Items for Approval

- Chairman Petersen and Christie Nakano interviewed **two LCDC Board Member candidates**, Shellie Marks and Jessica Clemons. A motion to appoint Shellie Marks and Jessica Clemons to the LCDC Board was made by Mick Lehman and seconded by Tyler McDonald. Terry Thisse abstained from the vote because of a family relation to Shellie Marks. All others present were in favor and the motion carries.
- Staff shared a letter from Attorney Ian Gilbert regarding the provision of **legal services for the LCDC**. The Board discussed bringing on Ian Gilbert as the LCDC general counsel under a general services agreement to attend board meetings and as needed for legal matters. A motion was made to enter into a general services agreement with Ian Gilbert for LCDC general counsel by Eric Virkler and seconded by Mick Lehman. All present were in favor and the motion carries.

New Business

- Staff provided background on the High Falls Building Mortgage with the LCIDA. The LCDC Board previously requested that the IDA Board consider forgiving the \$100,000 mortgage they hold on the High Falls Building. After IDA Board discussed the option to forgive the mortgage they sought legal counsel on the matter from their IDA counsel, Kevin McArdle and outside counsel Melissa Bennett with Barclay Damon. Both attorneys advised that the IDA cannot forgive the mortgage because it would be considered a monetary gift. It was also concluded that the IDA cannot hold a mortgage because it would be considered a loan and the IDA is not specifically authorized to loan its own money. It was advised from both legal entities to resolve the situation as soon as possible.
- IDA attorney Kevin McArdle provided additional insight to the LCDC Board on the history of the mortgage. In January 2011, Black Moose Development LLC executed and delivered a note and mortgage in the amount of \$100,000 to Michael R. Johnson. In May of 2011 Michael R. Johnson assigned the Mortgage to the Lewis County Industrial Development Agency, at which time the IDA paid the debt of \$100,000 to Mr. Johnson. The Mortgage Agreement determines that Black Moose was to make interest only payments to the IDA until April 2021. Principle payments are expected to start in 2022.
- The Authorities Budget Office has been questioning the IDA on the Black Moose Mortgage. It is encouraged by legal counsel and staff that this be resolved before the next IDA Audit in May.
- The LCDC does not have \$100,000 available to pay the IDA outright, therefore Staff has laid out possible scenarios for the mortgage repayment for board discussion:
 - Black River Valley Natural currently occupies the High Falls Building and is interested in purchasing the building and potentially additional land to continue to expand. The board discussed requesting an offer from BVRN for our January 6th Board Meeting.
 - LCDC currently receives \$30,000 and the IDA receives \$200,000 respectively from the

County Budget for economic development purposes. LCDC proposes that the LCDC receive \$130,000 and the IDA receive 100,000. In which case the LCDC could repay the IDA for the \$100,000 mortgage. However, IDA board representative pointed out the IDA county funding helps to cover IDA staff salaries, who are contracted to provide services to the LCDC as well.

- LCDC board discussed the possibility of joint ownership of the building/site between the Black Moose Development LLC and the IDA. IDA counsel Kevin McArdle will look into any legalities associated with joint ownership of the property and terms for if the property is sold under joint ownership.
- Staff will work on projections for the LCDC Board that identify what the current debt Black Moose Development has incurred from the clean-up of the property from all sources (IDA, DANC) to demonstrate how the LDDC can recoup the debt on the sale of the property.
- Staff gave an update on the marketing efforts for the Lyons Falls Mill Property. The IDA agreed to pay up to \$20,000 to begin marketing the site. Staff has met with Camoin310 to discuss and are working on a plan to market the upper portion of the property first, since it is the most shovel-ready portion. Black River Valley Natural has expressed interest in additional land beyond the High Falls Building which may impact the marketing of the property.
- The LCDC Board discussed creating a sub-committee of 3-5 individuals to discuss the sale of the building/property, if needed, comprised of both LCDC and IDA board members. The board will reevaluate this committee after the January 6th board meeting.
- The Board agreed to invite Black River Valley Natural to the January 6th board meeting to present their offer to the board. As a secondary solution staff will work with legal counsel to see if joint ownership in the building/property is allowable.

A motion to adjourn was made at 9:56am by Eric Sunderhaft and seconded by Mike Bradish. Motion carried.

Respectfully submitted,



**Eric Virkler
LCDC Secretary**