

CATSKILL FUND FOR THE FUTURE
PROGRAM RULES
(ARTICLE 1)

Catskill Watershed Corporation
PO Box 569
Margaretville, NY 12455

(845) 586-1400

Revised
June 7, 2016

Equal Opportunity Employer

Purpose and Goals

The Catskill Fund for the Future (CFF) shall support responsible, environmentally sensitive economic development projects in the West of Hudson Watershed by making loans or grants to Qualified Economic Development Projects. Loans or Grants shall be for projects or organizations which encourage environmentally sound development and which encourage the goals of Watershed protection and job growth in the Watershed communities.

Article 1

Chapter 1:00 Definitions..... 7

1:01 Qualified Economic Development Projects..... 9

1:01:01 Purpose and Scope10

1:01:02 QEDP Evaluations & Board Determinations10

1:01:03 Evaluation Criteria10

1:01:04 Other QEDP Determinations.....12

Chapter 1:02 Catskill Fund for the Future13

1:02:01 Program Funding.....13

1:02:02 Qualified Economic Development Project13

1:02:03 Commitment of CWC.....13

1:02:04 Changes Requiring CWC Board Approval13

1:02:05 Right of Objection Period.....13

1:02:06 VENDEX Forms14

1:02:07 Written Agreement14

1:02:08 Budget Modification14

1:02:09 CWC as Borrower or Grantee14

Chapter 1:03 Loan Programs – General Requirements15

1:03:01 Eligibility Requirements.....15

1:03:02 Funding15

1:03:03 Pre-application Conference.....15

1:03:04 Application Requirements.....15

1:03:05 Business Plan Assistance15

1:03:06 Equity Contributions15

1:03:07 Permissible Uses of Loan Proceeds.....16

1:03:08 Impermissible Uses of Loan Proceeds16

1:03:09 Interest Rates.....16

1:03:10 Staff Review16

1:03:11 Loan Committee Review16

1:03:12 Factors for Board Action.....17

1:03:13 Board Action on Applications.....18

1:03:14 Acceptance and Time Restrictions of Applicant18

1:03:15 Loan Agreement.....18

1:03:16 Review of Borrower or Project Status Prior to Closing18

Article 1

1:03:17 Borrower Reporting Requirements.....19
1:03:18 Inspection of the Business by the Board and Retention of Records19
1:03:19 Administration Functions19
1:03:20 Board Waivers.....19
1:03:21 Events of Default on Loan Agreement19
1:03:22 CWC Action Upon Event of Violation of the Loan Agreements.....19
1:03:23 Life Insurance20
1:03:24 Financial Statements.....20
1:03:25 Maximum Loan Amount21

Chapter 1:04 Grant Programs – General Requirements.....22

1:04:01 Eligibility Requirements.....22
1:04:02 Funding22
1:04:03 Pre-application Conference.....22
1:04:04 Application Requirements.....22
1:04:05 Board Action on Applications.....22
1:04:06 Acceptance and Time Restrictions of Applicant22
1:04:07 Grant Agreement22
1:04:08 Grantee Reporting Requirements23
1:04:09 Inspection of the Grantee by the Board and Retention of Records23
1:04:10 Staff Review23
1:04:11 Grant Committee Review23
1:04:12 Board Action on Applications23
1:04:13 Administration Functions23
1:04:14 Events of Default on Grant Agreement.....23

Chapter 1:05 REDI Loan Program.....25

1:05:01 Loan Amounts25
1:05:02 Participating Lender.....25
1:05:03 Equity Contribution (REDI Loans).....25
1:05:04 No Construction Financing26
1:05:05 Interest Rates.....26
1:05:06 Loan Maturity27
1:05:07 Loan Closing Fees27
1.05.08 Acceleration of Principal Payment Due to Relocation Outside of Watershed Town.....27

Chapter 1:06 Micro-Loan Program.....28

Article 1

1:06:01 Loan Amounts28

1:06:02 Equity Contribution.....28

1:06:03 Interest Rates.....28

1:06:04 Loan Maturity28

1:06:05 Additional Impermissible Uses of Proceeds.....28

1:06:06 Expedited Review.....28

1:06:07 Acceleration of principal payment due to relocation outside of watershed town29

Chapter 1:07 Commercial Septic and WOH Mandates Loan Program.....30

1:07:01 Loan Amounts30

1:07:02 Equity Contribution.....30

1:07:03 Interest Rates.....30

1:07:04 Loan Maturity30

1:07:05 Loan Closing Fees30

Chapter 1:08 Job Creation and Retention Grant Program.....31

1:08:01 Eligibility Requirements.....31

1:08:02 Grant Amounts31

1:08:03 Grant Funding.....31

1:08:04 Financial Condition of Applicant31

1:08:05 Application Cycle.....31

1:08:06 Review Committee31

1:08:07 Selection Criteria31

1:08:08 Reporting Requirements32

1:08:09 Grant Agreement32

1:08:10 Board Waivers.....32

Chapter 1:09 Village/Hamlets/Main Streets Grant Program.....33

1:09:01 Eligibility Requirements.....33

1:09:02 Eligible Projects33

1:09:03 Grant Amounts33

1:09:04 Application Cycle.....33

1:09:05 Review Committee33

1:09:06 Selection Criteria34

Chapter 1:10 Cultural/Not-For-Profit Grant Program35

1:10:01 Eligibility Requirements.....35

Article 1

1:10:02 Eligible Projects35

1:10:03 Grant Amounts35

1:10:04 Application Cycle.....35

1:10:05 Review Committee35

1:10:06 Selection Criteria35

Chapter 1:11 Natural Resource Based Industry Grant Program36

1:11:01 Eligibility Requirements.....36

1:11:02 Eligible Projects36

1:11:03 Grant Amounts36

1:11:04 Application Cycle.....36

1:11:05 Review Committee36

1:11:06 Selection Criteria36

Chapter 1:12 Rescinded and Reserved38

Chapter 1:13 Catskills Tourism Funding Initiative Matching Grant.....39

1:13:01 Grant Recipient.....39

1:13:02 Program Funding.....39

1:13:03 Funding Allocation.....39

Chapter 1:14 Catskills Studies Funding Program.....40

1:14:01 Eligibility Requirements.....40

1:14:02 Eligible Studies40

1:14:03 Limits of CWC Funding40

1:14:04 Application Cycle.....40

1:14:05 Review Process40

1:14:06 Selection Criteria40

Chapter 1:15 Catskills Hospital/Health Care Industry Loan Program.....41

1:15:01 Program Funding.....41

1:15:02 Eligibility Requirements.....41

1:15:03 Loan Amounts41

1:15:04 Equity Contribution.....41

1:15:05 Interest Rates.....41

1:15:06 Underwriting Criteria41

1:15:07 Loan Maturity41

Article 1

1:15:08 Project Location.....42
1:15:09 Loan Closing Fees42
Chapter 1:16 Catskills Municipal Lateral Hookup and Decommissioning Loan Program.....43
1:16:01 Eligibility Requirements.....43
1:16:02 Loan Amounts43
1:16:03 Equity Contribution.....44
1:16:04 Interest Rates.....44
1:16:05 Conditions to Closing.....44
1:16:06 Loan Maturity44
1:16:07 Loan Closing Fees44
Chapter 1:17 Business District and Historic Structure Rehabilitation Fund45
1:17:01 Program Funding.....45
1:17:02 Building Selection Committee.....45
1:17:03 Eligibility Requirements.....45
1:17:04 Building Selection Criteria.....45
1:17:05 Standards for Rehabilitation.....45
1:17:06 Ownership.....46
1:17:07 Real Estate Taxes46
1:17:08 Partners46
1:17:09 Stakeholders Advisory Committee46
1:17:10 Sale of Building46
1:17:11 Conditions of Sale46
1:17:12 Qualified Economic Development Project47
Chapter 1:18 Catskill Water Discovery Center Alliance48
1:18:01 Program Funding.....48
1:18:02 Eligibility Requirements.....48
1:18:03 Ineligible Activities.....48
1:18:04 CWC Appointees to Board of Directors.....48
1:18:05 Alliance Agreement.....48
Chapter 1:19 2011 Flood Recovery Program Grants.....49
1:19:01 Definitions.....49
1:19:02 CWC 2011 Flood Recovery Program.....49
Chapter 1:20 Greene County Flood Grant Assistance Program51

Article 1

1:20:01 Definitions.....	51
1:20:02 CWC 2012 Greene County Flood Recovery Grants	51
Chapter 1:21 Enhanced Land Trusts Excess Funding	52
1:21:01 Program Funding.....	52
1:21:02 Eligibility Requirements.....	52
1:21:03 Eligible Projects	52
1:21:04 Project Application	52
1:21:05 Project Selection.....	52
Chapter 1:22 – 2013 Flood Recovery Grant Program – Not-for-Profits	53
1:22:01 Application	53
1:22:02 Eligible Projects	53
1:22:03 Grant Amounts	53
1:22:04 Application Cycle.....	53
1:22:05 Selection Criteria	53
1:22:06 Grant Agreement	53
Chapter 1:23 Municipal Sewer Flood Business Retention Program.....	54
1:23:01 Eligibility Requirements.....	54
1:23:02 Loan Amounts and Use of Funds.....	54
1:23:03 Equity Contribution.....	54
1:23:04 Terms of Repayment.....	54
1:23:05 Conditions to Closing.....	55
1:23:06 Term of Agreements	55
1:23:07 Closing Fees	55
Chapter 1:24 Catskill Municipal Assistance Loan Program	56
1:24:01 Eligibility Requirements.....	56
1:24:02 Loan Amounts	56
1:24:03 Equity Contribution.....	56
1:24:04 Interest Rates.....	56
1:24:05 Conditions to Closing.....	56
1:24:06 Loan Maturity	56
1:24:07 Loan Closing Fees	56

Article 1**Chapter 1:00 Definitions**

Words used in this Article 1 mean:

“Applicant,” a person, partnership, joint venture, corporation, cooperative or other for-profit or Not-For-Profit entity, Municipality, association or other entity as permitted under the rules of the appropriate loan or grant program that has completed an application for a loan or grant from the CFF;

“Board,” the Board of Directors of the CWC;

“Borrower,” an applicant who has been awarded a loan from the CFF;

“Business Association,” an organization composed of business owners for the purpose of advancing business interests within a defined area;

“Business Improvement District,” formed under Article 19-A of the General Municipal Law, which are a type of improvement district which could be formed in cities and villages;

“Business Plan,” a written description of a business with the required financial statements and supporting documentation which illustrates that a profitable business opportunity exists and that the Applicant possesses the necessary experience and skills to operate the business;

“CFF,” the Catskill Fund for the Future established by New York City Watershed Memorandum of Agreement;

“CWC,” the Catskill Watershed Corporation;

“Equity,” money or other assets invested or contributed by a company's owner(s) in a business. Such investment that has no guaranteed or mandatory return which must be paid out in any event, has no definite timetable for repayment of the investment, and cannot be withdrawn at the contributor's option without the permission of the superior debt holders;

“For-Profit-Business,” Employment, occupation, profession, or commercial activity engaged in for gain or livelihood;

“For-Profit-Manufacturing Business,” For-Profit-Business engaged in manufacturing;

“For-Profit-Commercial Business,” For-Profit-Business engaged in commercial activities;

“For-Profit-Natural Resource Business,” For-Profit-Business using natural resources as part of its inputs or as a commodity for sale;

“For-Profit-Service Business,” For-Profit-Business providing services to the community or other For-Profit or Not-For-Profit Businesses;

“Grantee,” an applicant who has been awarded a grant from the CFF;

Article 1

“Hamlet,” an unincorporated but commonly recognized distinct area of a town with a business district;

“Main Street Association,” an organization composed of business owners and other interested individuals united for the purpose of strengthening the commercial activity and improving the buildings of a business district;

“Material Change”; A material change occurs when CWC’s collateral coverage declines due to a release of collateral, release of guarantor(s), an increase in the amount outstanding, or any change that reduces collateral coverage of CWC, or a change in use of approved CFF funding.

“MOA,” the New York City Watershed Memorandum of Agreement;

“Municipality or Municipal Corporation,” Cities, towns, villages and counties;

“Non-material Change”; A non-material change to a CWC loan includes changes in interest rate (except scheduled changes as described in original CWC Board approval), change in draw-downs, or changes to amortization schedule, and/or lengthening of term of loan by a certain number of months to assist customer cash flow.

“Not-for -Profit,” an entity formed exclusively for a purpose or purposes, not for pecuniary profit or financial gain for which a corporation may be formed pursuant to section 102 of the NYS Not-For-Profit Law, and no part of the assets, income or profit of which is distributable to, or inures to the benefit of, its members, directors or officers except to the extend permitted by law;

“NYCDEP,” New York City Department of Environmental Protection;

“Participating Lender,” state-sanctioned lending authorities and federally sanctioned lending authorities, including local, state or federal government agency lenders, or private sources of capital with said capital secured by loan documents or other documents evidencing the obligation and with a repayment schedule and remedies for the provider of the capital in the event of default by the borrower;

Political Subdivision – a division of the State made by proper authorities thereof acting, within their constitutional powers, for purpose of carrying out a portion of those functions of state which by long usage and inherent necessities of government have always been regarded as public;

“Prime Rate,” shall be the Prime Interest Rate published in the Wall Street Journal on the date the Loan Committee issues a recommendation to the Board;

“Related Parties” means:

a) Affiliate corporations where a corporation is directly or indirectly commonly controlled, such that a person or corporation, directly or indirectly, or acting through or together with one or more persons owns, controls, or has the power to vote 25 percent or more of any class of voting securities of another person; controls, in any manner, the election of a majority of the directors, trustees, or other persons exercising similar functions of another person; or has the power to exercise a controlling influence over the management or policies of another person; or

b) Where a common enterprise exists between two parties as follows:

Article 1

- 1) When the expected source of repayment for each loan is the same for each borrower and neither borrower has another source of income from which the loan may be fully repaid; or
- 2) When loans are made to borrowers who are related directly or indirectly through common control, as described in paragraph (a) of this definition, including where one borrower is directly or indirectly controlled by another borrower and 50 percent or more of one borrower's gross receipts or gross expenditures (on an annual basis) are derived from transactions with the other borrower; or
- 3) When separate persons borrow to acquire a business enterprise of which those borrowers will own more than 50 percent of the voting securities; or
- 4) When CWC determines, based on evaluation of the facts and circumstances of particular transactions that a common enterprise exists.

“Taxing Unit,” means a county, city, town, village, school district or fire district or water district or septic district;

“Total Project Costs,” the direct costs associated with the purchase of land, necessary site development and improvements, construction or acquisition and remodeling of buildings and works necessary to the operation and protection of the project, purchase and installation of machinery and equipment, fees for services, approved in-kind contributions, and adequate working capital financing;

“QEDP,” as used in this Article, a Qualified Economic Development Project shall, as defined by the MOA, mean projects which encourage environmentally sound development and which encourage the goals of Watershed protection and job growth in the Watershed communities as located in the WOH;

Value Added – The addition to the original worth or utility of raw materials or components, as they are packaged or processed further in manufacturing or assembly;

“VENDEX,” the New York City Vendor Information Exchange System questionnaire;

“Watershed Towns,” the townships located in portions of Delaware, Greene, Schoharie, Sullivan and Ulster Counties that were signatories to the MOA;

“Watershed Regulations,” the New York City Rules and Regulations for the Protection from Contamination, Degradation and Pollution of the New York City Water Supply and its Sources, promulgated as set forth in paragraphs 89 and 90 of the MOA;

“WOH,” West of Hudson Watershed;

“WPPC,” Watershed Protection and Partnership Council.

1:01 Qualified Economic Development Projects

Article 1**1:01:01 Purpose and Scope**

The Watershed Memorandum of Agreement recognizes that the goals of drinking water protection and economic vitality within the West-of-Hudson Watershed are not inconsistent. The Catskill Fund for the Future provides the opportunity to implement this goal by offering loans and/or grants to Qualified Economic Development Projects, which by definition joins the principles of environmentally sound development with the goals of Watershed protection and job growth. The following criteria will assist the CWC Board to evaluate projects seeking funding from the Catskill Fund for Future. The CWC will not use these criteria to usurp local control and will consider a community's views with respect to a proposed project.

1:01:02 QEDP Evaluations & Board Determinations

The Executive Director of the CWC will evaluate and make a recommendation in writing concerning all projects proposed for funding under the CFF. The evaluation and recommendation shall be in narrative form and address the applicable criteria listed in section 1:01:03 of this Chapter.

The CWC staff shall provide copies of the written evaluation and recommendation to the Board at least ten days before the Board votes on the project.

The Board shall select for funding only those projects it has evaluated and determined to be Qualified Economic Development Programs pursuant to the criteria listed in section 1:01:03.

1:01:03 Evaluation Criteria

In determining whether an application for a loan or grant is a QEDP, the CWC shall consider the environmental characteristics of the project along with the economic benefits of the project. The following criteria are necessary elements in determining whether a project is environmentally sound. The written evaluations provided to the CWC Board must address these criteria. To enable the CWC staff and Board to evaluate a project, applicants shall provide a description of the project including, where applicable, copies of any existing site plans, Environmental Assessment Forms or Environmental Impact Statements prepared for regulatory authorities.

1. Projects must demonstrate compliance with all applicable environmental statutes and regulations, including in particular the Watershed Regulations.
If the project is not in compliance with the Watershed Regulations or any other environmental regulations, the project can satisfy the criteria if CFF funding is intended to enable the project to come into compliance with the regulations.
2. Has the applicant, within the previous five years, been the subject of an enforcement action by a regulatory agency, which has resulted in a final adverse ruling for violation of an environmental law or regulation which is related to the facility for which the applicant is seeking funding? What was the ruling? Has the facility that was the subject of the enforcement action been brought into compliance? What measures have been implemented to prevent the basis of the enforcement action from recurring?

Past violations are not a per se bar to funding. However, applicants who have repeated, uncorrected violations which impact the environment will not be eligible for funding, unless the funding is intended to bring the facility into compliance.

Article 1

3. The CWC will consider the location, nature, scale and magnitude of the project when reviewing applications. The CWC is not a regulatory agency and is not establishing standards different from the applicable regulations. However, projects should be located in a manner consistent with historic land use patterns, available infrastructure and sensitivity to the need for water quality protection.

- (a) Location and Nature of the Project. Project location is relevant for determining its consistency with the goals of the MOA. The CFF will promote redevelopment of existing population centers. Projects which involve processes which present particular threats to the water supply, such as those involving significant levels of pathogens, nutrients or sedimentation should be located and designed in a manner which protects water quality.

In evaluating a project for “location and nature,” CWC will consider:

- (i) Does the project seek to expand or retain an existing business or facility at its current location or involve the reuse or redevelopment of an existing structure or a previously developed area?
- (ii) Is the project located in a Village, Village Extension area, Hamlet or reserved commercial/industrial area?
- (iii) Will the project use existing infrastructure, such as connection to an existing wastewater treatment plant?
- (iv) Will the project present a potentially significant threat to water quality due to the potential discharge of pathogens or hazardous materials?
- (v) What measures have been incorporated in the project design to reduce the threat of an accidental discharge of such materials into the watershed?
- (vi) Is the project located within the 60-day travel time zone?
- (vii) Will the project impact any Federally or State regulated wetlands?
- (b) Scale and Magnitude Projects should maintain and enhance the character of the Catskills. Projects should be consistent with community zoning and land use plans. Projects should not generate demands on local infrastructure that cannot satisfy the increased demand.
- (i) If the Municipality has zoning, is the project consistent with the Municipality’s zoning?
- (ii) If the Municipality does not have zoning, is the project compatible with surrounding land uses?
- (iii) Will the project generate traffic in excess of the capacity of local roads?
- (iv) Major projects with the potential to promote secondary growth should demonstrate that likely potential growth is consistent with community land use plans, and adequate infrastructure is or will be available to meet the needs of the anticipated growth.

Article 1

CWC will consider the area being developed, the nature of the development and the changes in the landscape caused by the project when it is evaluating a project for these criteria.

4. West of Hudson Economic Development Study. The economic development study is completed; projects will be evaluated for consistency with the results of the economic development study.
5. Pollution Prevention. Applicants who have implemented or are developing pollution prevention strategies which are intended to reduce the use of raw materials, utilize recycled materials, or reduce or eliminate waste streams will be considered as providing an additional environmental benefit.

1:01:04 Other QEDP Determinations

Notwithstanding the foregoing, the programs listed below have been deemed QEDP pursuant to the MOA and the CFF contract between the CWC and the NYCDEP, and the Board may in its discretion disburse CFF funds to the following programs:

1. SPDES Upgrades
2. New Sewage Treatment Infrastructure Facilities for Towns, Villages and Hamlets
3. Septic System Rehabilitation and Replacement
4. Stormwater Retrofits
5. Sand & Salt Storage Facilities

Any funds disbursed pursuant to this Section shall be subject to the programmatic conditions set forth in the applicable paragraph in the MOA, and shall not be considered a transfer of such funds to such program.

Article 1**Chapter 1:02 Catskill Fund for the Future**

Chapter 1:02 provides the general rules that apply to all loan, study and grant programs established under the CFF. Rules specifically applicable to all loans are provided in Chapter 1:03 and rules specifically applicable to all grants are provided in Chapter 1:04. Program requirements for funding of studies are provided in Chapter 1:14. Individual loan and grant programs have additional program requirements provided under separate chapter headings.

1:02:01 Program Funding

Loan, study and grant funds shall be allocated and budgeted by the Board annually, when the CWC budget is adopted. Loan, study and grant funds disbursed shall be accounted for in accordance with the practices detailed in resolution #349, as adopted by the Board at its 3/28/2000 meeting. The process of allocation for grant funds shall be as follows:

1. Directors from each county shall consult with their colleagues and constituents regarding the type and amount of funding requested for the coming year;
2. Directors will propose grant allocation(s) to the Economic Development Committee; the Committee will evaluate the proposed allocations and make a recommendation to the full Board of Directors;
3. The Board will adopt, through a resolution, the final grant allocation(s) that are available for each county and provide the time for filing applications;
4. The appropriate committees established under chapters 1:08, 1:09, 1:10, 1:11 will evaluate and rank the applications and make their recommendation(s) to the Board. The Board will award the grants, as it deems appropriate by separate resolution(s).

1:02:02 Qualified Economic Development Project

All projects funded with funds from the CFF shall meet the requirements of a QEDP as defined in Chapter 1:01 of this Article 1.

1:02:03 Commitment of CWC

Notwithstanding any assurance, guarantee, communication, or representation made to the contrary, there is no commitment of the CWC without specific authorization by the Board. Only the Board may make an award from the CFF to an applicant.

1:02:04 Changes Requiring CWC Board Approval

A material change(s) to a project previously approved by CWC Board also requires CWC Board review and approval.

Other non-material change(s) must be approved by the CWC Loan Committee and shall be reported to the CWC Board at its next regularly scheduled meeting.

1:02:05 Right of Objection Period

Approval of an application for a loan, study or a grant by the Board constitutes a preliminary decision under the MOA. The decision will automatically become final unless an objection is timely filed with the WPPC. If such an objection is filed, approval of the application will require

Article 1

an additional board vote upon consideration of the objection and any recommendation from the WPPC.

1:02:06 VENDEX Forms

Any Applicant who will have received \$100,000 or more from New York City, the CWC, the CFF, or a combination thereof, within the previous 12 months must complete a VENDEX questionnaire or documentation that the Applicant has been pre-qualified by the VENDEX process.

1:02:07 Written Agreement

All grants, studies or loans from the CFF to support QEDPs will be memorialized with a written grant, study or loan agreement specifying the purpose of the grant, study or loan and when and how the funds will be disbursed. Each agreement will contain a provision requiring the Grantee or Borrower to comply with all applicable provisions of the Watershed Regulations and a recapture or loan acceleration clause in the event the Grantee or Borrower should re-locate outside of a Watershed town before the terms of the agreement are completed.

1:02:08 Budget Modification

The Board may modify the program funding as detailed in the CWC budget.

1:02:09 CWC as Borrower or Grantee

Notwithstanding the limitations on loans, studies or grants set forth in Article 1, the Board may approve a loan, study or a grant to CWC from the CFF for a QEDP, subject to such terms and conditions as specified by the Board and consistent with the MOA and the CFF Program Contract.

Article 1**Chapter 1:03 Loan Programs – General Requirements****1:03:01 Eligibility Requirements**

Any For-Profit-Business or corporation or any Not-For-Profit business or corporation which presents a QEDP intended to create and/or retain jobs in one or more Watershed Towns is eligible to apply for a loan from the CFF. Any governmental entity that has the authority to levy taxes (Taxing Unit) may apply for a CFF loan if the purpose of the loan is to enhance or protect water quality. For the purposes of section 1:15:01 to 1:15:08 of this Article, an existing health care facility and/or hospital owned and/or operated by a municipality is also eligible to apply for a Catskills Hospital/Health Care Industry Loan.

1:03:02 Funding

Combined funding for all loan programs will not exceed the allocations as detailed in the CWC budget

1:03:03 Pre-application Conference

Any potential Applicant may request a pre-application conference.

1:03:04 Application Requirements

Application forms shall be provided by the CWC and must be completed in full and signed and all documentation as required by the application must be complete before an application is evaluated by staff and presented to the Loan Committee and the Board. All applications must include a Business Plan and other documentation as required by the checklist provided with the application.

1:03:05 Business Plan Assistance

Any Applicant may receive assistance developing a Business Plan from CWC Small Business Development Center associated counselors.

1:03:06 Equity Contributions

Equity contributions may be required for specific loan programs and may not be required for other loan programs. If Equity is required, an Applicant must provide a minimum percentage of the total project costs in the form of Equity as determined by the Board and the appropriate program rules. The Board may waive the requirement if Equity contribution is not necessary to secure the interests of the CWC.

In-kind contributions and completed work may be applied toward the Equity contribution and Total Project Costs if, in the judgment of the Board, such in-kind contributions and work completed contribute sufficiently to the current project.

Costs associated with the preliminary design stage may not be considered as Equity contributions except for Board-approved innovative technology research and development expenses.

Proof must be evidenced prior to closing that promised equity has been contributed to the project.

Article 1**1:03:07 Permissible Uses of Loan Proceeds**

Unless specifically prohibited in specific loan program rules, loan proceeds may be used for the following purposes:

1. Purchase of land and necessary site development and improvements;
2. Construction or acquisition and remodeling of buildings and works necessary to the operation and protection of the project;
3. Purchase and installation of machinery and equipment;
4. Inventory and working capital;
5. Fees, services, and costs related to the construction of the project;
6. Other purposes, not listed in this Section or expressly prohibited, as individually approved by the Board;
7. Refinancing of existing debt, if such refinancing positions the business for expansion, or improves debt service coverage from less than 1.20:1 to over 1.40:1 and/or CWC is participating with other financial institutions in said refinancing that improves the businesses cash flow;
8. Leasehold improvements.
9. Non-residential septic systems;
10. Projects that the Board has evaluated and determined to be QEDPs.

1:03:08 Impermissible Uses of Loan Proceeds

Except as permitted under specific program rules, loan proceeds may not be used to:

1. Finance the preliminary design stage;
2. Finance the acquisition, development or improvement of housing, purchase or improvement of property for private, non-business use.

1:03:09 Interest Rates

The interest rate for a loan is fixed on the day the Loan Committee issues a recommendation to the Board. The rate will be determined by applying that formula set forth in the rules for the particular loan program for which the Applicant has applied. The Board may waive or lower the interest rate for a particular Applicant if the project has significant economic development, job creation, or beneficial environmental impact or other benefits to the community. The Board shall consider the following in setting the interest rate:

1. State and national market interest rates;
2. State and national economic conditions;
3. The solvency and balance of the fund;
4. Other economic or business information necessary to fulfill the Board mission to create and retain jobs in the Catskill Watershed Region;
5. Beneficial environmental or water quality impacts.

1:03:10 Staff Review

CWC staff shall determine completeness of application and compliance of project with the appropriate program rules prior to forwarding application to the Loan Committee for review.

1:03:11 Loan Committee Review

The CWC Loan Committee shall review all loan requests. Unless specifically modified in the rules for a specific program, the Loan Committee shall consist of the following people:

1. The President of the Catskill Watershed Corporation who shall serve as Chair;

Article 1

2. The Executive Director of the Catskill Watershed Corporation;
3. The NYC representative to the CWC;
4. Four members appointed by the President to represent area business people, preferably with financial or banking experience.

The Committee shall review a complete application for technical merit and ability of the Applicant to successfully meet its obligations under any loan agreements. The Committee shall vote to recommend to the Board approval, approval with modifications, or denial of the application. The Committee may also recommend that the Board base its action on factors other than those that fall under the Committee's purview.

1:03:12 Factors for Board Action

When making a decision on an application, in addition to the required QEDP evaluation, the Board may examine the following factors necessary to make a sound loan decision:

1. Project impact factors:
 - (a) Number of jobs created or retained;
 - (b) Amount of loan requested;
 - (c) Net economic effect of increasing or stabilizing the economy on the community, area, and WOH;
 - (d) Support of the public entities of the community and area;
 - (e) The amount of the owner's Equity contributed to the project;
 - (f) Compatibility with economic development plans of the area and state;
 - (g) Type of business;
 - (h) Payroll and pay structure;
 - (i) Employee benefit package;
 - (j) Beneficial environmental or water quality impacts.
2. Business feasibility factors:
 - (a) The potential success of the business and the potential for creating jobs and the growth of those jobs;
 - (b) The character, experience, management record, and background of the Applicant;
 - (c) The capacity of the Applicant to repay the loan. In determining the repayment capacity of the Applicant, the Board shall consider the following:
 - i. The amount of the loan;
 - ii. The economic feasibility of the project and product;
 - iii. The ability of the Applicant to service the debt from cash flow of operations, capital, or collateral;
 - iv. The review of financial and credit status of the project, business plan, and/or Applicant;
 - v. The satisfaction of engineering, legal, and environmental regulations;
 - vi. The availability of necessary public utilities;
 - (d) The total capitalization of the project, which includes all capitalization subordinated to the CWC;
 - (e) The terms and conditions of the loan and their compatibility with the needs of the business and the CWC;
 - (f) The availability of sufficient unencumbered collateral to secure the interests of the CWC;
3. Proof of business integrity.

Article 1**1:03:13 Board Action on Applications**

The staff shall provide copies of the written evaluation to the Board at least ten days before the Board votes on the loan application. The Board shall approve the application as requested or approve the application contingent on conditions, or disapprove the application. If the application is disapproved, a written determination shall be forwarded to the Applicant. The Applicant who has had an application disapproved may submit another application that addresses the reason for disapproval.

1:03:14 Acceptance and Time Restrictions of Applicant

Within fifteen (15) days after the issuance of a letter of commitment from the CWC, the Applicant must accept the approval in writing or the approval may be withdrawn. Within one hundred eighty (180) days after the date of Board approval, the Applicant must meet all conditions precedent set by the Board and a loan closing must have occurred or the approval may be withdrawn. Final disbursement of the loan proceeds must be made within one year after approval by the Board. If mitigating circumstances prevent starting the project and a diligent effort has been made, an Applicant may apply for an extension of time and the Executive Director may, at his or her discretion, approve or disapprove said extension and further may require additional information and financial data, as well as additional Board approvals prior to closing.

1:03:15 Loan Agreement

CWC, in consultation with and in agreement with closing counsel, shall develop loan documents memorializing the agreement between CWC and the Applicant. The loan agreement shall contain the rights and responsibilities of the parties and the terms and conditions of the loan including a loan acceleration clause in the event the Borrower should re-locate outside of a Watershed town before the payment terms of the agreement are completed. The requirements to secure the loan shall be included in the loan agreement and any other documents which shall be executed on behalf of CWC by its Executive Director and/or President.

The Executive Director, after staff analysis and the affirmative recommendation of the Loan Committee, may, prior to or at closing or during the term of a loan, approve certain non-material modifications to the terms and conditions of a loan from time to time in accordance with the provision of the CFF Program Rules. In the event the Loan Committee does not recommend modification of a loan, the Executive Director may not authorize such modification without the approval of the Board.

If the Executive Director authorizes or executes amendments to any loan documents in accordance with this paragraph, he or she shall report to the full Board at its next regularly scheduled meeting.

1:03:16 Review of Borrower or Project Status Prior to Closing

After the loan is approved but before the loan is closed, the Board or the CWC staff may conduct an overall review of the applicant's financial status. This review may include an analysis of all assets and liabilities and an analysis of the ability of the business to service and honor the loan commitments. Prior to the disbursements of any funds, projects must have all necessary environmental and land use permits and approvals required by any applicable law, regulation or ordinance.

Article 1**1:03:17 Borrower Reporting Requirements**

The borrower shall submit to the Board annually the following information:

1. Documentation of employment;
2. Documentation of the use of the CFF proceeds and any matching requirements;
3. Federal tax returns or financial statements;
4. Other information as requested by the Board or CWC staff where economic or business conditions may be necessary to determine the operating health of the business or conformance to loan covenants.

The Board or CWC staff may require that the financial statements be audited by an independent accountant at the expense of the borrower.

1:03:18 Inspection of the Business by the Board and Retention of Records

During the term of the loan, the Board or CWC staff may inspect construction, inspect the operation of the business, and request the borrower to provide accounting records, payment records, and invoices to ensure compliance with the terms of the loan agreement. The borrower shall retain accounting and tax records for the term of the loan or for a period of three years, whichever is longer.

The Board may contract for project monitoring and servicing during the planning, construction, and operation of the business and project.

1:03:19 Administration Functions

The CWC staff, in conjunction with closing counsel, shall process and review loan applications; prepare and negotiate agreements; and engage in any other functions necessary to expedite and assist the Board in the performance of its duties.

1:03:20 Board Waivers

The CWC Board of Directors may extend the loan repayment beyond the terms set forth in the rules if such action can be shown to be in the best interests of the mission of the CWC and/or to reflect the special financial conditions of the Applicant.

1:03:21 Events of Default on Loan Agreement

The loan agreements between CWC and the Borrower and any and all co-makers or guarantors of the loan shall define events of default and the rights and remedies of the Borrower and CWC. Events of default shall include, but not be limited to, failure to make timely payments, the change of ownership, or the sale of any stock or other interest in the Borrower or guarantor, the failure of the Borrower to maintain required insurance, failure of the Borrower to comply with federal, state and local laws, zoning and planning ordinances, including the Watershed Regulations, or any other event defined by the loan agreements as an event of default.

1:03:22 CWC Action Upon Event of Violation of the Loan Agreements

In the event that a violation of the loan agreement that may lead to a declaration of default has occurred, CWC, its Executive Director and staff shall undertake the following actions: The Executive Director and staff shall seek to rectify the situation in accordance with the loan documents.

Article 1

In the event that the loan documents require modification as a result of any settlement, the Executive Director shall execute said modifications in accordance with this Chapter 1:03 and notify the Board of his/her actions.

In the event that the Executive Director and the Borrower cannot mitigate situation, or if the mitigation requires Board action, the Executive Director will notify and consult with the Board. If the Board determines that the violation warrants a declaration of default, the Board shall instruct the Executive Director to issue a Letter of default on the loan and instruct collection counsel to exercise CWC's rights and remedies available.

1:03:23 Life Insurance

Generally all borrowers and/or active principals of CWC loans shall obtain life insurance, in the amount of the loan, assigned to CWC. For the purposes of this section, active means individuals who are active in, and critical to the success of, the day-to-day operation of a business subject to the CWC loan.

The life insurance policy(s) must be issued and in effect at the time the loan is disbursed and for the term of the loan. In the event life insurance coverage is denied or prohibitively expensive as defined below, the Executive Director with concurrence of the Loan Committee can waive the life insurance requirement when a waiver of life insurance does not create a material weakness to the probability of repayment of the loan should a borrower expire and either conditions a. or b. are satisfied:

- a. The applicant has received:
 - i. Two unrelated domestic life insurance companies issue letters of declination, or
 - ii. Premium quote(s) on a term life insurance policy that is 5 times higher than for a borrower of like age and of good health; or

- b. The loan is secured by a first lien on real estate or machinery and equipment and:
 - i. The loan to value is less than 50% of the value of secured property; or
 - ii. There is a co-borrower or guarantor that could continue to operate the business in the event the key person should expire.

1:03:24 Financial Statements

All borrowers are required to submit annual financial statements to CWC. The type of statement required is dependent on the size of the CWC loan and other loans and liabilities of the borrower. Reviewed and audited statements must be prepared by a Certified Public Accountant and must comply with American Institute of Certified Professional Accountant (AICPA) Professional Standards.

Self prepared: CWC loan(s) are equal or less than \$200,000 or other loans and liabilities are equal or less than \$300,000. On CWC loans of \$50,000 or less, tax returns may be acceptable.

Compiled: CWC Loan(s) exceed \$200,000 but are equal or less than \$500,000 or other loans and liabilities exceed \$300,000 but are equal or less than \$600,000.

Reviewed: CWC loan(s) exceed \$500,000 but are equal or less than \$1,500,000 or other loans and liabilities exceed \$600,000 but are equal or less than \$1,500,000.

Article 1

Audited: CWC loan(s) exceed \$1,500,000 or other loans and liabilities exceed \$1,500,000.

The Loan Committee may recommend a higher level of statement or additional agreed upon financial reporting procedures for any loan if, in their opinion, current statements are inadequate for the business or collateral is dependent on inventory or accounts receivable. The reason(s) for the request will be conveyed to the Board of Directors at the time the loan is presented for Board action.

The CWC staff, with concurrence of the Loan Committee, may recommend for loans approved prior to March 23, 2004 that the type of financial statement be changed to coincide with the statement type levels defined in this paragraph at any time during the term of the loan provided loan documents permit.

1:03:25 Maximum Loan Amount

The total amount of CFF loans, representing amounts outstanding and pending applications, to any party or related parties shall not be greater than \$1,500,000 except that the CWC Board of Directors may authorize maximum CFF loans to up to \$2,500,000 to a party or related parties that:

- a. currently employ at least 50 employees with an average salary exceeding \$65,000, exclusive of the salary of the chief executive officer; and
- b. will utilize a CFF loan to create jobs in the West of Hudson Watershed Town with an average salary of at least \$65,000 with comparable benefits; and
- c. fund at least 50% of their employee health care coverage; and
- d. provide a defined benefit retirement program or a 401K retirement plan in which the party and/or related parties contribute at least 2% of salary on an annual basis; and
- e. have a positive net income of at least \$1,000,000 annually for the immediate past three fiscal years as evidenced by audited financial statements.

Article 1**Chapter 1:04 Grant Programs – General Requirements****1:04:01 Eligibility Requirements**

Any Not-For-Profit business or corporation or any For-Profit-Business or corporation or Municipality which presents an application which meets the requirements of the program(s) funded shall be eligible to apply for a grant under the CFF. Proposed projects must be located in the WOH unless, at the time of adoption of the budget, the Board specifically allows projects located in Watershed Towns, but outside of the WOH, to apply for grants under specific grant programs.

1:04:02 Funding

Funding for grant programs shall be in accordance with the CWC budget.

1:04:03 Pre-application Conference

Any potential Applicant may request a pre-application conference.

1:04:04 Application Requirements

Application forms shall be provided by the CWC and must be completed in full and signed and all documentation as required by the application must be complete before an application is evaluated by staff and presented to the Grant Committee and the Board.

1:04:05 Board Action on Applications

The Board shall approve the application as requested, approve the application contingent on conditions, approve a modification to the application, or disapprove the application. If the application is disapproved, a written determination shall be forwarded to the Applicant.

1:04:06 Acceptance and Time Restrictions of Applicant

Within fifteen (15) days after the issuance of a letter of commitment from the CWC, the Applicant must accept the approval in writing or the approval may be withdrawn. Within thirty (30) days after the date of receipt of a contract, the Applicant must sign and return the contract or the approval may be withdrawn. Final disbursement of the grant proceeds must be made within one year after approval by the Board. If mitigating circumstances prevent starting the project and a diligent effort has been made, an Applicant may apply for an extension of time and the Executive Director may, at his or her discretion, approve or disapprove said extension and further may require additional information, as well as additional Board approvals.

1:04:07 Grant Agreement

CWC, staff and corporate counsel, shall develop grant documents memorializing the agreement between CWC and the Applicant. The grant agreement shall contain the rights and responsibilities of the parties and the terms and conditions of the grant. The grant agreements may contain recapture provisions if all or some of the requirements of the grant are not met by the Grantee. All grant requirements shall be included in the grant agreement and any other documents which shall be executed on behalf of CWC by its Executive Director and/or President.

Article 1**1:04:08 Grantee Reporting Requirements**

The grantee shall submit the following in accordance with the time periods established in the grant agreement:

1. Documentation of completion;
2. Documentation of the use of the CFF proceeds and any matching requirements;
3. Other information as requested by the Board or CWC staff to confirm conformance to grant contact.

The Board may contract for project monitoring and servicing during the planning, construction, and operation of the project.

1:04:09 Inspection of the Grantee by the Board and Retention of Records

During the term of the grant, the Board or CWC may inspect construction, inspect the operation of the business, and request the grantee to provide accounting records, payment records, and invoices to ensure compliance with the terms of the grant agreement. The grantee shall retain accounting and tax records for the term of the grant or for a period of three years, whichever is longer.

1:04:10 Staff Review

CWC staff shall determine completeness of application and compliance of project with the appropriate program rules prior to forwarding application to the Grant Committee for review.

1:04:11 Grant Committee Review

The CWC Grant Committee shall review all Applications. The Committee shall be established in accordance with the rules for the specific grant program. The Committee shall review a complete application for technical merit and ability of the applicant to successfully meet its obligations under any grant agreements. The Committee shall vote to recommend approval, approval with modifications, or denial of the application to the Board. The Committee may also recommend that the Board base its action on factors other than those that fall under the Committee's purview.

1:04:12 Board Action on Applications

The CWC staff shall provide copies of the written evaluation to the Board at least ten days before the Board votes on the grant application. The Board shall approve the application as requested, approve the application contingent on conditions, or disapprove the application. If the application is disapproved, a written determination shall be forwarded to the Applicant. The applicant who has had an application disapproved may submit another application that addresses the reason for disapproval.

1:04:13 Administration Functions

The CWC staff shall prepare and negotiate agreements, and engage in any other functions necessary to expedite and assist the Board in the performance of its duties.

1:04:14 Events of Default on Grant Agreement

The grant agreements between CWC and the Grantee shall define events of default and the rights and remedies of the Grantee and CWC. Events of default shall include, but not be limited to, failure to undertake or complete the project, the failure of the Grantee to maintain and provide to

Article 1

CWC the required reports, failure of the Grantee to comply with those federal, state and local laws zoning and planning ordinances including the Watershed Regulations, or any other event defined by the grant agreements as an event of default.

Article 1**Chapter 1:05 REDI Loan Program**

Purpose: To provide loans to eligible Applicants as part of a package of debt and/or equity from other parties to fund QEDPs.

1:05:01 Loan Amounts

An Applicant may apply for a loan in an amount that is equal to the total project cost minus the Applicant's Equity and minus the total of all other financing sources. Direct costs of the business associated with research and development for technology applications may be included in the requested loan amount.

1:05:02 Participating Lender

A Participating Lender should contribute materially to the Total Project Costs. The Board of Directors may waive or reduce the amount contributed by another lender when:

- a. The loan is \$50,000 or less; or
- b. The loan is for an environmental protection or energy conservation project;
or
- c. The equity contributed by the applicant exceeds 50% of the project cost and:
 - i. The applicant has a Scorex PLUS Score of 700 or higher and
 - ii. The project is a CWC targeted industry; or
- d. Debt Service Coverage would be increased from under 1.20:1 to above 1.20:1 due to the lower interest rate offered by a CWC loan; or
- e. Closing costs and/or guaranty fees imposed by the Lender when combined with CWC fees exceed 5% of the total financing; or
- f. The applicant approaches CWC first and CWC staff requests that the proposed participating lender participate pari-passu and the lender refuses; or
- g. The nature of the collateral is such that a subordinate position would not adequately protect the interests of CWC; or
- h. The Lender "at risk" position is less than 25% of the total financing or appraised value of the collateral; or
- i. The interest rate to be charged by the lender exceeds WSJ Prime plus 3% at inception; or
- j. In the opinion of CWC staff only a 1st lien position adequately protects the interests of CWC; or
- k. Due to special financial conditions of the applicant.

1:05:03 Equity Contribution (REDI Loans)

- (a) Where the total amount of CFF loans to an applicant or related parties is not greater than \$750,000; and
 1. the proposed collateral securing the CFF loan(s) includes either a first mortgage or shared fist mortgage, including through a participation agreement on real property, the applicant must provide a minimum of 10% equity contribution of total project costs as determined by CWC.

Article 1

2. The proposed collateral securing the CFF loan(s) does not include a first mortgage or shared first mortgage, including through a participation agreement, on real property, the applicant must provide a minimum of 20% equity contribution of total project costs as determined by CWC. At least one-half of such equity contribution, or 10% of total project costs, must be cash.
- (b) Where the total amount of CFF loans to an applicant or related parties is greater than \$750,000; and
1. the proposed collateral securing the CFF loan(s) includes either a first mortgage or shared first mortgage, including through a participation agreement, on real property, the applicant must provide a minimum of 20% equity contribution of total project costs as determined by CWC; or
 2. the proposed collateral securing the CFF loan(s) does not include a first mortgage or shared first mortgage, including through a participation agreement, on real property, the applicant must provide a minimum of 40% equity contribution of total project costs as determined by CWC. At least one-half of such equity contribution, or 20% of total project costs, must be cash.
- (c) For the purposes of this section, total amount of CFF loans shall include loans outstanding and pending applications.
- (d) The Board may waive or modify this requirement if the equity contribution is not necessary to secure the interests of the CWC.

1:05:04 No Construction Financing

REDI Loan proceeds may not be used for construction financing unless, in the opinion of the Board, such construction period is sufficiently short to allow for perfection of the collateral for the loan. The Borrower may use the REDI Loan commitment to secure interim construction financing from another lender and satisfy the interim financing in accordance with the interim financing agreement and the REDI Loan letter of commitment.

1:05:05 Interest Rates

The REDI Loan Interest Rate shall be the higher of one-half the Prime Interest Rate plus one percent or 4% for both for-profit and not-for-profit Applicants. Loans with a maturity of seven years or less shall be amortized at a fixed rate over the term of the loan such that it is paid in full at its maturity date. The interest rate on loans with a maturity exceeding seven years and not granted a waiver by the CWC Board shall be adjusted to the current CWC interest rate in effect on the fifth anniversary of the loan and every five years thereafter and amortized such that it is paid in full at its maturity date. The Loan Committee may recommend up to a 1% higher rate of interest from the normal rate when a waiver is required from any CFF Program Rule. For the purposes of loan servicing, interest rate shall not exceed 10%.

The CWC Board, in its sole discretion, may set the interest rate 1/4% below the Prime Rate if all of the following criteria are met:

- (a) The borrower(s) is/are a low to excellent credit risk;
- (b) The debt service coverage is 1:20:1 or higher;
- (c) The collateral coverage is 1.10:1 or higher; and

Article 1

(d) The borrower(s) has/have a positive adjusted net worth.

1:05:06 Loan Maturity

The maturity of the loan will be based on the asset life of the collateral securing the loan, according to the following general guidelines:

1. Inventory and Receivables – 1 to 3 years;
2. Machinery and Equipment – 2 to 10 years;
3. Real Estate and Site Improvements – 5 to 15 years;
4. Leasehold Improvements – consistent with the terms of the lease.

Staff, in conjunction with the Loan Committee, will recommend the loan maturity for Board review and approval and may recommend deviation from the above guidelines to accommodate any special financial conditions of the Applicant

1:05:07 Loan Closing Fees

On a loan greater than \$50,000 there will be a loan closing fee of 1% (one percent) of the principal amount of the loan, payable at closing.

1.05.08 Acceleration of Principal Payment Due to Relocation Outside of Watershed Town

The loan agreement shall contain the rights and responsibilities of the parties and the terms and conditions of the loan including a loan acceleration clause in the event the Borrower should relocate the business outside of a Watershed town before the payment terms of the loan agreement are completed.

Article 1**Chapter 1:06 Micro-Loan Program**

Purpose: to provide small loans to eligible Applicants who contribute equity without further requiring debt participation from others for QEDPs.

1:06:01 Loan Amounts

An Applicant may apply for up to \$50,000. Other than the Equity contribution as outlined in 1:06:02, the Applicant may seek up to 75 percent of Total Project Costs from CWC.

1:06:02 Equity Contribution

Each Applicant must provide an Equity contribution of a minimum of 25 percent of the Total Project Costs as determined by the Board. The Board may waive or modify the requirement if the Equity contribution is not necessary to secure the interests of the Board.

1:06:03 Interest Rates

The Micro-Loan Interest Rate shall be the higher of Prime Interest Rate plus one percent with a floor of 5.00 % and a cap of 7.00% for both for-profit and not-for-profit Applicants. For CWC Board targeted loan sectors the loan committee can recommend a lower rate. The loan shall be amortized at a fixed rate over the term of the loan such that it is paid in full at its maturity date. For the purposes of loan servicing interest rate shall not exceed 10%.

1:06:04 Loan Maturity

The maturity of the loan will be based on the asset life of the collateral securing the loan, according to the following general guidelines:

1. Inventory and Receivables – 1 to 3 years;
2. Machinery and Equipment – 2 to 10 years;
3. Leasehold Improvements – consistent with the terms of the lease.

Staff, in conjunction with the Loan Committee will set the loan maturity for Board review and approval and may recommend adjustment of the term of the loan to reflect special financial conditions of the Applicant

1:06:05 Additional Impermissible Uses of Proceeds

In addition to impermissible uses specified by chapter 1:03:08; Micro-Loan proceeds may not be used for the purchase of land, site development or improvements, construction (except for remodeling or leasehold improvements), acquisition or the refinancing of existing debt.

1:06:06 Expedited Review

For the purposes of this program, the Loan Committee shall consist of one Board member, one private sector representative as appointed by the President of CWC and one NYCDEP representative. Staff shall forward an underwriting report to the Committee and shall conduct a teleconference or other meeting within two business days of receipt of the report by the Committee. The committee shall review a complete application for technical merit and ability of the applicant to successfully meet its obligations under any loan agreements. The Committee shall vote to recommend approval, approval with modifications, or denial of the application to the Board with regard to the preceding. The Committee may also recommend that the Board base its action on factors other than those that fall under the Committee's purview.

Article 1**1.06.07 Acceleration of principal payment due to relocation outside of watershed town**

The loan agreement shall contain the rights and responsibilities of the parties and the terms and conditions of the loan including a loan acceleration clause in the event the Borrower should relocate the business outside of a Watershed town before the payment terms of the loan agreement are completed.

Article 1**Chapter 1:07 Commercial Septic and WOH Mandates Loan Program**

Purpose: To provide loans to fund commercial septic systems and other environmentally related projects required solely due to the Applicant's location in the WOH.

1:07:01 Loan Amounts

An Applicant may apply for up to 100 percent of the project costs if the Applicant is seeking a loan for 1) the repair or replacement of a non-residential septic system pursuant to receipt of an NOV or NOF from the NYCDEP; or 2) the required upgrade or replacement of a non-residential septic system due to the loss of its non-complying regulated activity status under the Watershed Regulations; or 3) the Applicant is funding a project which is required solely due to the location of the project in the WOH.

1:07:02 Equity Contribution

An equity contribution of 10% is required, but may be reduced or waived by the Board, if recommended by the Loan Committee, due to the special financial conditions of the Applicant.

1:07:03 Interest Rates

The Commercial Septic and WOH Mandates Loan Interest Rate shall be the higher of one-half the Prime Interest Rate plus one percent or 4% for for-profit and not-for-profit Applicants. Loans with a maturity of seven years or less shall be amortized at a fixed rate over the term of the loan such that it is paid in full at its maturity date. The interest rate on loans with a maturity exceeding seven years shall be adjusted to the current CWC interest rate in effect on the fifth anniversary of the loan and every five years thereafter and amortized such that that it is paid in full at its maturity date. For the purposes of loan servicing interest rate shall not exceed 10%.

1:07:04 Loan Maturity

Staff, in conjunction with the Loan Committee will set the loan maturity for Board review and approval.

1:07:05 Loan Closing Fees

On a loan greater than \$50,000 there will be a loan closing fee of 1% (one percent) of the principal amount of the loan, payable at closing.

Article 1**Chapter 1:08 Job Creation and Retention Grant Program**

Purpose: To provide grant funding as part of a financial package for the creation and/or retention of jobs.

1:08:01 Eligibility Requirements

An Applicant must be a Manufacturing, Commercial, Natural Resource or Service business creating or retaining jobs. An Applicant or the Applicant's project must either be located within a Watershed Town or the WOH as designated by the Board. Retail businesses are not eligible for this program.

1:08:02 Grant Amounts

The maximum grant amount shall be no more than \$2,000 per job created or retained over 3 (three) years. The target number of jobs created or retained shall be 10 (ten), excluding principals. The total grant should constitute no more than 20% of the Total Project Costs. Loans from the CFF may be used for a portion of the 80% remaining funding.

1:08:03 Grant Funding

Grants shall be funded as a reimbursement for Total Project Costs after the Grantee has expended the capital in accordance with the grant agreement and in compliance with the job creation strategy set forth in the grant agreement.

1:08:04 Financial Condition of Applicant

Applicant must be current on all taxes (federal, state, and local). Companies currently involved in bankruptcy proceedings are not eligible to apply or receive grant funding under this program.

1:08:05 Application Cycle

Applications will be accepted on a continuous basis throughout the year.

1:08:06 Review Committee

The Review Committee shall consist of the following members:

- President of the CWC
- One representative of the business community
- One representative of the State
- One representative of the City
- CWC Executive Director
- CWC Staff (non-voting)

1:08:07 Selection Criteria

The Review Committee shall base its recommendations on the following criteria in addition to those criteria outlined in the preceding applicable chapters:

- Business viability
- Impact on the economy
- Environmental impacts or benefits
- Quality of jobs
- Amount of private investment

Article 1

- Use or reuse of existing facilities
- Demonstrated need
- Evidence of application to alternate or participating sources of funding
- Reasonableness of budget
- Potential for future job growth
- Profit or Not-For-Profit status of business

1:08:08 Reporting Requirements

Each Applicant must enumerate their goals for the number of jobs to be created or retained by the business receiving the proposed grant. The Grantee shall annually submit a report to CWC identifying the actual number of jobs created or retained by the business. Said report shall be due on the anniversary date of the grant agreement and shall be required for five years from the date of funding.

1:08:09 Grant Agreement

The grant agreement shall provide for recapture provisions in the event that the Grantee defaults on the obligation to provide or maintain the jobs for which the grant was made. Recapture provisions shall also provide for reimbursement of CWC if the Grantee closes or relocates their business in less than ten years.

1:08:10 Board Waivers

The CWC Board of Directors may modify the requirements set forth in this chapter where such action can be shown to be in the best interests of the mission of the CWC and/or to reflect the special financial conditions of the Applicant

Article 1**Chapter 1:09 Village/Hamlets/Main Streets Grant Program**

Purpose: To provide grant funding to enhance the economic viability of existing commercial areas in the WOH

1:09:01 Eligibility Requirements

An Applicant must be a Municipality, Business Association, Main Street Association or Not-For-Profit entity undertaking Hamlet/main street development activities within a Watershed Town or the WOH (as designated by the Board).

1:09:02 Eligible Projects

Projects may include infrastructure improvements, streetscape, signage, and planning, historic preservation, establishment of business and Main Street Associations and establishment of façade improvement programs. Projects related to the general operation of government are not eligible.

Streetscape improvements may involve the construction of capital improvements to sidewalks, landscaping, street furniture and lighting, as well as developing Streetscape Design Guidelines that will provide guidance for private development frontage.

Façade improvements should result in significant enhancements to the appearance of the Village/Main Street/Hamlet and make the area more attractive to customers, tenants, and investors.

Applications for improvements to individual properties, whether owned by a for-profit or a not-for-profit organization, shall require at least one of the following as part of the application:

- Resolution of the town or village board recommending funding the project
- Documentation that the particular improvement(s) is/are included as part of an overall Village/Hamlet/Main Street plan or
- Evidence that the improvements(s) were part of an open competitive solicitation available to all property owners in the Village, Hamlet or Main Street

1:09:03 Grant Amounts

The maximum grant amount shall be no more than 50% of the Total Project Costs. In kind services may be used as part of the matching funds.

1:09:04 Application Cycle

CWC will accept applications once per year on a date to be announced.

1:09:05 Review Committee

The Review Committee shall consist of the following members:

- President of the CWC
- One representative of an organization focused on Hamlet/village revitalization
- One representative of the natural resources industry
- One representative of the Not-For-Profit/tourism community
- One representative of the State
- One representative of the City
- CWC Executive Director

Article 1

- CWC Staff (non-voting)

This review committee shall serve as the review committee for programs under chapters 1:09, 1:10 and 1:11.

1:09:06 Selection Criteria

The Review Committee shall base its recommendations on the following criteria in addition to those criteria outlined in the preceding applicable chapters:

- Amount of match
- Grant application in accordance with a community plan
- Demonstration of public support
- Impact on the economy – short or long-term
- Environmental impacts or benefits – short or long-term
- Feasibility
- Community benefits
- Reasonableness of budget

Article 1**Chapter 1:10 Cultural/Not-For-Profit Grant Program**

Purpose: To provide grant funding to entities to enhance tourism, arts, or cultural services in the WOH

1:10:01 Eligibility Requirements

An Applicant must be a Political Subdivision, Not-For-Profit entity including tourism, arts, or cultural organizations providing services in the WOH or a Watershed Town (if designated by the Board).

1:10:02 Eligible Projects

Projects may include capital improvements, service delivery or program development. Projects related to the general operation of government are not eligible.

1:10:03 Grant Amounts

The maximum grant amount shall be no more than 50% of the Total Project Costs. In kind services may be used as part of the matching funds.

1:10:04 Application Cycle

CWC will accept applications once per year on a date to be announced.

1:10:05 Review Committee

The Review Committee shall consist of the following members:

- President of the CWC
- One representative of an organization focused on Hamlets/villages revitalization
- One representative of the natural resources industry
- One representative of the Not-For-Profit/tourism community
- One representative of the State
- One representative of the City
- CWC Executive Director
- CWC Staff (non-voting)

This review committee shall serve as the review committee for programs under chapters 1:09, 1:10 and 1:11.

1:10:06 Selection Criteria

The Review Committee shall base its recommendations on the following criteria in addition to those criteria outlined in the preceding applicable chapters:

- Amount of match
- Grant application is associated with a sustainable plan
- Demonstration of public support
- Impact on the economy – short or long-term
- Environmental impacts or benefits – short or long-term
- Feasibility
- Community benefits
- Reasonableness of budget

Article 1**Chapter 1:11 Natural Resource Based Industry Grant Program**

Purpose: To provide grant funding to entities performing job creation feasibility studies, business plan development, establishing marketing and distribution systems and market development for Value Added products in the agricultural, forestry and mining industries

1:11:01 Eligibility Requirements

An Applicant must be a For-Profit or Not-For-Profit entity including forestry associations, agricultural organizations, crafts association and cooperatives whose mission is the development of Value Added enterprises in the WOH or a Watershed Town (as designated by the Board).

1:11:02 Eligible Projects

Projects may include job creation feasibility studies, business plan development, establishing marketing and distribution systems and market development for Value Added products in the agricultural, forestry and mining industries. Projects related to the general operation of government are not eligible.

1:11:03 Grant Amounts

The maximum grant amount shall be no more than 50% of the Total Project Costs. In kind services may be used as part of the matching funds.

1:11:04 Application Cycle

CWC will accept applications once per year on a date to be announced.

1:11:05 Review Committee

The Review Committee shall consist of the following members:

- President of the CWC
- One representative of an organization focused on Hamlets/villages revitalization
- One representative of the natural resources industry
- One representative of the Not-For-Profit/tourism community
- One representative of the State
- One representative of the City
- CWC Executive Director
- CWC Staff (non-voting)

This review committee shall serve as the review committee for programs under chapters 1:09, 1:10 and 1:11.

1:11:06 Selection Criteria

The Review Committee shall base its recommendations on the following criteria in addition to those criteria outlined in the preceding applicable chapters:

- Amount of match
- Grant application is associated with a plan
- Community benefits
- Impact on the economy
- Environmental impacts or benefits

Article 1

- Feasibility
- Reasonableness of budget

Article 1

Chapter 1:12 Rescinded and Reserved

Article 1**Chapter 1:13 Catskills Tourism Funding Initiative Matching Grant**

Purpose: To provide a matching grant for regional tourism promotion.

1:13:01 Grant Recipient

A regional tourist promotion agency receiving matching funds from State and County government.

1:13:02 Program Funding

The program will be funded for fiscal years 2000, 2001 and 2002 in the amount of \$166,667.67 per year. Funding for each year will require a resolution of the Board.

1:13:03 Funding Allocation

Grant funding will be allocated according to the following table:

County		Catskill Tourism (per year for 3 years)
Delaware		\$85,783
Greene		\$31,050
Schoharie		\$7,350
Sullivan		\$8,167
Ulster		\$34,317
	Total	\$166,667

The allocation will be charged against the total grant budget for the applicable fiscal year.

Article 1**Chapter 1:14 Catskills Studies Funding Program**

Purpose: To provide funding or matching funds for studies that have environmentally sound economic development benefits for the WOH

1:14:01 Eligibility Requirements

An applicant must be a governmental entity or the CWC.

1:14:02 Eligible Studies

Studies to be funded may include feasibility studies, environmental studies, market development studies, industry development studies, or other studies that have a purpose of enhancing watershed protection and/or expanding, creating, or improving the prospects of environmentally sound economic development activities within the WOH.

In no event shall CFF funds be spent to fund any study that will directly or indirectly confer an economic benefit on or subsidy to a private individual or business.

1:14:03 Limits of CWC Funding

CWC will fund up to 100% of the amount requested by the Applicant.

1:14:04 Application Cycle

Applications will be accepted on a continuous basis throughout the year.

1:14:05 Review Process

Applications will be reviewed by the Economic Development Committee and the recommendations made will be acted upon by the Board of Directors.

1:14:06 Selection Criteria

The Economic Development Committee shall base its recommendations on the following criteria in addition to those criteria outlined in the preceding chapters:

- Amount of match
- Demonstration of public support
- Impact on the economy – short or long-term
- Feasibility
- Community benefits
- Reasonableness of budget

Article 1**Chapter 1:15 Catskills Hospital/Health Care Industry Loan Program**

Purpose: To provide low interest rate funding to existing not-for-profit hospitals and/or health care facilities located in WOH Towns and licensed by the New York State Department of Health (NYSDOH).

1:15:01 Program Funding

CWC shall create a Hospital/Health Care Loan Fund (HC Fund) of \$5,000,000 from the CFF (Endowment). HC Fund earnings (losses) shall be added (subtracted) from the Endowment. The principal amount of outstanding performing loans plus earnings (losses) added (subtracted) from the Endowment shall be considered the total assets of the HC Fund (Assets).

1:15:02 Eligibility Requirements

An Applicant must be an existing not-for-profit hospital and/or health care facility located in WOH Towns and licensed by the NYSDOH.

1:15:03 Loan Amounts

An Applicant may apply to borrow up to 20% of the Assets of the HC Fund. Notwithstanding the preceding sentence, no Borrower (or affiliate of the Borrower) will be permitted to borrow an amount that will cause the Borrowers indebtedness to the HC Fund to exceed 20% of the Assets of the HC Fund at the time of the Application. However, if the Borrower has audited financial statements indicating net income from operations of at least \$600,000 for each of the three years preceding the application, the CWC Board may approve up to an additional \$1.5 million, to a maximum \$2.5 million if secured by a first lien on the collateral securing the loan. The Borrower may borrow up to 100% of Total Project Costs.

1:15:04 Equity Contribution

Equity contributions by the Borrower will not be required.

1:15:05 Interest Rates

The HC Fund interest rates shall be the higher of one-half Prime Interest Rate plus one percent or 4%. Loans with a maturity of seven years or less shall be amortized at a fixed rate over the term of the loan such that it is paid in full at its maturity date. The interest rate on loans with a maturity exceeding seven years shall be adjusted to the current CWC interest rate in effect on the fifth anniversary of the loan and every five years thereafter and amortized such that that it is paid in full at its maturity date. For the purposes of loan servicing interest rate shall not exceed 10%.

1:15:06 Underwriting Criteria

Staff, in consultation with NYSDOH shall prepare an underwriting report for presentation to the Loan Committee for review and recommendation to the Board.

1:15:07 Loan Maturity

The maturity of the loan will be based on the asset life of the collateral securing the loan, according to the following general guidelines:

5. Inventory and Receivables – 1 to 3 years;
6. Machinery and Equipment – 2 to 10 years;
7. Real Estate and Site Improvements – 5 to 15 years;

Article 1

8. Leasehold Improvements – consistent with the terms of the lease.

1:15:08 Project Location

The proceeds from the Loan may be used only for Projects located in WOH Towns.

1:15:09 Loan Closing Fees

On a loan greater than \$50,000 there will be a loan closing fee of 1% (one percent) of the principal amount of the loan, payable at closing.

Article 1**Chapter 1:16 Catskills Municipal Lateral Hookup and Decommissioning Loan Program**

Purpose: To provide low interest loans to Eligible Municipalities (hereinafter defined) to assist property owners who are connecting structures to sewage collection systems being constructed or extended under the New Infrastructure (NIP) and Sewer Extension (SEP) Programs provided for in paragraphs 122 and 123 of the 1997 New York City Watershed Memorandum of Agreement (MOA) to pay certain costs related thereto (Related Costs).

Related Costs are expressly limited to costs to construct laterals, connect exterior waste line to laterals and to decommission existing septic tanks, as applicable.

1:16:01 Eligibility Requirements

To be an Eligible Municipality, an applicant:

(a) must be either: (i) one of the MOA section 122 communities on the list set forth below which has commenced construction of a wastewater treatment plant or is constructing a sewer main to tie into an existing wastewater treatment plant under the NIP; or (ii) one of the MOA section 123 communities on the list set forth below which has signed a contract with the City of New York for the construction of one or more sewer extensions under the SEP; and

(b) must have applied for all grants available to assist low income residents with the payment of Related Costs, including the Housing and Urban Development (HUD) Grant for such purpose. Proof of acceptance or denial of such HUD or other grant applications must be presented with the loan application to CWC.

MOA ¶ 122 Communities

Village of Hunter
Village of Fleischmanns
Town of Windham
Town of Andes
Town of Roxbury
Town of Shandaken (Phoenicia)
Town of Prattsville

MOA ¶ 123 Communities

Town of Shandaken (Pine Hill)
Town of Neversink
Town of Roxbury (Grand Gorge)
Town of Hunter (Tannersville)
Town of Middletown/Village of Margaretville

1:16:02 Loan Amounts

MLHSD Loans shall be restricted to use by or on behalf of the owner of a structure(s) that is expressly entitled to connect to a wastewater treatment plant under the terms of the NIP or SEP (NIP Property Owners or SEP Property Owners) provided such property owner is not eligible for funding under a HUD or other similar grant.

Article 1

The maximum amount of MLHSD Loans that may be borrowed by an Eligible Municipality for NIP Property Owners shall be sum of the cost per lineal feet (from the CWC schedule of values) for each eligible lateral hookup plus decommissioning costs minus money allocated in the NIP block grant at time of construction for residential lateral hookups plus costs to restore streets to at least pre-construction condition not covered by other sources . In the event actual lateral hookup costs exceed the costs contained in the schedule of values, additional funding may be allowed provided CWC finds, at its sole discretion, the additional costs to be reasonable and justified.

The maximum amount of MLHSD loan by an Eligible Municipality for SEP Property Owners shall be determined by multiplying the number of SEP Property Owners by \$350.00 per decommissioning. In the event actual costs exceeds scheduled costs, additional funding may be allowed provided CWC finds, at its sole discretion, the additional cost to be reasonable and justified.

1:16:03 Equity Contribution

Equity Contribution by the municipality will not be required.

1:16:04 Interest Rates

The interest rate for a MLHSD loan shall be a fixed rate of 1% per annum for first three years of loan, 2% for years four and five of the loan and 4% for the remaining life of the loan.

1:16:05 Conditions to Closing

Prior to or at the closing of any MLHSD loan, an Eligible Municipality must have: (i) created a lawful system to assess in amounts sufficient to repay the MLHSD loan those NIP and/or SEP Property Owners on whose behalf loan funds were spent for purposes authorized by these Rules; and (ii) issued a bond, note or other lawful evidence of indebtedness backed by the full faith and credit of the Eligible Municipality, as evidence of its obligation for the repayment of the entire amount of such loan proceeds.

1:16:06 Loan Maturity

The maturity of the loan shall be no more than 15 years.

1:16:07 Loan Closing Fees

The applicant will be responsible for its costs and CWC Loan closing fees.

Article 1**Chapter 1:17 Business District and Historic Structure Rehabilitation Fund**

Purpose: To rehabilitate salvageable commercial and mixed use structures in the business districts, main streets and gateways of the WOH villages and hamlets. Buildings will be sold to private investors on completion to be used for commercial purposes. Building exteriors will be restored, to the degree practical, to preserve the façade's most notable features. Interiors will be restored to preserve distinctive features. HVAC and mechanical systems will be upgraded to meet all current building and fire codes. Telecommunication and computer network wiring may be installed. Utilization of energy savings fixtures may be employed to the maximum extent possible.

1:17:01 Program Funding

CWC will create a Business District and Historic Structure Rehabilitation Fund (BDHSR) of Five Million Dollars (\$5,000,000) from the CFF. BDHSR Fund earnings and principal payments will be retained in the Fund for continuing projects. To the extent possible, CWC will leverage its own funds and seek grant funds from appropriate funding sources. Buildings will be held in the name of subsidiary LLC(s), one hamlet or village per LLC.

1:17:02 Building Selection Committee

Buildings will be selected by a CWC Selection Committee which will include the President, Executive Director and three members selected by the President.

1:17:03 Eligibility Requirements

Buildings selected for the fund must be in a business district, on main street, at a gateway or be a historic commercial structure in a WOH village or hamlet. On completion, at least 25% of the available building space must be used for commercial purposes as described in section 1:17:1. All street level space must be used for commercial purposes.

1:17:04 Building Selection Criteria

Buildings selection will utilize but is not limited to the following minimum criteria

1. Visual and historic significance of the building to the community
2. Estimated Economic and social impact provided by rehabilitation
3. Availability of the building at appraised value in current condition
4. Salvageable structure
5. Recoverability of the estimated cost of rehabilitation
6. Hazardous waste and/or asbestos containment/disposal potential liability
7. Proposed uses allowed by zoning regulations
8. Proposed uses compatible with community comprehensive plan
9. Business plan prepared by Economic Development Staff that indicates the project is a viable investment.
10. CWC Board of Directors approval

1:17:05 Standards for Rehabilitation

Rehabilitation will meet the Standards for Rehabilitation (codified in 36 CFR 67 for use in the Federal Historic Preservation Tax incentives program) Rehabilitation is defined as "the process of returning a property to a state of utility, through repair or alteration, which makes possible an

Article 1

efficient contemporary use while preserving those portions and features of the property which are significant to its historic, architectural, and cultural values.”

1:17:06 Ownership

All buildings selected for BDHSR Funding must be owned by a CWC subsidiary during the rehabilitation process. In certain instances sellers may be given a right of first refusal to repurchase the building on completion provided they are credit qualified, develop a business plan acceptable to CWC and agree to conditions imposed by program rules for the fund.

1:17:07 Real Estate Taxes

Where appropriate CWC may require that purchasers execute a Payment in Lieu of Taxes Agreement and that such agreement be valid for a period not to exceed ten (10) years from date of CWC sale.

1:17:08 Partners

CWC will seek partnership arrangements with other organizations when it advances the success of a project and when appropriate.

1:17:09 Stakeholders Advisory Committee

CWC will involve local government officials, civic groups, chamber of commerce, local banking institutions and business owners in developing acceptable uses for the completed building.

1:17:10 Sale of Building

CWC will sell the building at appraised value on completion. CWC will select a general or commercial state certified appraiser from its approved appraiser list. CWC will provide financing utilizing the normal underwriting guidelines for a REDI-Fund Loan.

Buildings must be used for purposes deemed suitable by the Stakeholder Advisory Committee. Purchasers will be selected by the CWC Loan Committee based on a written business plan, credit worthiness and experience. Purchasers who are tax exempt from real property taxes will be required to enter into a PILOT Agreement for a term of 10 years commencing at their purchase.

1:17:11 Conditions of Sale

In addition to the requirements of paragraph 1:17.03 the purchaser of a BDHSR building must agree to the following conditions

1. The building must remain on the tax rolls for a period of ten years after sale or end of PILOT, if applicable.
2. The building must be used for the purposes as outlined by the Stakeholders Advisory Committee. Purchasers may petition the committee for a change in use provided the change is for a commercial purpose and not prohibited by program rules.
3. The entire street level floor must be used for commercial purposes.
4. At least twenty five percent (25%) of the building's available floor space must be available for commercial businesses.
5. Hotel/Motel rooms may not be located at street level except for handicap accessible rooms.
6. Conference rooms available to the public for a fee are allowed.

Article 1

7. No Tattoo Parlors, adult entertainment shops, massage parlors, thrift stores, dollar stores, or store front churches.

1:17:12 Qualified Economic Development Project

All projects funded shall meet the requirements of a QEDP as defined in Chapter 1:01 of this article 1.

Article 1**Chapter 1:18 Catskill Water Discovery Center Alliance**

Purpose: To form a strategic alliance with the Catskill Water Discovery Center that advances a qualified economic development project, creates jobs, enhances tourism, and advances water quality education and research in the WOH.

1:18:01 Program Funding

CWC Funding will be determined by the CWC Board of Directors. The maximum CWC contribution shall not exceed \$400,000 per year and total no more than \$1,000,000 over four years.

1:18:02 Eligibility Requirements

The alliance must provide that infrastructure for the project will be on municipal waste water treatment systems and municipal water and must be located in the WOH Watershed.

The alliance must be projected to create at least five (5) new permanent jobs and generate at least 50% of needed revenue from admissions, memberships or other revenue provided in Catskill Water Discovery Center business plan. Taxpayer monies may not comprise more than 20% of operating revenue.

1:18:03 Ineligible Activities

The alliance may not:

- a. Advance a religion, political cause, or political party; or
- b. Engage in activities that are illegal; or
- c. Depend on taxpayer funding for more than 20% of operational revenue; or
- d. Fund traditional government purposes

1:18:04 CWC Appointees to Board of Directors

CWC will have at least one board seat on the Catskill Water Discovery Center Board of Directors which will be held by the CWC Executive Director or his/her appointee. The CWC director will have veto power over any Catskill Water Discovery Center executive positions and use of funds provided pursuant to this section. By-laws and/or Certificate of Incorporation must provide for a CWC position to the Catskill Water Discovery Center Board of Directors, veto powers as described above, and that such appointee shall have power to name alternate(s) to act in his/her stead on the Catskill Water Discovery Center Board of Directors and any committees of said board.

1:18:05 Alliance Agreement

Terms of this Alliance will be immortalized in a written agreement approved by Environmental Facilities Corporation. Such agreement shall include provision for a yearly independent audit of the Catskill Water Discovery Center books, adequate internal controls to protect the assets of the Catskill Water Discovery Center, an annual budget approved by the Catskill Water Discovery Center Board of Directors prior to the beginning of each year and a rolling three year strategic plan that addresses operations, exhibits, evaluation of existing programs, new programs, publicity, and capital fund raising.

Article 1**Chapter 1:19 2011 Flood Recovery Program Grants****1:19:01 Definitions**

1. Business – business shall mean a person, partnership, joint venture, corporation, cooperative or other for-profit that owns and/or operates a business that is located in a watershed town in Schoharie County or in the West of Hudson Watershed in Delaware, Greene, Sullivan or Ulster Counties and identified by the watershed town where it is located for inclusion in the 2011 Flood Recovery Program, or the Town of Neversink in Sullivan County directly for replacement of a baseball field damaged by Tropical Storm Irene or Lee. Businesses are limited to one per parcel of property. Business that is operated over two or more tax lots shall be limited to one reimbursement in an amount not to exceed \$30,000. Business shall not include a not for profit organization, and/or a business seeking reimbursement for damage to residential properties, including apartments or trailer parks. Business shall also not include multi-state franchise or chain stores.

2. Eligible Expense – actual expenses incurred by a business as defined herein. Reimbursable expense is limited to actual costs of structural repair/replacement (materials and/or labor costs) due to flood and/or wind damage that occurred between August 28, 2011 and September 9, 2011. Expenses not eligible for reimbursement include but are not limited to labor of property owner or volunteers, donated materials, purchase of inventory, loss income due to damage, expense that is or shall be reimbursable under insurance and/or an approved grant, and any other expense not directly related to repair/replacement of structural damage as described above.

1:19:02 CWC 2011 Flood Recovery Program

Grant funds are allocated by County as described below. Watershed town supervisors in each County shall allocate the CWC Flood Relief funds to member towns in that County. The Grant money is to the Town for the benefit of flood affected businesses. The Town must execute a contract with CWC. The Business must sign a contract with the Town.

Pursuant to CWC By-Laws as amended January 3, 1997 Article IX section 1 paragraph (b) the grant funds are allocated up to the amounts as follows:

Delaware	51.47%	\$2,573,500
Greene	18.63%	\$ 931,500
Schoharie	4.41%	\$ 220,500
Sullivan	4.90%	\$ 245,000
Ulster	20.59%	\$1,029,500

Grant money is only available to for-profit businesses as defined above located in WHO Towns that experienced structural damage to walls, floors, foundations, windows and fixed improvements caused by the floods precipitated Tropical Storms Irene and Lee not covered by Flood Insurance. Flood Insurance claims must be submitted first. Apartment buildings, mobile home parks, national chains and multi-state franchises are not eligible.

Grants will cover the cost to return the building to pre-flood condition minus any insurance proceeds and other grants.

Maximum Grant Amount ---\$30,000 per business. No more than one business per parcel.

Article 1

Invoices are required to be submitted before the check can be disbursed. Grant can be used for uninsured materials, labor or contractor expenses.

Grants will be coordinated with flood insurance, participating agencies and charities.

CWC Staff will contact each affected business and complete paper work. Town supervisor or a designated individual(s) will assist CWC staff to determine the validity of each grant application.

Town Supervisor, with Town Board approval, must approve each grant and disbursement request.

Checks will be made out to the affected business and the town (two-party). Where the town was secured materials for the benefit of an affected business the town and supplier will be payees on the check.

Businesses receiving funds must sign a contract providing at a minimum indemnity clause for CWC and the participating town and a provision that funds may only be used as defined herein. Business must further agree to permit CWC onsite inspection of property six months following grant disbursement.

Allocated money not utilized remains with CWC.

Participating businesses may also qualify for other CWC programs under current rules or as developed and approved.

Article 1**Chapter 1:20 Greene County Flood Grant Assistance Program****1:20:01 Definitions**

1. Business – business shall mean a person, partnership, joint venture, corporation, cooperative or other for-profit that owns and/or operates a business that is located in the West of Hudson Watershed in Greene County and has been approved for a Main Street Development and/or Community Development Block Grant to repair structural damage caused by Tropical Storms Irene and/or Lee. Business shall not include property used solely for residential purposes.

2. Eligible Expense – actual expenses incurred by a business as defined herein. Reimbursable expense is limited to actual costs of structural repair/replacement (materials and/or labor costs) as approved by Greene County for reimbursement and due to flood and/or wind damage that occurred between August 28, 2011 and September 9, 2011. Expenses not eligible for reimbursement include but are not limited to expenses that are not approved for reimbursement by Greene County. CWC grant shall provide 50% funding of total eligible costs.

1:20:02 CWC 2012 Greene County Flood Recovery Grants

CWC Board has allocated a maximum of \$450,000.00 for eligible businesses in the West of Hudson Watershed in Greene County. Each business must execute a contract with CWC prior to receipt of CWC Grant Funds for reimbursement of eligible expenses.

Prior to execution of a contract with an eligible business, CWC Executive Director shall complete a QEDP Report.

Grants will cover the cost to return the building to pre-flood condition minus any insurance proceeds and other grants.

Invoices are required to be submitted before the check can be disbursed. Grant can be used for uninsured materials, labor or contractor expenses.

CWC Staff will contact each affected business and complete paper work.

Checks will be made out to the affected business. If work is complete and contractor has not been paid, checks may also be made out to the affected business and the property owner.

Businesses receiving funds must sign a contract providing a minimum indemnity clause for CWC and the participating town and a provision that funds may only be used as defined herein. Business must further agree to permit CWC onsite inspection of property for six months following grant disbursement.

Allocated money not utilized remains with CWC.

Participating businesses may also qualify for other CWC programs under current rules or as developed and approved.

Article 1**Chapter 1:21 Enhanced Land Trusts Excess Funding**

Purpose: To provide for funding of projects related to flood recovery and flood relief, fish stocking and fish habitat, and/or increasing recreational opportunities and access, from funds received under the Enhanced Land Trusts Program.

1:21:01 Program Funding

Pursuant to the Enhanced Land Trusts Program under the 2010 Water Supply Permit, CFF will receive “excess funds” as defined by the Enhanced Land Trusts Program memo. All excess funds received shall be specifically dedicated to the Enhanced Land Trusts Excess Funding and shall not be used for any other purpose.

1:21:02 Eligibility Requirements

Applicants for Enhance Land Trusts Program Funding are limited to West of Hudson municipalities, including villages, towns and counties.

1:21:03 Eligible Projects

Eligible Projects shall be located within the West of Hudson Watershed and also within a town that has agreed to participate in the Enhanced Land Trusts Program under the 2010 Water Supply Permit. Categories of eligible projects include flood recovery and flood relief, fish stocking and fish habitat, and/or increasing recreational opportunities and access.

1:21:04 Project Application

Upon Enhanced Land Trusts Program Fund balance reaching Ten Thousand Dollars (\$10,000.00) or more, CWC shall notify towns and villages that have agreed to participate in the Enhanced Land Trusts Program, and counties wherein same are located, of the amount and availability of funds and invite applications to be made within the next sixty (60) days.

1:21:05 Project Selection

The Board shall approve the applications as requested, approve the application contingent on conditions, or disapprove applications. All projects funded shall meet the requirements of a QEDP as defined in Chapter 1:01. All successful applications must execute an agreement with CWC.

Article 1**Chapter 1:22 – 2013 Flood Recovery Grant Program – Not-for-Profits****1:22:01 Application**

An applicant must be either a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code, a not-for-profit corporation organized by and for past and present members of the United States Armed Forces, or a museum chartered by the New York State Board of Regents, that owns property in the WHO Watershed.

1:22:02 Eligible Projects

Projects shall be limited to reimbursement of expenses for the repair of structural damage at property within the WHO Watershed. Reimbursable expense is limited to actual costs of structural repair/replacement (materials and/or labor costs) and including heating/cooling systems due to flood and/or wind damage that occurred between August 28, 2011 and September 9, 2011 and incurred by a not-for-profit corporation or museum chartered by New York State Board of Regents. Expenses not eligible for reimbursement include but are not limited to labor of property owner or volunteers, donated materials, purchase of inventory, income loss due to damage, an expense that is or shall be reimbursable under insurance, governmental program, and/or an approved grant, and any other expense not directly related to repair/replacement of structural damage as described above. Structures or portion thereof used for residential and/or religious purposes are not eligible.

1:22:03 Grant Amounts

The maximum grant amount shall be no more than Ten Thousand Dollars (\$10,000).

1:22:04 Application Cycle

CWC will accept applications until April 30, 2013.

1:22:05 Selection Criteria

All applications shall be reviewed and recommended by the CWC Economic Development Committee and approved by CWC Board of Directors. Recommendations may be based in part on the following criteria:

- Amount of structural damage incurred
- Impact of the Organization on the Community
- Feasibility
- Reasonableness of cost of repairs

1:22:06 Grant Agreement

All approved applicants must execute a grant agreement. The grant agreement shall provide that reimbursement may only be funded by CWC upon satisfactory proof that expense is eligible for reimbursement, is reasonable cost for work performed or materials provided, and was incurred and paid for by the applicant.

Article 1**Chapter 1:23 Municipal Sewer Flood Business Retention Program**

Purpose: To provide loans through leaseback agreements to Watershed municipalities for expansion of service area of a municipally owned wastewater treatment collection system to serve existing or relocated businesses within the West of Hudson Watershed.

1:23:01 Eligibility Requirements

To be an Eligible Municipality, an applicant:

- (a) Must be one of the communities on the list set forth below which has a wastewater treatment plant or community septic system; and
 - 1. Town of Andes (Andes)
 - 2. Town of Ashland (Ashland)
 - 3. Town of Bovina (Bovina)
 - 4. Town of Hamden (Hamden)
 - 5. Town of Kortright (Bloomville)
 - 6. Town of Lexington (Lexington)
 - 7. Town of Olive (Boiceville)
 - 8. Town of Prattsville (Prattsville)
 - 9. Town of Roxbury (Roxbury)
 - 10. Town of Stamford (South Kortright)
 - 11. Town of Windham (Windham)
 - 12. Village of Delhi
 - 13. Village of Fleischmanns
 - 14. Village of Hobart
 - 15. Village of Hunter
 - 16. Village of Stamford
 - 17. Village of Walton

- (b) One or more users of the proposed sewer extension must be an existing or relocated business within the West of Hudson Watershed that does not have an onsite septic system that complies with either the New York City Watershed Regulations or applicable New York State law and/or regulations.

1:23:02 Loan Amounts and Use of Funds

Loans under this section shall be restricted to amount of cost of design and construction of a sewer extension to serve additional properties outside of current service area and/or sewer district. No funds may be used for construction of a privately owned lateral to a structure to be served or for operation and maintenance costs associated with a sewer extension.

1:23:03 Equity Contribution

Equity Contribution by the municipality will not be required.

1:23:04 Terms of Repayment

Municipality shall charge all property owners served or eligible to be served by the sewer extension at rates that at a minimum shall be equal to the rates charged to similar properties served by the wastewater project. Under the lease agreement, municipality shall pay CWC at

Article 1

least quarterly an amount equal to ninety-five percent (95%) of the total amount charged to all property owners served or eligible to be served by the sewer extension. Unless the term is extended by the Board, any principal, interest, fees, or cost still owed at the end of the term of the note shall then be immediately payable to CWC.

1:23:05 Conditions to Closing

Prior to disbursement of funds, an Eligible Municipality must have:

- i. created a lawful system to assess in amounts sufficient to repay the loan to those Property Owners serviced by the extension on whose behalf loan funds were spent for purposes authorized by these Rules; and
- ii. executed an easement lease agreement with the Catskill Watershed Corporation whereby the Municipality would transfer title of easement for the portion of the extension of the sewer to CWC in return for CWC leasing the easement back to the Municipality with funding for construction of the extension.

1:23:06 Term of Agreements

The term of the lease shall be no more than 30 years. The term may be extended by the Board.

1:23:07 Closing Fees

The applicant will be responsible for its costs. CWC will not charge any closing fees.

Article 1**Chapter 1:24 Catskill Municipal Assistance Loan Program**

Purpose: To provide low interest loans to Eligible Towns (hereinafter defined) for municipal purposes. Loans to Eligible Towns will also provide a safe rate of return to CFF through local investment, rather than purchasing bonds on the open market.

1:24:01 Eligibility Requirements

To be an Eligible Town, an applicant must be a signatory to the Watershed MOA and a voting member of the Catskill Watershed Corporation pursuant to CWC By-Laws.

1:24:02 Loan Amounts

The maximum amount of Municipal Assistance Loans that may be borrowed by an Eligible Town shall be \$250,000.

1:24:03 Equity Contribution

Equity Contribution by the Eligible Town will not be required.

1:24:04 Interest Rates

The interest rate for a Municipal Assistance Loan shall be 2% per annum or one and one-quarter percent (1¼%) below the Prime Rate, whichever is higher and shall be adjustable each year.

1:24:05 Conditions to Closing

Prior to or at the closing of any Municipal Assistance Loan, an Eligible Town must have issued a bond, note or other lawful evidence of indebtedness backed by the full faith and credit of the Eligible Town, as evidence of its obligation for the repayment of the entire amount of such loan proceeds. The Eligible Town may utilize form documents created by CWC for this program.

1:24:06 Loan Maturity

The maturity of the Municipal Assistance Loan shall be no more than one year, renewable for up to five years, subject to applicable provisions of State Law.

1:24:07 Loan Closing Fees

The Eligible Town will be responsible for its costs and all CWC Loan closing fees. To minimize costs, municipalities are encouraged to utilize CWC form documents developed for this program.