

To: Town of Cairo Planning Board Members cc: Donna Vollmer
From: Jackie Dinan
Re: Blackhead Mountain Lodge/Special Use Permit Application 2022-1101P
Date: July 31, 2024

My husband and I purchased a seasonal home on Hearts Content Road in 1999. We're concerned about the proposed Blackhead Mountain project because Greene County Rt 31 (via Hearts Content Road) is the preferred short-cut from points south to the resort property.

KARC is mounting the applicant's case in the hopes of a conditioned SEQOR declaration, while Round Top residents are presenting their case for a positive declaration. The Planning Board must vote to issue one or the other. (A negative declaration seems unrealistic.) I believe testimony on the conflicts of interest facing you needs to be entered into the record, specifically **the fundamental conflict between maximizing profits and safeguarding public goods.**

In the past, resorts in Greene County were generally family-owned and operated businesses. Their ownership structures were simple and transparent. Resort properties stayed in the same hands for decades, a source of pride for families and communities alike. The type of "resort" proposed by Courtemanche is worlds apart from that familiar model in function, scale, and financial structure. Their speculative mega-"resort" will *never* embody family pride. Its wealthy guests will not venture out of its boundaries to shop on Main Street. Ownership and management will involve private equity investors and corporate owners whose priority is to maximize shareholder value, *period*. This priority *always* conflicts with protecting a community's public goods like unpolluted water, safe roads, and clean air. In short,

- Anonymous investors take no accountability for their destructive activities.
- Cost-cutting measures ride roughshod over environmental regulations.
- Hitting performance measures prevails over signals of environmental stress.

I believe you take your fiduciary responsibilities seriously and will consider all the arguments presented. Your decision can't be a judgment call on whether the parties involved can be trusted. Rather, you must assess this project's viability keeping in mind to what extent the applicants' incentives and goals are misaligned with the interests of your town. The more aligned, the fewer conflicts of interest. The less aligned, the greater the conflicts of interest. Therefore, I'd like to present the conflicts of interest of the *coalition of applicants* in this process: the Maassmann family, KARC consultants, and Henry Courtemanche.

First, local entrepreneurs—the Maassmann family. Since 1967, when they purchased Blackhead Mountain Lodge from widower Alfred Eisenbach, the personal goals of Edward Sr., his wife, and their sons aligned with those of the Town of Cairo, at least most of the time. Their multi-generational family business prospered and kept profits in the community, an outcome that served the larger public. Mr. and Mrs. Maassmann took a long view of their business, reinvesting

their profits into activities and projects that supported their chosen community (like constructing and then expanding the golf course). This alignment of private and public interests continued for years; then signs of financial strains entered the record.

- In 2015, the Maassmanns allowed their SPEDES permit to lapse, a decision taken to delay costly repairs to the property's antiquated septic system.
- In 2017, they held off a foreclosure action taken by New York Business Development Corporation, just one of their creditors.
- From 2020 to 2021, the covid pandemic decimated their restaurant business.

Facing financial uncertainties, the Maassmann family sold their business in 2023 to a limited liability corporation known as RCBG JV Manager with one employee, Henry Courtemanche. Although holding a clear title to the property, Courtemanche still owes the family 51% of the sales price, structured as a \$1.2M private mortgage between the two parties.¹ Of course, we don't know all the terms of these financial arrangements, but it's doubtful the Maassmann family had that much cash on hand to lend to RCBG JV Manager (and why would they need to?). Instead, they essentially accepted an IOU from Courtemanche who will make good on his IOU if and when the Planning Board approves his development. It's an arrangement allowing Courtemanche to back out of the deal at any time.

From this perspective, it's understandable why the family would throw their support behind RCBG JV Manager LLC to build this mega-"resort" quickly. **The faster the Planning Board approves the project, the faster the Maassmanns are paid in full.** If prolonged delays cause Courtemanche to back out of the project, the family would be forced to find another buyer.

A second interested party is Kelly Libolt, owner of KARC Planning Consultants. As the agent representing RCBG JV Manager, Ms. Libolt's interests are closely aligned with those of her client rather than the Town of Cairo, like keeping costs to a minimum (her own as well as her client's) and securing quick approvals. Undisclosed is the fact that Libolt also owns Eastern Construction Materials, located in Pawling. Her second business sells erosion and sediment control materials as well as stormwater, water supply, and sanitary sewer system materials. Precisely the construction materials Courtemanche will need in substantial amounts should the project be approved. Again, we don't know the terms of her business relationship with Courtemanche, but it stands to reason they already have a memorandum of understanding that Eastern Construction Materials will supply the construction phase of his mega-"resort." In other words, **as Courtemanche's project grows, Libolt's profits also grow, and steadily for several years.** This doesn't make her corrupt, but a savvy entrepreneur under increased pressure to secure a quick win for her client, particularly after her recent failure representing luxury brand

¹ On April 25, 2023, the Green County recorded the deed transfer between Blackhead Mountain Lodge LLC and RCBG JV Manager LLC for \$1,150,000. On the same day, a mortgage for \$1,200,000 between the two parties was filed with Blackhead Mountain Lodge LLC as lender. Again, on the same day, RCBG JV Manager LLC assigned all future profits from the property to Blackhead Mountain Lodge LLC as collateral.

Six Senses in Dutchess County.² The following are some examples of how Ms. Libolt's decisions as agent for RCBG JV Manager reflect her priority (get it done as quickly and cheaply as possible) and conflicts with the best interests of Cairo residents:

- KARC's well-monitoring program relied on the quickest and cheapest method available: public maps and certified letters, rather than maximizing participation through a more labor-intensive (i.e., costly) and time-consuming method of knocking on doors, speaking one-on-one to residents, and scheduling follow-up visits.
- KARC's assertion that the proposed construction will disturb only 19% of the entire parcel (19.34 acres/102.31 acres) versus NYSDEC's calculation that 71.5% of the parcel will be physically disturbed (73.2 acres/102.31 acres). They fail to address (or intentionally ignore) specific environmental concerns highlighted by both NYSDEC and Lamont Engineering.
- KARC has not paid for a hydrogeologist to participate in their studies. Their estimate of water usage intentionally omits "temporary" conditions of construction, irrigation, and water treatment uses, to minimize potential negative environmental impacts. They *assume* or guess a perfect 1:1 ratio of effluent discharge to water demand, again without input from a certified hydrogeologist.

The third and final interested party is Blackhead Mountain Lodge's new owner, RCBG JV Manager LLC, given a human face by Henry Courtemanche, Donal Chick, and their families. On social media, the two express a passion for the hospitality business, but make no mention of environmental sustainability. A Google search confirmed their reliance on private equity firms bankroll their portfolio of developments.³ Their collaboration is not risk-free. They have never worked together before. They have no experience in rural residential settings. Neither has finished a project containing more than two buildings. They have no community ties, no plans to operate the finished resort, and (as the examples below show) pay lip service to environmental concerns.

- RCBG JV Manager initially scheduled construction operations using heavy machinery, glaring lights, and explosives for 24 hours per day, 7 days a week for 26 months, yet insisted that such conditions would not adversely impact wildlife, their habitats, or their corridors (not to mention humans living within a two-mile radius). In April, they reduced

² "Townes say "no" to Six Senses luxury resort—again," *Times Union*, July 2, 2024 [e-Edition].

³ Companies such as R House Hotel Group (rhousedev.com), Eastern Real Estate (eastern-re.com), and Abramson Investors (abramsoninvestors.com; Sean Abramson, president) are associated with Mr. Courtemanche either in past development projects or included on KARC correspondence to NYSDEC related to the Blackhead Mountain Lodge project.

construction activity hours because of the town's noise code, *not environmental concerns*.

- They plan to install water supply and waste systems that use traditional chemical treatments and methods, instead of greywater systems that are more costly to install and operate. Likewise, they insist that using Shinglekill Creek as its sewer will cause no adverse environmental impact because the treated wastewater will conform to NYSDEC limit of 200-400 fecal coliforms of bacteria per 100 milliliters (for protected streams). This is less than NYSDOH requirements for bathing beaches (1,000 fecal coliforms per 100 milliliters).⁴ If they're so confident about the quality of the treated water, then why don't they use that water to fill and maintain their onsite swimming pool(s)? Instead, they intend to truck in water for the pool(s).
- Accountability for securing then enforcing necessary permits falls across multiple entities. For example, an unnamed contractor, not the applicant, is responsible for securing all permits required prior to construction. The Planning Board can approve a special use permit, even though it's not responsible for follow-up inspections or code enforcement. That responsibility falls to a department staffed by three people. Such crisscrossing lines of accountability means that securing permits and enforcing regulations will be, at best neglected, and at worst, ignored *to the detriment of the environment*.

Through KARC, Courtemanche claims he hasn't signed a contract with a future operating entity. While this may be true in a legal sense, it beggars belief that he would assume the financial risk of developing a one-hundred-acre parcel with 139 structures on pure speculation.⁵ He has a serious, interested partner in the luxury travel industry waiting in the wings, like Six Senses.⁶

This is an industry dominated by private equity and publicly traded multinationals that focus on quick returns and profit maximization. Their structures are rigged to drive profits upwards, out of the community and *out of the United States*. Exactly the opposite of what the Maassmann family strived for. RCBG JV Manager operates out of California; VIDA Master Planning +

⁴ KARC responses to public comments (June 3, 2024), p. 10; and Crawford Wastewater and Water Preliminary Report, April 22, 2024.

⁵ 127 key units plus 12 non-residential units (from OP-1, July 1, 2024).

⁶ Their website reads, "We welcome the opportunity to explore how you can benefit from the Six Senses system and brands, *to achieve top returns on your investment...* Six Senses employs a skilled team dedicated to architecture, design, construction and project management. The goal with each new project is to dream big...[emphasis added]." See [Six Senses development program](#)

Design operates out of Costa Rica; Six Senses operates out of Bangkok, Thailand, while its parent company, Intercontinental Hotels Group (IHG) is based outside of London, England.⁷

This doesn't make Mr. Courtemanche a bad person. But it does make him an untethered speculator out of touch with Cairo's interests in pursuit of his own, in the form of quick turnarounds and high returns on his development projects. Just as he can leave the Maassmann family high-and-dry when approvals don't go his way, so too can he desert the town to satisfy the demands of his partners.

There are two reasons why nonprofit organizations dominate activities that protect public goods. First, they are committed to reinvesting excess revenues downward, back into the communities they serve and activities that support their mission. Second, they take a long view in achieving their goals. These goals directly clash with corporate executives' priorities of increasing shareholder value and maximizing their own compensation packages. Global hospitality firms that tout alleged "sustainability" programs do so with advertising campaigns created in marketing departments. They offer workshops in composting, ban plastic straws, or offer "eco-friendly" bathroom amenities to distract attention away from a hidden agenda—to offload responsibility for the environment onto consumers because integrating that a commitment throughout a corporation costs too much money and takes too much time.

The most important stakeholders in this project are your neighbors. Not a woman from Dutchess County looking to expand her businesses; not a West Cast speculator carrying high interest loans; not the executives of a global conglomerate looking to increase shareholder value and their compensation packages. Don't let nostalgia for resorts of the "good old days," reverence of the Maassmann family, or an over-the-top sales pitch distract you from the dozens of red flags signaling adverse effects to the environment this private equity project will create. You need information from studies and experts whose interests align with yours. Hiring Lamont Engineers was a good start, but more is needed, including an engineering report from a certified hydrogeologist. You can make Mr. Courtemanche pay for all of them. And if he balks, well, that's one more red flag waving in front of you.

I urge you to prove yourselves informed, conscientious stewards of the Town of Cairo's public goods—the pristine, natural resources of the Catskill Mountains beloved by generations of residents and vacationers. Take the time needed to proceed with due diligence. Vote to issue a positive SEQR declaration.

Thank you.

⁷ Last year, it was reported that IHG's global portfolio had 6,061 open hotels with a total of 888,147 guest rooms, with a development pipeline of 1,853 hotels with 278,189 rooms (a 30% and 31% increase, respectively). See <https://www.costar.com/article/1158131567/ihg-hotels-resorts-moves-into-new-global-headquarters> (accessed July 26, 2024).