

**CARTHAGE INDUSTRIAL DEVELOPMENT CORPORATION**  
**MINUTES OF MEETING**  
**AUGUST 27, 2014**

**Present:** Robert Gormley, John McHugh, David Zembiec, Wayne McIlroy, Paul Smith, Thomas Piche', Derek Davis, Terry Roche

**Excused:** James Wright, Bruce Armstrong – (proxy to T. Roche) Terry Buckley, Mark Keddy

**Others Present:** Lori Borland, Admin. Asst.

**Call to Order:** President Gormley called the meeting to order at 4:10 p.m.

Open Forum: On behalf of Carthage Free Library a 501(c)(3) not-for profit entity in the Village of Carthage, a presentation was made by Robert Sligar, Camelia Moses, and Mark Hills (Library Representatives) to request a grant from CIDC of \$240,000 to pay down a 30 year USDA loan that the Library obtained as part of its \$1.3 million dollar renovation and expansion project. Mr. Sligar pointed out that due to unforeseen circumstances the Library had to borrow approximately \$450,000 from USDA to complete the project. He noted additional bedrock, roof work, and elevator work as the main contributing factors to the need for the loan. He mentioned that the Library raised over \$800,000 in local funds and donations for the project. It was acknowledged that the Library provides critical community services and is a major component of the community's livability. Mr. Sligar outlined the following services and activities of the Library provided to over 35,000 visitors annually: digital literacy programs for adults, teen group, children's groups, children's summer reading programs, resume building programs, job search assistance, computer instructional programs, cultural evenings, wine tasting, preschool story time, battle of the books competition, art classes, book repair workshops, genealogy workshops, heritage room assistance, school vacation programs, health care act sign up assistance, cooking classes, gardening classes, and other special workshops. It was noted that the Library has 9 full and part time employees. Mr. Sligar pointed out that the USDA loan has an annual payment of \$26,892.00 over 30 years. If the CIDC provides a \$240,000 grant, and the Library is able to secure a \$175,000 Village of Carthage loan at 3%, then the annual debt service will be \$11,646.60 over 20 years. This will result in an annual payment reduction of \$15,245/year and a total life of the loan savings of over \$550,000. The Library pointed out that in addition to the savings, the loan payments would stay within our community paying back the Carthage Loan Fund rather than being sent to Washington to pay the USDA loan. By providing the grant the CIDC would be lessening the burden of government on the citizens of the Carthage area. Failure to provide the grant would likely result in budget tightening at the library, reducing services and jobs at the library as well as a significant rise in taxes collected through the Carthage School District. The Board agreed that it is clear that there is a strong community benefit to this project and that the project is a critical component of the economic sustainability of the community. The Library indicated that they were really not sure how they would raise the annual debt service payments although they had roughly one year of debt payment reserves to allow them some time to figure out options if the CIDC did not make the grant award.

After additional discussion the board agreed that: 1. The Carthage Free Library is critical to the economic sustainability of the Greater Carthage Area and there is a strong community benefit from having a successful community library. This is especially true in a poor rural community like Carthage where the library functions as a center piece of the community and provides an extensive array of services that could not be found anywhere else in the community. 2. That providing these funds to the library would clearly lessen the burden of government on the residents of the Carthage Community and lessen the overall tax burden of the residents. 3. That failure to address this critical need is likely to result in the loss of services and numerous jobs at the library. At this point a motion was made by Mr. McIlroy, seconded by Mr. Smith, to grant the Carthage Free Library \$240,000 to pay down the USDA current loan subject to securing the necessary loan from the Village of Carthage Revolving Loan Fund, or other source of funding. Motion passed unanimously.

Minutes of the June 25, 2014 meeting were previously distributed and read. Motion made by Mr. Smith, seconded by Mr. McHugh, to approve the minutes as written. Motion passed unanimously.

**Reports:**

There was discussion on the expansion of Carthage Specialty Paperboard, and their request to the regional funding agencies for a \$1 million loan package. Mr. McHugh, Mr. McIlroy and Mr. Zembiec indicated that the Mill was working with the twin villages and regional economic development agencies on three projects that were critical to the future of the Mill. The first is the \$8.8 million planned upgrades and renovations to the twin villages waste water treatment plant which was recently recognized as a regional priority project by the NCREDC as part of their regional submittal to the State. The Mill represents 50% of the usage of this system and funding is critical to the long term viability of the Mill. The second is the development of an equalization tank at the Mill to manage waste water flow to the Twin Villages Treatment Plant. The JCIDA has applied for a grant to assist the Mill with installation of the EQ Tank. The Third involves a \$4 million upgrade to the Mills manufacturing equipment. The Mill has secured \$3 million in bank financing for these upgrades and is looking for \$1 million from regional and local economic development loan funds. The Development Authority has provided a million in short term construction financing which will be paid off with permanent financing from a combination of JCIDA, NCA, DANC, and Village Loan funds among others. The Village of Carthage (revolving loan fund) is being approached for a \$100,000 loan as part of this regional loan package. It was noted that this size of a loan represents almost 10% of the Village Loan Fund. It was also noted that the project is not located in the Village of Carthage, although the Village recognizes the importance of the Mill to Carthage. As a result, the Village is hoping that the CIDC would participate by proving a loan guarantee of the Village loan. It was noted that failure to assist the mill would likely result in the loss of many jobs and possible relocation of the Mill. If the Mill closed or down sized, more of the Waste Water Treatment Plant burden would be on the remaining citizens of the community and sewer rates would soar. Lastly, the project is expected to increase production at the mill by 20% and increase employment by more than 10 jobs and retain more than 80 existing jobs. With this in mind, motion was made by Mr. Piche', seconded by Mr. McHugh, to approve a CIDC guarantee of \$50,000 of the \$100,000 Village Loan, subject to approval of all other funding sources. Motion was passed unanimously, and all agreed that this is a very good project.

**Treasurer's Report:**

- a.) and b.) The July and August financial reports, as prepared by Ms. Borland, were distributed and discussed. Mr. Piche made a motion to approve the Treasurer's report which was seconded by Mr. Davis. Mr. Davis made a motion to accept and authorize payment of the bills as presented. The motion was seconded by Mr. Smith. Both motions passed unanimously.

**Old/New Business:**

- a.) **253-255 Status** – It was reported that the engineers are doing design work at the property. The outside work was originally planned be done in the fall, with the interior work done in the winter. It was discovered that the roof trusses need to be re-built, as there are several that had been burned through during a previous fire. Given that information, there will need to be another \$50,000 - \$75,000 added to the project cost at a minimum. Also, the roof replacement and back wall rehab has been pushed back to the spring, with the interior work being started prior to November 1<sup>st</sup>. The board discussed the fact that the CIDC may need to contribute roughly \$150,000 to the project given the roof status.
- b.) **Braman Property Status** - The project is moving ahead with closings on the distribution of the property. The property distribution has been made to the Village for the road and infrastructure and the other parcel has been conveyed to the private owner, and the final property disbursement to Habitat will be done as soon as the attorneys can finish it.
- c.) **Hydro Project update** – the Hydro is operating at about 150% of average. Regarding the True-Up payment, no one owes anything to anyone at this point, and we are likely to exceed \$400,000 in revenues for this year.

**Next meeting:** The next meeting will be on September 24, 2014 at 4:00 p.m.

It was requested that a committee be formed regarding hiring a person to do community and economic development for the CIDC. The committee was formed, consisting of David Zembiec, Wayne McIlroy, Thomas Piche' and Robert Gormley. A date and time was not set for the first meeting.

There being no further business before the Board, a motion was made by Mr. Smith, seconded by Mr. Roche to adjourn. Meeting adjourned at 5:05 p.m.