

**CARTHAGE INDUSTRIAL DEVELOPMENT CORPORATION  
MINUTES OF MEETING JANUARY 27, 2010**

**Present:** Bruce Armstrong, Terry Roche, Tim Wright, Urban Hirschey, Kevin Jordan, Paul Smith, Don Alexander

**Proxy:** Urban Hirschey for Tom Piche'

**Absent:** Wayne McIlroy, Robert Gormley, Terry Buckley

**Others Present:** John McHugh

**Call to Order:** Vice President Urban Hirschey called the meeting to order at 4:20 p.m.

**Minutes: Motion** made by Bruce Armstrong, seconded by Tim Wright, to accept the minutes of the December 16, 2009 meeting as presented (It was noted that Mr. Astafan was shown as absent, but he is not a member of the Board. The minutes will be corrected to reflect this) Motion carried unanimously.

**Election of Officers:** Tim Wright nominated the following members as officers of the CIDC Board of Directors. President, Robert Gormley; Vice President, Urban Hirschey; Second Vice President, John McHugh (non-voting); Secretary, Tim Wright; Treasurer, Wayne McIlroy. The board approved the said slate of officers on a **motion** by Tim Wright, seconded by Don Alexander, with all in favor. (It was noted that as the new Board Treasurer, Wayne McIlroy will be added as a signatory on all CIDC and Carthage Development Group, LP checking and money market accounts with Carthage Federal Savings and Loan and HSBC as a result of becoming the new Treasurer.)

**Appointment of New Member:**

Mr. Gormley has made the recommendation to add a board member who is representative of a Carthage area business or industry. Mr. Gormley recommended Derek Davis, business manager at Slack Chemical, who is also an officer on the EDCC board. Urban Hirschey nominated Mr. Davis to be appointed to the board on a **motion**, seconded by Terry Roche and the motion was carried unanimously.

**REPORTS:**

**a. Main Street Grant Status**

Mr. McHugh reported that he is continuing to work with property owners on getting project designs developed. We will start at the top of the priority list and determine who is ready to start signing the contract. We will skip those applicants who are not ready and proceed to the next prospect on the list. There are 10 applicants asking for over \$500,000 and we have approximately \$400,000 to work with.

**b. 2010 CDBG – application funding authorization**

Mr. McHugh reminded the board that over the past 3 years, the CIDC has sponsored CDBG applications that have allowed Carthage and West Carthage to apply jointly and individually for housing rehab funds. Carthage was successful in 2008 in obtaining \$400,000 which was used to renovate 18 homes in the community. A \$400,000 CDBG grant was also awarded to both communities in 2009. The two villages have formed their committees and should begin implementing the 2009 program this spring. It has been proposed that the CIDC

sponsor a 2010 CDBG grant application to be submitted in March at a cost of approximately \$6,000. There was a **motion** by Paul Smith, seconded by Bruce Armstrong to sponsor a 2010 application for approximately \$6,000 for the villages of Carthage and West Carthage. Motion passed unanimously.

**c. Chamber of Commerce**

The Chamber has applied to St. Lawrence Council of the Arts to fund concerts in the downtown park. He noted that the Chamber received funds in 2009 and the CIDC was the conduit for the funds. Mr. McHugh reported that the Chamber is requesting that the CIDC become the conduit for the 2010 funds. The board approved this request on a **motion** by Paul Smith, seconded by Kevin Jordan, with all in favor.

**d. Annual Report Distribution**

Mr. McHugh explained and distributed the Annual Report, as required. He specifically noted the significant amount of time and effort that has gone into complying with PAAA this year. Mr. Jordan requested clarification of the property ownership list at the end of the report. It was noted that the CIDC owned the land under the cogeneration plant on West End Ave. Mr. Jordan requested clarification on what that means. Mr. McHugh reported that he discovered the Cogeneration site while completing a property search of all properties owned by the CIDC. Based on preliminary research by Mr. McHugh and Mr. Farley, the various relationships concerning ownership, tax agreements and ground leases are all very unclear. Mr. Farley has indicated that a property abstract search may be helpful in determining the various agreements and contracts associated with the property and their relationship with the CIDC. It was noted that one ground lease seemed to indicate that the CIDC should be receiving a \$5,000 annual rent payment from the lessee. However, it is unclear if this was the final agreement or just one in a series of agreements prepared during the transfer of the James River properties. Mr. Farley had estimated that the abstract search would cost somewhere in the neighborhood of \$1,500. It is hoped that the abstract will include most or all of the recorded agreements. On recommendation by Urban Hirsche, there was a **motion** by Tim Wright, seconded by Paul Smith, to obtain an abstract of the property to determine who owns it, recognizing that the cost will be approximately \$1,500. Motion passed unanimously. Mr. Hirsche thanked Mr. McHugh for the report and congratulated him on a very productive 2009.

**Treasurer's Reports:**

**a. b. Financial Reports and Bills**

Mr. McHugh gave his financial report, and distributed year-end Profit and Loss Statement and Balance Sheet, current Profit and Loss Statement, Balance Sheet, Check Detail (bills), and Deposit Detail. After review and discussion, **motion** by Mr. Roche, seconded by Mr. Alexander to approve the financial report as presented. All were in favor.

**OLD/NEW BUSINESS**

**a. Policy manual distribution**

Mr. McHugh distributed the manual to those in attendance. The manual includes all of the policies adopted by the CIDC this year. Most of them were required by the PAAA.

i. *Certification forms were distributed for execution by the Board members present. Mr. McHugh offered to submit the financial disclosure forms to the County for those who wish. Otherwise, they will need to mail the financial disclosure form to the county themselves.*

**b. Committee Appointments (Governance and Audit)**

On a **motion** by Paul Smith, seconded by Kevin Jordan, the current members of the Governance and Audit Committee were reappointed: Bruce Armstrong, Wayne McIlroy, and Terry Roche. Motion passed unanimously.

**c. Hydro Study Status**

Mr. McHugh reminded the Board that they had contracted with Kleinschmit to study the condition of the CIDC's Hydro facility on West End Avenue, discuss future O&M costs when returned to the CIDC, and possible sale of power to Metro Paper when the existing power purchase agreement with National Grid runs out in 2016. In 2008 Kleinschmit conducted a site inspection of the facility. They also reviewed the existing documents maintained by the CIDC including agreements involving Independent Hydro Developers (IHD), the current lessee, and CIDC. After review of existing documents, Kleinschmit requested additional information from IHD. IHD stated that it was premature, since the lease continued for 8 more years. They indicated that the information requested could be made available at a later date when it was more time appropriate.

*The board discussed the obligations of the CIDC as a public authority, and the increased scrutiny that is being placed on corporations like the CIDC. The board agreed that additional analysis needed to occur with regard to maximizing the value of the facility to the community when the existing lease expired in 2016. The Hydro facility committee including Bruce Armstrong, Kevin Jordan, Dave Zembiec, Robert Gormley and John McHugh has been communicating with Kleinschmit on how they could better prepare the CIDC for future decisions about the facility. The committee has asked Kleinschmit to research and analyze publicly available information on the facility including such things as DEC and FERC requirements, and provide an analysis of alternatives for future operations, management and disposition of the facility.*

Mr. McHugh distributed the revised contract and white paper from Kleinschmidt summarizing their findings to date. It was noted that the firm was impressed with the condition of the facility and equipment. They have proposed to continue seeking existing operations data, but acknowledged this may have limited value given the remaining 6 year time frame of the existing lease.

Mr. Jordan indicated that we should begin to communicate with the existing operator to help them understand that we need to do these studies as part of our obligation as a not for profit corporation in New York State.

Discussion followed on what to do with regard to the study. It was agreed that we need to continue exploration of options available to us when the existing lease expires. This will help show that we are being responsible with regard to long term utilization of this asset. Some examples included extending the existing lease if the existing operators remain interested, leasing to another entity, selling

the facility, maintaining the facility ourselves, selling power to local business and industry, etc. Each of these options has strengths and weaknesses and some may not even be viable. It was noted that research on DEC and FERC obligations would be important to this analysis. It was also agreed that further research on the condition of the facility could be delayed a couple years to make it more timely and appropriate. It was noted that phase II of the Kleinschmit study which includes and analysis of future options will cost around \$9,000. A **motion** was then made by Urban Hirschey to move forward with phase two of the study including exploration of future options for operation of the facility and sale of power, seconded by Bruce Armstrong, with all in favor.

**NEXT MEETING** – February 24, 2010

There being no further business Mr. Hirschey adjourned the meeting at 5:40 p.m. with a motion by Paul Smith seconded by Tim Wright with all in favor.