

**CARTHAGE INDUSTRIAL DEVELOPMENT CORPORATION
MINUTES OF SPECIAL MEETING JULY 13TH, 2012**

Present: Bob Gormley, Terry Roche, Terry Buckley, Derek Davis, Tom Piche, Don Alexander, Urban Hirschey, James Wright, Mark Keddy, Bruce Armstrong and Wayne McIlroy (via video)

Proxy: Tom Piche for Paul Smith

Absent:

Excused:

Others Present: John McHugh, Elaine Avallone

1. Call to Order: President Gormley called the meeting to order at 9:02 am.

2. Open Forum

No one in attendance requested the opportunity to speak.

3. Executive Session

President Gormley requested that the Board enter executive session to discuss personnel matters and a possible loan to CAH. Mr. Roche made the motion which was seconded by Mr. Keddy and approved unanimously. The board entered executive session at 9:04 am. At 9:35 am Mr. Hirschey moved to leave executive session which was seconded by Mr. Roche and approved unanimously.

4. New Business

A. Grant to the Village of Carthage

Mr. Gormley initiated discussion with the board members concerning the fact that the JCIDA would no longer be providing staff to do community and economic development within the "Greater Carthage Area" as a result of the comptroller's recent opinion regarding JCIDA staff. The Board noted that the Village of Carthage had conducted community development programs and activities in the past and had a community development director doing this work. Unfortunately, the position was left vacant after numerous mill closures in the 1990's left the village unable to fill the slot without overburdening the local tax payer. Mr. McIlroy, Village President acknowledged that the Village didn't have the resources necessary to refill the vacant position. All agreed that reestablishing the Villages community development capabilities would help address the need for this service in the community. Clearly, the \$14 million dollars worth of public community renewal projects that have been completed in Carthage over the past 9 years supports the value of reestablishing this community development capacity. It was noted that the CIDC had the authority to provide funding to the Village of Carthage to lessen the burden of government and to promote community and economic development in the community. After further discussion Mr. Piche moved the following resolution which was seconded by Mr. Roche and approved unanimously.

WHEREAS, the Village of Carthage wishes to re-establish its community development programs and activities and is concerned about the financial burden such activities may place on its citizens; and

WHEREAS, the Village of Carthage wishes to fill its Community Development Director position which has been vacant for over 10 years due to limit financial resources of the Village of Carthage, and

WHEREAS, the Village of Carthage cannot fill such position without burdening the Village tax payer unless they are able to secure financial assistance from other sources, and

WHEREAS, the CIDC has the authority to provide funding to the Village of Carthage to lessen the burden of government and to promote community and economic development.

BE IT RESOLVED as follows:

Section 1. The CIDC hereby grants \$300,000 to the Village of Carthage to lessen the burden of Government and to enhance the Villages community and economic development capabilities.

Section 2. That such grant shall be disbursed in three lump sum payments of \$100,000, to be disbursed within 30 Days, the second payment of \$115,000 to be disbursed within 12 months, and the final payment of \$85,000 to be disbursed within 24 months.

Section 3. That the President, or in his absence, the Vice-President, or Treasurer is hereby authorized to execute any and all documents, contracts, fund disbursements, and agreements necessary to effectuate this initiative.

Section 4. That the within resolution shall take effect immediately.

The board also noted the need to secure administrative/secretarial services from another entity now that the JCIDA would no longer be providing the service to the CIDC. It was noted that the Carthage Area Chamber of Commerce has capacity to provide this administrative/secretarial service. It was agreed that the Chamber of Commerce would be approached to contract for administrative/secretarial services of the CIDC. If the Chamber is agreeable, a contract could be developed to allow this service to begin on or about August 1st, 2012. Mr. Gormley indicated that he would meet with Mr. Farley to prepare a draft contract.

The board then discussed the future of the CIDC as a Local Development Corporation. It was noted that there are a number of powers bestowed on LDC's that are of no interest to the Board, such as municipal bonding authority. The board discussed the fact that bonding and other IDA project specific activities were more appropriately handled by the IDA. It was suggested that a committee be formed to explore alternate structures for the Corporation and to consider dissolving the CIDC as a local development corporation. It was noted that the CIDC was legally tied to a number of projects and the board will need to make sure that they can form an alternate structure without harming those projects. The board then agreed to form a committee to research options for the future of the CIDC as something other than an LDC. Mr. Gormley appointed the following to the committee: James W. Wright, Terrance L. Roche, Robert E. Gormley and Bruce D. Armstrong.

5. Old Business

A. Carthage Area Hospital Loan (CAH)

Mr. McHugh reminded the board that back in December the EDCC, DANC, JCIDA and CIDC agreed to consider a joint loan of \$250,000 each to provide working capital to the Carthage Area Hospital. At that time the EDCC approved a working capital loan and disbursed the proceeds to the hospital in the form of an unsecured line of credit. It was understood that the EDCC would have the option of becoming part of the larger loan if the other entities moved forward with the requested funding. Mr. McHugh reported that applications have been submitted to each of the agencies by the CAH through Meadowbrook Terrace Inc. requesting a total package of financing of \$1,000,000. To date, the EDCC and DANC have approved their share of the loan. Mr. McHugh noted the underwriting analysis that was provided to each board member. In summary, the loan will be for working capital at 5% interest payable over 10 years with a one year moratorium on interest and principal payments. The loan will be subject to the approval of the other entities with only the JCIDA remaining. The funds will be secured by a third position on the Meadowbrook Assisted Living Facility of which the CAH is the sole owner. At this point Mr. Gormley moved the following resolution which was seconded by Mr. Roche and approved with Mr. Wright and Mr. Alexander abstaining due to their involvement with the DANC and JCIDA share of the total loan package.

WHEREAS, Meadowbrook Terrace Inc. has requested \$250,000 from the CIDC for working capital to assist its owner, Carthage Area Hospital (CAH) with cash flow; and

WHEREAS, Meadowbrook Terrace Inc. will own and operate a newly constructed 60-bed assisted living facility in West Carthage; and

WHEREAS, CAH owns 100% of Meadowbrook Terrace Inc.; and

WHEREAS, CAH is in the midst of an operational restructuring due to past management issues that resulted in insufficient cash flow for operations; and

WHEREAS, CAH is one of the largest employers in the greater Carthage Area and plays an important role in meeting the healthcare needs of the community and Fort Drum; and

WHEREAS, CAH does not have the ability to borrow additional debt at this time due to constraints by existing lenders; and

WHEREAS, Meadowbrook Terrace Inc. has the ability to secure debt on behalf of CAH; and

WHEREAS, This request for working capital is part of a larger request totaling \$1,000,000 from public agencies to include \$250,000 from the Development Authority of the North Country; \$250,000 from Jefferson County IDA; and \$250,000 previously committed by the EDCC; and

WHEREAS, This is a Type II action under Part 617 of the New York State Environmental Quality Review Act (SEQRA) and is not subject to an environmental review.

BE IT RESOLVED as follows:

Section 1. The CIDC hereby approves a loan for \$250,000 to Meadowbrook Terrace Inc. at the terms and conditions outlined in the attached Term Sheet.

Section 2. That the President, or in his absence, the Vice-President, or Treasurer is hereby authorized to execute any and all documents, contracts, fund disbursements, and agreements necessary to effectuate this initiative.

Section 3. That the within resolution shall take effect immediately.

The Board then discussed the timing of the total loan package. The board noted the EDCC's willingness to advance their loan funds to assist with cash flow at the hospital while applications for the other funds were being prepared by the hospital. The board discussed the fact that it could take upwards of a month to prepare the joint loan documents and the hospital could use the funds as soon as possible. After further discussion, Mr. Piche made the following motion which was seconded by Mr. Hirschey and approved with Mr. Wright and Mr. Alexander abstaining for the same reasons noted above.

WHEREAS, Meadowbrook Terrace Inc. has requested \$250,000 from the CIDC for working capital to assist its owner, Carthage Area Hospital (CAH) with cash flow; and

WHEREAS, The request for working capital is part of a larger request totaling \$1,000,000 from public agencies to include \$250,000 from the Development Authority of the North Country; \$250,000 from Jefferson County IDA; and \$250,000 previously committed by the EDCC; and

WHEREAS, CIDC and DANC, have approved such loan at the terms and conditions outlined in the attached Term Sheet and the EDCC has previously disbursed its share of the loan package; and

WHEREAS, The paperwork necessary to disburse such loan for all the parties will take some time to prepare; and

WHEREAS, CIDC wishes to disburse its share of the larger package to CAH to respond to immediate cash flow needs.

BE IT RESOLVED as follows:

Section 1. The CIDC hereby approves an unsecured demand note for \$250,000 to Meadowbrook Terrace Inc. at 0% interest.

Section 2. That such loan shall be incorporated with the joint working capital loan as described above upon closing on the loan.

Section 3. That the President, or in his absence, the Vice-President, or Treasurer is hereby authorized to execute any and all documents, contracts, fund disbursements, and agreements necessary to effectuate this initiative.

Section 3. That the within resolution shall take effect immediately.

6. Next Meeting

Mr. Gormley noted that the next meeting is scheduled for July 25th at 4:00 pm in the Village of Carthage meeting room.

7. Adjournment

There being no further business the meeting was adjourned at 10:03 am.