

Carthage Industrial Development Corporation
2012 Annual Report

I. INTRODUCTION

The Village of Carthage continued to make substantial progress in restoring its downtown and creating an economically sustainable commercial district. Four building restoration projects were completed in 2012. In addition, a number of new businesses opened and most apartments were occupied in the downtown area. The Village Green on the front side of what used to be the “Fire Site” was transferred to the Village of Carthage in 2012. The Village will continue to maintain this asset for years to come. The Village Green has become a focal point of the downtown community and adds to the overall visitor experience.

Community development activities continued in other parts of the twin villages, as well. Assistance was provided to the Carthage Area Hospital as it weathered difficult financial times. The community also continued to focus its attention on the existing housing stock with the ongoing, and expanding, housing rehabilitation program.

2012 also marked the first full year of operation of the West End Dam Hydro Facility by Northbrook Energy-Carthage, LLC. The first year saw numerous improvements to the facility and smooth operations throughout the year.

We are proud to say that the Greater Carthage Area is continuing to grow as a “Community of Choice” within the region. Progress toward this goal is due in large part to the assistance and cooperation of our regional partners including the Village of Carthage, Village of West Carthage, Towns of Champion and Wilna, Carthage Area Chamber of Commerce, Development Authority of the North Country, Jefferson County Industrial Develop Agency, Jefferson County, Tug Hill Commission, Jefferson County Planning/Highway Departments, River Area Council of Governments, and our local elected officials.

II. EDCC/CIDC RESTRUCTURING

There was significant restructuring of operations and management in 2012 with the termination of the administrative services agreement between the EDCC/CIDC and the JCIDA. The process of restructuring also included termination of the shared services agreement between the EDCC and CIDC. At the same time the corporations lost the services of the Community Development Coordinator who left his employment with the JCIDA for a job as Community Development Director for the Village of Carthage. This resulted in the need for new administrative assistance which was secured via a contract with the Carthage Area Chamber of Commerce beginning August 1st, 2012. The Chamber is now providing day to day administrative services associated with the CIDC and CDG. In addition, the EDCC has initiated its dissolution and has terminated its contract with the Village of Carthage to manage the Community Development Revolving Loan Fund. The decision to do so was strictly based on economics associated with the cost of complying with the Public Authority Accountability Act (PAAA). The EDCC and Village both agreed that the Village could administer the Village’s Revolving Loan Fund and avoid the duplicative costs associated with PAAA compliance. The Village of Carthage initiated internal administration of the village loan fund at the end of 2012. This has included formation of a Village of Carthage Loan Committee, adopting loan guidelines and modifying its loan application

forms. Prospective loan applicants should not experience any inconveniences associated with this change in administration.

III. MAJOR PROJECTS

A. 256-264 State Street Project

Management of the 256-264 State Street project continued to be a major priority in 2012. The apartment complex had a greater than 98% occupancy rate for the year. Stefano's Pizzeria initiated expansion into adjacent space at 256 State Street, and two new businesses were added in the commercial space at 262 and 264 State Street. The two new businesses include Ablan's Business Center and NNY Gals and Guys. We are hopeful that these two new businesses, and an expanded Stefano's Pizzeria, will help increase foot traffic in the downtown and add to the economic sustainability of this historic corridor.

As previously mentioned, the CIDC completed some restructuring of its operations in 2012 with the July 31st termination of its administrative services contract with the EDCC and JCIDA. The CIDC entered into an administrative contract with the Carthage Area Chamber of Commerce on August 1st, 2012 and the Chamber is now assisting with rent-up of the building and management of the finances. The Chamber's duties include handling all financial matters, working with tenant prospects, assisting with applications, providing income certifications, and coordinating annual recertification of tenants. The transition has been very smooth and tenants have experienced little if any inconvenience as a result of the change in administration.

B. Property Redevelopment

The CIDC, in cooperation with the Village of Carthage, continues to plan for the redevelopment of underutilized/abandoned property within the Greater Carthage Area. The CIDC formed Braman Development, LLC in 2010 and has assumed ownership of the abandoned Braman property. The corporation continues to explore reuse potential for the property. The corporation will continue to target underutilized or abandoned properties as they become available in the future.

C. Fire Site Redevelopment

The balance of the Fire Site including the Village Park was successfully transferred to the Village of Carthage in 2012 from the Carthage Community Development Corporation (CCDG). The CCDG was made up of the EDCC, CIDC and Carthage Area Hospital. The organization has initiated dissolution with the transfer of the property and the dissolution of the EDCC. Redevelopment of the Fire Site has included development of a 12,400 square foot Medical Office Complex at the rear of the site which is now fully occupied by CAH Medical Services. The front of the site was developed into a Village Park. The Park area has been landscaped with ornamental fencing, lighting, park benches, grass, trees, flower beds and a community clock donated by Slack Chemical Company, Carthage Federal Savings and Loan, and T. F. Wright & Sons Granite Foundry. The Village of Carthage proudly maintains the park as its current owner.

D. Marketing

The Chamber of Commerce and CIDC continued to pursue marketing of the Village of Carthage. The focus has been on letting people who are new to the North Country know that Carthage is a great place to live and do business. We continue to make available our "Community of Choice" marketing brochure that introduces Carthage to new arrivals. The CIDC and Chamber of Commerce continued to market the community through its summer concert series, held at the farmers' market.

E. West End Dam Hydro-Electric Facility Planning

Northbrook Energy-Carthage, LLC completed its first full year of operation of the West End Dam Hydro Facility. CIDC coordinated numerous repairs with Northbrook Energy and the facility operated smoothly throughout the process. With the completion of one full year of operation all transitional items from the prior lessee have been completed and no warranty items remain. The only difficulty experienced during the year was historically low flows on the Black River resulting in significant reductions in power generation. We are hopeful that this was a one-year anomaly and typical flows will return to the Black River Basin resulting in more traditional power generation at the facility.

F. Administration and Regulation Compliance

In this changing government climate numerous procedures, rules and regulations have been established by state agencies regulating Local Development Corporations and Public Authorities. The most significant regulations have been implemented through the Public Authority Accountability Act. The Act requires adoption and implementation of an extensive list of operating procedures and policies as well as substantial reporting requirements. Staff invested a significant amount of time in the first half of 2012 with development and implementation of the required policies and procedures mandated by the Act. In the second half of the year Chamber of Commerce staff began providing administrative assistance with application of these policies and filing reports as necessary.

IV. FUNDING ASSISTANCE

The following section summarizes projects and activities that have received or been awarded funds in 2012.

A. Existing Funding

RestoreNY Medical Office Complex- \$579,000

Staff assisted the Village of Carthage and Carthage Area Hospital with the administration of a \$579,000 RestoreNY grant to assist with phase II of the CAH medical office complex at the rear of the Fire Site. The CIDC awarded a \$31,000 bridge loan to Carthage Area Hospital in 2012 to assist with final close-out of this RestoreNY grant. Repayment of the loan will occur upon release of the final RestoreNY grant payment anticipated to occur in 2013.

New York Main Street Grant- \$424,000

The CIDC received a \$424,000 New York Main Street Grant in 2009. The purpose of the grant was to continue ongoing building and infrastructure restoration efforts in downtown Carthage. The grant has been utilized to install new ornamental street lighting in the downtown as well as assist seven downtown properties with façade improvements, roof and brick work, new heating systems, renovation of apartments and commercial spaces. All Program projects were completed in early 2012 and the State completed its review and final close-out of the grant during the summer of 2012.

2011 CDBG Carthage/West Carthage Housing Rehabilitation- \$400,000

The CIDC provided the funding necessary to prepare this CDBG Application. Staff assisted the Twin Villages in the first half of the year with administration of the \$400,000 grant which was awarded in 2011. The funds are being used to support scattered site housing rehabilitation throughout the Carthage and West Carthage Villages. The program is a continuation of the very successful Carthage Housing Rehabilitation Program initiated in 2008 and now called the Twin Villages Housing Rehabilitation Program. To date, more than 50 homes have received rehabilitation assistance. The Carthage Area Chamber of Commerce is providing administrative assistance with implementation of the grant. The Village of Carthage manages this housing program on behalf of the twin villages.

2011 North Country Home Consortium Application for Funding

Staff assisted the Twin Villages with an application for a \$121,824 North Country Home Consortium grant that was awarded in April of 2011. Staff assisted with implementation of the program through the first half of this year. All of these funds were successfully disbursed in 2012 and 6 homes received rehabilitation assistance. The funds were administered through the Twin Villages Housing Rehabilitation Program which is managed by the Village of Carthage.

B. New Funding

2012 CDBG "Greater Carthage Area" Housing Rehabilitation- \$400,000

In 2012 the Twin Villages Housing Rehabilitation Program successfully applied for a \$400,000 CDBG that has expanded this housing program to include the Towns of Wilna and Champion and the Villages of Carthage and West Carthage. The CIDC provided the funding necessary to prepare this successful CDBG Application. The Twin Villages Housing Rehabilitation Program has now become the Greater Carthage Area Housing Rehabilitation Program and now serves all four communities in the Greater Carthage Area. Like previous programs these funds will be used to support scattered site housing rehabilitation throughout the two towns and twin villages. It is anticipated that the grant will support the rehabilitation of 16 homes in the grant service area. The Carthage Area Chamber of Commerce continues to provide administrative assistance with implementation of the grant. The Village of Carthage is managing this housing program on behalf of the involved communities. The CIDC has now funded the preparation of these grant applications each of the last six years and over 1,721,000 has been secured to date.

New York Main Street Grant/RARP Grants- \$200,000

To continue its efforts of restoring downtown Carthage, the CIDC applied for two grants in 2012 including a New York Main Street Grant and a Rural Area Restoration Program Grant. Although the Main Street Grant was unsuccessful, the CIDC was awarded a \$200,000 RARP Grant to assist with the redevelopment/restoration of 253-255 State Street. The CIDC will be implementing this project over the next two years and will be pursuing additional funds to fill the gap created by the partial funding.

V. CIDC LOANS

Carthage Area Hospital Loans

A. \$250,000 working capital loans.

The CIDC provided a \$250,000 working capital loan to the Carthage Area Hospital in 2012. The loan was part of a \$1,000,000 consolidated loan provided in equal shares by DANC, JCIDA, EDCC and CIDC. This is a 5% loan with a one year moratorium on payments with a 10 year term. These loans were critical to preserving the future of the Carthage Area Hospital which is a critical component of Carthage community and the future of Fort Drum in our region. On top of that the hospital is one of the largest employers in the Carthage Area with over 350 high paying jobs

b. \$31, 443 loan advance RestoreNY Grant Program.

The CIDC provided a 0% interest \$31,433 bridge loan for the RestoreNY Grant being used to construct the Medical Office Complex on the fire site. The purpose of the advance was to help the Hospital with construction cash flow. The loan funds will be reimbursed upon release of the final RestoreNY Grant disbursement. It is anticipated that the Village of Carthage, as grant recipient, will be submitting the final grant draw in 2013.

Main Street Restoration Project Loans

The CIDC provided construction financing to each property assisted with Main Street Grant Funds. The loans were 0% interest and were repaid upon receipt of Main Street Grant reimbursements. These construction loans are critical to the success of the program since it eliminates the need to secure bank financing which can be expensive and time consuming. The CIDC also provided permanent financing to two property owners that had been awarded Main Street Grant Funds. The properties included 249 State Street-(\$2,947) and 266-268 State Street-(\$12,532). The loans were necessary to complete critical components of these Main Street funded projects and are forgivable 0% interest loans contingent on complying with Main Street Grant Program requirements over a 7 year period.

VI. VILLAGE OF CARTHAGE LOAN PROGRAM ADMINISTRATION

A. Loan program

As previously stated, the EDCC initiated dissolution in 2012 in response to increased costs associated with compliance with new State Public Authority reporting requirements. As a result, the loan program has been returned to the Village of Carthage with administration being provided in-house by the Village of Carthage Village Board and Staff. It is important to note that the EDCC was very successful during its tenure of administering the Village Loan Fund and deserves substantial credit for the renaissance that has taken place in Carthage over the past 10 years. The EDCC's management of the loan fund included many projects that have helped improve the future of Carthage including but not limited to the location of Metro Paper in the abandoned James River Paper Mill, the 256 State Street Project, Redevelopment of the Fire Site, The Buckley Building restoration, the Carthage Market, Carthage Area Hospital, and many other projects too numerous to list.

For the purposes of this report, the activities of the EDCC and Village of Carthage will be combined. The EDCC/Village manages 13 active loan accounts and had two loans pending at the end of 2012. The boards approved consolidation of its \$250,000 loan to the Carthage Area Hospital with the CIDC, DANC, and JCIDA in 2012. The board approved a short-term loan of ±\$155,800 for purchase of a new snowmobile trail groomer by the Carthage Snowmobile Club in 2011. The loan was paid off in 2012 upon receipt of a State grant by the Snowmobile Club. The EDCC/Village also provided a \$25,000 loan to Ablan Business Center to open an AT&T phone and office supply store in downtown Carthage. The funds were used to assist with the build out of the business center located at 264 State Street.

INVENTORY OF CIDC PROPERTY

As of 12-31-2012
Swiss Code: 226001

Parcel number	Address	Description	Assessment
1. 86.32-1-78.1-601	West End Ave	Hydro-Electric Facility	\$4,651,000
2. 86.32-1-78.1	Black River	River Bottom (40.60 acres)	\$ 8,200
3. 86.40-1-2	Black River	River Bottom (19.50 acres)	\$ 4,200
4. 86.32-1-78.2-401	West End Ave	Property beneath Co-Gen	\$12,000,000*
5. 86.40-2-50	Riverside Dr.	Vacant parcel (\pm 0.3 acres)	\$ 8,100

Braman Development LLC

1. 86.24-1-33.1	837 Alexandria St.	Vacant Braman property	\$ 9,800
2. 86.24-1-33.2	Boyd Street	Vacant Braman property	\$ 3,900

*** CIDC may own property beneath Co-Generation Facility. The Co-Gen is located on the property via a ground lease. An abstract of the property was acquired in 2010 and is currently under review by the CIDC legal council.**

Property Disposed of in 2012

1. 86.41-4-41	State Street	1/3 owner Fire Site (\pm 0.56 acres)	\$ 45,000
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(Property was donated by Carthage Coordinated Development Group, LP to the Village of Carthage. Property is currently a community Green Space/Park.)

INVESTMENTS

As of 12-31-2012

<u>INSTITUTION</u>	<u>RATE AND TERM</u>	<u>AMOUNT</u>
1. Carthage Federal Savings and Loan	CD(12month)@ 0.55 APY	\$103,600.01
2. Carthage Federal Savings and Loan	CD(12month)@ 0.55 APY	\$103,600.01