

**CARTHAGE INDUSTRIAL DEVELOPMENT CORPORATION  
MINUTES OF MEETING MARCH 28<sup>th</sup>, 2012**

**Present:** Urban Hirschey, Jim Wright, Derek Davis, Tom Piche, Dave Zembiec, Bruce Armstrong, Wayne McIlroy

**Proxy:** Bruce Armstrong for Mark Keddy

**Absent:** Terry Roche

**Excused:** Bob Gormley, Paul Smith

**Others Present:** John McHugh, Tod Nash, Mike Astafan

**Call to Order:** Treasurer McIlroy called the meeting to order at 4:20 p.m.

**Minutes:** Motion made by Mr. Piche, seconded by Mr. McIlroy, to accept the minutes of the February 29th, 2012 meeting. Motion carried unanimously.

**REPORTS:**

**Coordinators Report**

**a. Main Street Grant Status**

Mr. McHugh reported that all final draw paperwork has been submitted and accepted by the State. It is expected that the final payment will be received within a few weeks. He also mentioned that we have numerous remaining projects on the Main Street list that could be included in the next funding round. He also noted that National Grid has been contacted regarding extending the new lights across the bridge and we should have an idea of feasibility by the April Board Meeting.

**Treasurer's Report**

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

Mr. McHugh gave his financial report, and distributed Profit and Loss Statement, Balance Sheet, Check Detail (bills), and Deposit Details through March 28th. After review and discussion, motion by Mr. Piche, seconded by Mr. Wright to approve the financial report and pay the bills as presented. All were in favor.

**c. Audit Review**

Mr. McHugh noted that the Audit was complete and has been e-mailed to all the Board Members. The e-mail included the various management letters. It was noted that the only significant comments made in the management letter was that the board does not have an internal accountant who prepares the financial statement for review by the auditors. The letter noted that this is common with small organizations like the CIDC. Typically small organizations have the accountants prepare the financial statements as part of the audit process to save money. The only way to eliminate this comment is to hire an accountant on staff to prepare the financial statements, or hire another accountant to prepare the statement before it is audited by Sovie and Bowie. It was noted that the audit is thorough and no change in the process was proposed at this time.

**EXECUTIVE SESSION  
(Not Necessary)**

## **OLD/NEW BUSINESS**

### **a. Hydro Facility Status**

Mr. McHugh and Mr. Nash reported that they had met at the facility with Gary Lee of Lee Mechanical and Facility Operator Gary Wood to discuss a possible repair of gate #1. Mr. Nash reported that it appears that there is a reasonably simple repair that he and Mr. Lee agreed on. Mr. Lee will prepare a scope of work, schedule, and cost estimate for consideration of the Hydro Committee prior to the next meeting of the full board. It is hoped that the repair would occur during the next low flow period.

### **b. Shared Services EDCC/CIDC**

Mr. McIlroy reported that the Audit/Governance committee had reviewed and approved a request from the EDCC to adjust their share of the costs associated with the JCIDA Administrative Service Agreement from 35% to 25%. As noted in the attached minutes, the EDCC's revenues are down due to low interest rates and they are not able to meet their obligations without reducing their funds available for new loans. Mr. Davis noted that the Hospital line of credit drew down most of their available funds. It was noted that the CIDC has an ongoing revenue generator in the West End Dam Hydro-Electric Facility and the EDCC has no other revenue source other than its loan portfolio and interest income. After a brief discussion, Mr. Piche moved to adjust the EDCC's Share to 25% as requested and increase the CIDC share to 75%. Mr. Armstrong seconded the motion which carried with Mr. Davis abstaining.

### **c. RestoreNY Hospital Project Close-out**

Mr. McHugh requested authorization to advance payment on the final known bill for the hospital medical office project which was built on the fire site. The bill is from the general contractor and is for approximately \$31,500. Payment of this bill will allow close-out of the RestoreNY grant that the Village received in support of the Hospital's project. Mr. McHugh explained that the RestoreNY grant is similar to the Main Street grant in that the bills must be paid before the payment can be reimbursed by the grant. To the best of the Hospital's knowledge, there is only one bill left to be paid before the final grant balance can be drawn down and the grant closed-out. There is roughly \$75,000 left in the grant to be drawn down. Given the hospital's tight financial situation, Mr. McHugh requested authorization to pay the bill (Like the CIDC did with the Main Street Program) with the understanding that the CIDC would be reimbursed when the Village receives the final disbursement of the grant from the State. It has been almost a year since the project was completed and the grant should be closed-out as soon as possible. If approved, Mr. McHugh would work with Mr. Farley to prepare the necessary paperwork regarding payment of the bill. With no further discussion, Mr. Davis moved to authorize Mr. McHugh to pay the bill so that the final draw of the RestoreNY grant can be completed. The motion was seconded by Mr. Piche and approved unanimously.

### **d. PARIS Annual Report**

Mr. McHugh noted that a draft of the report had been e-mailed to all of the Board Members Tuesday afternoon. He apologized for the late delivery and noted the amount of time and effort required to complete the report. At this point the Board reviewed the PARIS report page by page. A number of questions were raised by the board including the following:

1. Why does the board not have a finance committee as it appears to be required by the Public Authority Laws?
2. It was noted that Mr. Zembiec was not included in the Board Member Report. (Mr. McHugh indicated that Mr. Zembiec had been registered as a designee of Don Alexander and he did not know why he was not listed. His detail sheet was included though.)
3. The board questioned why the answer to "Is this a complete list of affiliates" was NO.

Mr. McHugh responded to the questions as follows: He believed the CIDC was not required to have a finance committee. He did not know why Mr. Zembiec was not included in the Board Membership list. Lastly, he believed that the ABO completes the response to the affiliates question after it has reviewed what the CIDC submitted. Mr. McHugh also indicated that the

affiliates listed were all the ones he was aware of. He indicated that these questions and answers would be submitted to the ABO for verification prior to submitting the report. (Note: Follow-up was completed on March 29<sup>th</sup> and the ABO indicated that the CIDC would only be required to have a Finance Committee if it issues bonds. The ABO also acknowledged that there was an internal issue with printing Board Members designees on the report, and they were working on it. The ABO also acknowledged that the “No answer” for affiliates is computer generated when a new affiliate is added. In our case we had added the Braman LLC. Once the Braman LLC is reviewed by the ABO the answer will be changed to “yes”.)

The Board had questions concerning the policies regarding employees. It was noted that the CIDC has no employee and that is why they have no employee contracts or governing policies.

The Board also discussed the procurement section of the report noting that the CIDC does not generally bid out contracts for certain professional services. Although the Board is technically allowed to enter professional service contract for certain professional services, without going through a bidding process, the State is beginning to discourage this practice. Mr. Wright noted that the Development Authority has gotten into the habit of bidding out as many of the services it needs as possible. He encouraged the CIDC to do the same in the future.

The Board made note of the fact that they did not have a process for dealing with impermissible contact during procurement.

Mr. McHugh explained that the Audit and Governance Committee (Committee) had met on March 23<sup>rd</sup> regarding the Assessment of Internal Controls; Mission Statement Performance Review; Review of Investment Policy; Evaluation of Board Performance; and review of other policies as necessary. The Board then reviewed the recommendations of the committee and took the following actions:

1. Assessment of Internal controls. After review Mr. Wright moved to accept the Assessment of Internal Controls prepared by the committee, the motion was seconded by Mr. Zembiec and unanimously approved.
2. Mission Statement Performance Review. After review of the report prepared by the committee Mr. Piche moved to accept the report which was seconded by Mr. Armstrong and unanimously approved.
3. Investment Policy. The committee recommended no change in the policy at this time. Mr. Davis moved to accept the recommendation which was seconded by Mr. Zembiec and approved.
4. Evaluation of Board Performance. Mr. Wright moved to accept the report prepared by the committee which was seconded by Mr. Armstrong and approved.

After brief discussion, Mr. Armstrong motioned to approve the Public Authority report for submission to the State via the PARIS process subject to positive response from the ABO on the questions raised by the Board during the review. The motion was seconded by Mr. Wright and approved. (As noted above, all of the questions and answers were verified by the ABO on 3-29-12.)

Mr. Piche then moved to direct the committee to develop a process for reviewing and investigating allegations of impermissible contact during a procurement, and imposing sanctions in instances where violations have occurred, in accordance with Section 139-j(9) of the State Finance law.

#### **NEXT MEETING:**

The next meeting of the Board is scheduled for April 25th at 4:00 pm in the Village of Carthage Meeting Room.

There being no further business Mr. Hirschey adjourned the meeting at 5:35 p.m.