

**CARTHAGE INDUSTRIAL DEVELOPMENT CORPORATION
MINUTES OF SPECIAL MEETING NOVEMBER 1ST, 2011**

Present: Bob Gormley, Terry Roche, Terry Buckley, Derek Davis, Tom Piche, Paul Smith
Proxy: Terry Roche for Don Alexander; Robert Gormley for Urban Hirschey, James Wright, and Wayne McIlroy

Absent:

Excused: Bruce Armstrong,

Others Present: John McHugh

Call to Order: President Gormley called the meeting to order at 4:00 p.m.

President Gormley reported that we have called this special meeting to address installation of a new shaft in unit 2 of the West End Dam Hydro-Electric Facility. The new shaft was delivered to the project site on or about October 5th and is missing dowel pin holes that are a necessary part of the shaft installation. Because the shaft was delivered many weeks after it was supposed to be delivered, and was lacking the necessary dowel pin holes, the contractor that our lessee was going to use for the installation has backed out on the project. They have indicated their reluctance and lack of confidence in dealing with the dowel pin holes. They have also indicated that they are out of time on the installation and would not be able to get to the project until sometime in the winter. Mr. Gormley noted a letter sent to us by Ed Hudson from Nevell Sachs on October 27th. The letter recommends constant monitoring, monthly inspections and cautions about the existing shaft breaking at any time. The lessee has no other contractor available to address the installation and time is of the essence on getting the shaft installed

Recognizing the possibility of litigation in this matter, Terry Buckley moved to go into executive session which was seconded by Paul Smith and unanimously approved. The Board went into executive session at 4:15 pm. At 4:40 pm Paul Smith moved to leave executive session which was seconded by Mr. Piche' and unanimously approved.

Mr. McHugh reported that he has contacted LC Precision. This is the company that installed the shaft in unit #1 a couple of years ago with assistance from Mike Lisk (the operator for WEDA). They have indicated that they could install the shaft and were comfortable with making the dowel pin holes on site. They offered to do the job for a lump sum of roughly \$75,000. They would provide liability and workman's comp. insurance and include us as additional insureds. The project will take roughly 28 days if everything goes smoothly. He noted that failure to proceed immediately could result in the existing shaft breaking and destroying the entire plant. If the unit is shut down while we look for another contractor it will cost the CIDC approximately \$2,500 a day during peak operations. We are entering the high flow period and failure to act for even one month could cost the CIDC as much as the installation itself, among many other costs. In addition, pursuing installation during the winter months will make the project more risky and potentially more costly.

At this point Mr. Roche made a motion to adopt the following resolution which was seconded by Mr. Gormley and unanimously approved.

**RESOLUTION WITH REFERENCE TO AUTHORIZING CONTRACT FOR
INSTALLATION OF NEW SHAFT IN UNIT #2 OF WEST END DAM HYDRO-
ELECTRIC FACILITY**

Motion by: Mr. Roche Seconded by: Mr. Gormley.

WHEREAS, The shaft in Unit #2 of the West End Dam Hydro-Electric Facility has a crack that requires immediate replacement, and

WHEREAS, A new shaft was delivered to the hydro facility site on October 5th, 2011, and

WHEREAS, The current lessee Northbrook Energy, LLC has determined that they are unable to install the new shaft at this time and would not have a contractor available until “winter”, and

WHEREAS, The existing shaft could break at any time and cause catastrophic damage to the facility, and

WHEREAS, The contractor that was involved with the installation of a new shaft in Unit # 1 of West End Dam Hydro-Electric facility has proposed to install the shaft in unit #2.

BE IT RESOLVED as follows:

Section 1. The Board hereby determines that this is an emergency, that there is not enough time to seek alternate proposals and that failure to act could result in a catastrophic failure at the West End Dam Hydro-Electric Facility.

Section 2. The Board hereby authorizes entering into a service contract with LC Precision, and/or its affiliates and Mike Lisk and/or his affiliates to install the new shaft in unit #2 of the West End Dam Hydro-Electric Facility with an initial contract of \$75,000.

Section 3. That this resolution shall take effect immediately.

Recognizing that the shaft in Unit #2 could fail at any time Mr. Smith made a motion to direct Northbrook to shut down unit #2 immediately. Mr. Piche seconded the motion. It was noted that the CIDC would be obligated to pay Northbrook for lost generation during the shut down period. It was also noted that the risk of failure and catastrophic impact to the entire plant was too high and shut down was a prudent action given that dewatering the unit and installation of the new shaft could begin as soon as Thursday. At this point the Board President called for a vote on the motion and it passed unanimously. (Note: Northbrook was contacted that evening and proceeded with the shut down of unit #2)

The board then discussed the need to monitor proper operation and maintenance of the plant by the new lessees. Mr. Gormley made a motion to pursue Hydro inspection services with Mr. Lisk once the shaft has been successfully installed. The motion was seconded by Mr. Buckley and unanimously approved.

There being no further business the meeting was adjourned at 5:05 pm.