

**Watertown Local Development Corporation
Annual Board Meeting Minutes
Thursday, December 20, 2012**

The Watertown Local Development Corporation (WLDC) held its annual meeting on Thursday, December 20, 2012 at the Hilton Garden Inn, 1290 Arsenal Street, Watertown, New York.

MEMBERS PRESENT – Jeffrey Graham, President; Mark Bellinger, Kenneth Mix, Erika Flint, Donald Alexander, Jeffrey Fallon, Dave Zembiec (Designee for Donald Alexander), John Vanderloo (Designee for Roseanne Murphy), Mike Lumbis (Designee for Ken Mix), Jim Mills (Designee for Jeffrey Graham)

MEMBERS EXCUSED – Roseanne Murphy

OTHERS PRESENT – Donald Rutherford, CEO; Kim Taylor, Executive Assistant; James Heary, Legal Counsel; RoAnn Dermady, Commercial Lender, Watertown Savings Bank

CALL OR ORDER – President Graham called the meeting to order at 12:14 p.m.

President Graham welcomed RoAnn Dermady, Mike Lumbis and Jim Mills to the meeting.

I. MINUTES – Mr. Fallon made a motion to approve the November 15, 2012 minutes, seconded by Mr. Bellinger. All in favor, approved.

II. FINANCIAL STATEMENTS – Mr. Fallon reviewed the financial statements for the month of November. Mr. Fallon stated that the NYS Retirement expense is the last contribution that will be made by the LDC. Mrs. Taylor stated the amount represents the contribution from April 2012 to March 2013 which was billed by the JCIDA and will be reimbursed by NYS in 2013. Mrs. Taylor stated she did not know the amount of reimbursement.

Mr. Rutherford reviewed the delinquent accounts, the status on defaulted loans and the loans committed.

A motion was made by Mrs. Flint to approve the financial statements for the month November, seconded by Mr. Mix. All in favor, approved.

III. CORRESPONDENCE – President Graham stated correspondence was received from the City of Watertown appointing Mike Lumbis as Ken Mix's designee to the WLDC Board of Directors.

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President Graham stated correspondence was received from Westelcom regarding fiber in the CCIP. Mr. Rutherford stated Westelcom is interested in seeking assistance from the WLDC in the form of a grant for high speed connectivity to businesses in the CCIP. Mr. Rutherford stated he was not given a budget from Westelcom other than a low \$30,000 to a high of \$50,000 in the form of a grant. Mr. Rutherford asked for the Boards thoughts on a grant.

Mr. Alexander stated it is very important that our park have technology in place for the existing businesses. Mr. Rutherford stated Roth Industries, Inc. has expansion plans for the future and will be adding additional employees. Roth Industries is a global company and there is a need for higher speed support. Mr. Rutherford stated all the businesses have provided letters of support for fiber optic capabilities. The businesses would pay for their own service.

The board discussed possibility partnering with Westelcom or a possible ownership in the fiber. Counsel Heary stated an ownership interest could be complicated and suggested a loan to the company.

Mrs. Flint requested the company ask for something specific. Mr. Rutherford stated he will request a project scope if the board is willing to assist Westelcom.

Mr. Alexander suggested offering the company a no interest loan for five years with the fiber being the responsibility of Westelcom.

President Graham requested Mr. Rutherford give the board some idea of how many feet and the cost of installing the fiber.

Mr. Vanderloo suggested Mr. Rutherford speak with DANC about fiber optic capabilities.

III. COMMITTEES
LOAN REVIEW COMMITTEE

Neighbors of Watertown, Inc. - A motion was made by Mr. Alexander to approve renewing the \$200,000 Note and the \$300,000 Line of Credit both at 0% interest to Neighbors of Watertown, Inc. until January 1, 2014, seconded by Mrs. Flint. All in favor. Carried.

Christine Haga – A motion was made by Mr. Bellinger to approve refinancing an existing loan to Christine Haga in the amount of \$24,808.06 at 6% fixed for 7 years, guarantee of Leeman Haga, seconded by Mr. Fallon. All in favor, carried.

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Roth Industries, Inc. – A motion was made by Mr. Fallon to approve a \$400,000 one year time note with the ability to pay down and re-borrow at 5% fixed interest to Roth Industries Inc., first position on all accounts receivable and inventory for the purpose of gap funding. Mr. Rutherford stated that the company will not have multiple drawdowns similar to a line of credit.

Mr. Rutherford stated Roth will be expanding their facility by adding a 20,000 sq. ft. addition next year.

Mr. Rutherford stated he received a letter from Key Bank declining the request from Roth Industries, Inc. to Key Bank for a line of credit. Key Bank has indicated they are comfortable with their current debt exposure to the company.

The motion was seconded by Mrs. Flint. All in favor, carried.

Covered in Chocolate – Mr. Rutherford stated Covered in Chocolate will be closing their business in the Franklin Building December 31, 2012. Mr. Rutherford stated the owners have every intention of paying their existing loans with the LDC. Mr. Rutherford stated the Loan Review Committee agreed to release the owners from the lease and agreed to work with the owners to sell the equipment which would be used to pay down the existing loans.

Mr. Rutherford stated he will actively begin marketing the space at the Franklin Building.

President Graham stated Mr. Rutherford contact restaurants that maybe interested in the equipment, in particularly Jeff Puccia and Vito's Gourmet.

A motion was made by Mr. Bellinger to release the owners of Covered in Chocolate from the lease agreement, to provide assistance in selling the equipment at the premises, proceeds of the sale of equipment will be used to pay down the existing loans with the LDC, seconded by Mr. Fallon. All in favor, carried.

Watertown Locksmith – Mr. Rutherford stated Watertown Locksmith has abandoned Suite F in the Franklin Building. Mr. Rutherford stated he spoke with Carl Winekoff who signed the lease along with his brother Josh Winekoff. Mr. Carl Winekoff has indicated he will be sending the December lease payment. The lease terminates April 2015.

Mr. Rutherford stated America's Own would like to lease the larger space (Suite F). America's Own is an existing tenant.

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Mr. Rutherford asked Counsel Heary how to proceed with Watertown Locksmith. Counsel Heary stated the lease should address abandonment. Mrs. Taylor will forward Counsel Heary the lease to review.

Mr. Rutherford suggested reducing the monthly lease payment to the smaller space (Suite G) which is currently occupied by America's Own to Watertown Locksmith.

North Country Arts Council – A motion was made by Mrs. Flint to approve the request to extend the reduced lease payments in the amount of \$250.97 for a period of six months to North Country Arts Council for Space D. The full base rent will resume July 1, 2013. The motion was seconded by Mr. Bellinger. All in favor, carried.

Mr. Rutherford stated the President of the NCAC has had some personal circumstances and unfortunately the targeted goal was not met to open Screen on the Square. Mr. Rutherford stated that if the NCAC cannot fulfill the base rent July 1, 2013 than the LDC will exercise the right of first refusal if there is someone interesting in leasing the space.

Recognition of Mark Bellinger – President Graham thanked Mr. Bellinger for his seven years of service on the WLDC Board and presented Mr. Bellinger with a coin from the City of Watertown and a plaque from the WLDC Board. President Graham also thanked Mr. Bellinger for his willingness to continue to serve on the Ad Hoc Committee until the pension is resolved.

AUDIT/FINANCE COMMITTEE

2012 Audit – The audit will be conducted by Poulsen and Podvin the week of February 11, 2013.

GOVERNANCE COMMITTEE

WLDC Policies - Mr. Mix stated the Governance Committee met on November 28, 2012 (attached). Mr. Mix stated the annual review of the policies was conducted by the committee and recommend approval by the board. A motion was made by Mr. Fallon to approve the changes to all of the WLDC policies, seconded Mrs. Flint. All in favor, carried.

The revised policies will be posted to the WLDC website.

Confidential Evaluation of Board Performance – Mr. Mix stated the committee reviewed the evaluations conducted by each board member and designee. The

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Evaluation will be sent to the Authority Budget Office. A motion was made to approve the Board Evaluation by Mrs. Flint, seconded by Mr. Fallon. All in favor, carried.

Authority Mission Statement and Performance Measurements - The Board affirmed and understand the mission statement of the WLDC. Mr. Rutherford questioned whether there was a written policy for hiring employees of the WLDC. Mr. Bellinger stated the Employee Handbook has been reviewed by the Ad Hoc Committee which could be approved at the next board meeting. Mr. Alexander stated the board is responsible for hiring the CEO and the CEO is responsible for hiring the CFO. Mrs. Flint stated the Employee Handbook has not been officially adopted but the handbook does address employment. President Graham stated the board needs to keep direct oversight of the employees.

A motion was made by Mr. Mix to approve the Mission Statement and Performance Measurements for 2012, seconded by Mr. Fallon. All in favor, carried.

NOMINATING COMMITTEE

Election of Director – President Graham stated the Nominating Committee recommend RoAnn Dermady, Commercial Loan Officer of Watertown Savings Bank to serve on the WLDC Board of Directors. Mrs. Dermady will serve on the Loan Review Committee and the Audit/Finance Committee. A motion to approve Mrs. Dermady to the WLDC Board of Directors was made by Mr. Mix, seconded by Mr. Fallon. All in favor, carried.

2013 Board of Directors – President Graham stated the Nominating Committee recommend the following 2013 Board of Directors and the committee structure (attached)

President	Jeffrey Graham, Mayor, City of Watertown
Vice President	Erika Flint, Erika Flint, Executive Director, Watertown Urban Mission
Treasurer/Secretary	Jeffrey Fallon, Vice President, Community Bank
Director	Roseanne Murphy, North Country Regional Director, NYS Economic Development
Director	Kenneth Mix, City Planning Coordinator, City of Watertown
Director	Donald Alexander, CEO, JCIDA
Director	RoAnn Dermady, Commercial Loan Officer, Watertown Savings Bank
Designee	James Mills for Jeffrey Graham

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Designee	Dave Zembiec for Donald Alexander
Designee	John VanDeLoo for Roseanne Murphy
Designee	Mike Lumbis for Ken Mix

A motion was made by Mrs. Flint to approve the 2013 Board of Directors and committee structure, seconded by Mr. Fallon. All in favor, carried.

PERSONNEL COMMITTEE

Evaluation of CEO – Mr. Bellinger stated the Personnel Committee on November 28, 2012 (attached) met to conduct the annual employee evaluation of Mr. Rutherford and recommend an increase of 3.0%. Mr. Bellinger stated Mr. Rutherford has exceeded expectations, stating the financial stability of the organization remains strong with a low delinquency ratio. Mr. Bellinger stated the Committee would like a strategic planning session to be scheduled. Mr. Rutherford stated the committee also discussed expanding the loan portfolio beyond the parameters of the City. President Graham stated he concurs with everything Mr. Bellinger stated and recognized that the NYS pension issue was a distraction. Mr. Rutherford stated it was a tough year, stating that the delinquency rate could have been much higher and citing the pitfalls with the JCIDA we kept our eye on the ball. Mr. Rutherford stated we continue to have a close relationship with the JCIDA and thanked the board for their support.

President Graham stated Mrs. Taylor’s evaluation will be conducted by Mr. Rutherford.

A motion was made by Mr. Fallon, seconded by Mr. Bellinger to approve the salary increase in the amount of 3% to Donald Rutherford, CEO. All in favor, carried.

Ad Hoc Committee – The Ad Hoc Committee (Ms. Flint, Mr. Bellinger, Mr. Fallon) has met with the Harbridge Consulting Group in regard to a pension plan for Mr. Rutherford and Mrs. Taylor. Mr. Bellinger stated all board members on agreeable to the concept to set up a defined contribution plan for Mr. Rutherford and Mrs. Taylor. Mr. Fallon stated request for proposals will be sent to brokerage firms to set up and manage the plan. Mr. Bellinger stated the committee will brief the employees the first of the year.

Activity Report of CEO – Mr. Rutherford stated he will have the report at the January board meeting.

ADJOURNMENT – A motion to adjourn the meeting was made by Mr. Fallon, seconded by Mrs. Flint. All in favor, carried. The meeting adjourned at 1:55 p.m.