

**Watertown Local Development Corporation
Board Meeting Minutes
Thursday, January 17, 2013**

The Watertown Local Development Corporation (WLDC) held its board meeting on Thursday, January 17, 2013 at 82 Public Square, Watertown, New York.

MEMBERS PRESENT – Jeffrey Graham, President; Kenneth Mix, Erika Flint, Donald Alexander, Jeffrey Fallon, RoAnn Dermady, Dave Zembiec (Designee for Donald Alexander), Mike Lumbis (Designee for Ken Mix)

MEMBERS EXCUSED – Roseanne Murphy, John Vanderloo (Designee for Roseanne Murphy)

OTHERS PRESENT – Donald Rutherford, CEO; Kim Taylor, Executive Assistant; James Heary, Legal Counsel; Craig Fox, Reporter, Watertown Daily Times

CALL TO ORDER – President Graham called the meeting to order at 8:28 a.m.

I. MINUTES – Mr. Fallon made a motion to approve the December 20, 2012 minutes, seconded by Mrs. Flint. All in favor, approved.

II. FINANCIAL STATEMENT – Mr. Fallon reviewed the financial statements for the month of December.

Mr. Rutherford reviewed and updated the board on the delinquent loan accounts.

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

III. CORRESPONDENCE – None

**IV. COMMITTEES
LOAN REVIEW COMMITTEE**

Stream of New York, Inc. – The Loan Review Committee recommend approval of a loan in the amount of \$250,000 to Stream New York, Inc. Mr. Rutherford stated that the borrower has not been clarified. Mr. Rutherford stated Stream will be renovating its current facility to accommodate new contracts and increase personnel up to 1,000. The total project amount is \$4,264,949 which consists of financing from the JCIDA, NCA, JCLDC, DANC, and ESD.

A motion was made by Mr. Fallon to approve the loan to Stream New York, Inc. (subject to change) in the amount of \$250,000 at 5% fixed for 5 years to coincide with the lease term, co-proportional first mortgage on real estate, guarantee of Stream Global

**Watertown Local Development Corporation
Board Meeting Minutes
Thursday, January 17, 2013
Page Two**

Services, funds to be used to renovate existing facility, contingent upon satisfactory appraisal, approvals by all other funding sources, seconded by Mrs. Flint. All in favor, approved.

Diana Rodriquez (The Pilates Studio) Lease – Mr. Rutherford stated he received a request from Ms. Rodriquez to lease her existing space at the Franklin Building month to month because of personal reasons. Mr. Rutherford stated Ms. Rodriquez is happy with her space; the LDC has not had any issues with payment and recommends approval. Ms. Rodriquez's lease will expire February 28, 2013. Mr. Heary stated he will prepare a new lease for Ms. Rodriquez.

A motion was made by Mr. Alexander to approve leasing 135 Franklin Street, Suite H to Diana Rodriquez on a month to month basis beginning March 1, 2013, seconded by Mrs. Flint. All in favor, approved.

Risk Rating December 2012 – The Loan Review Committee recommend approval of the Risk Rating for 2012. Mrs. Flint stated Jason Gittings should be deleted from the report. Mr. Rutherford explained the risk rating report to the board.

A motion was made by Mr. Fallon to approve the risk rating with the changes noted, seconded by Mrs. Dermady. All in favor, approved.

Blue Mountain Spring Water, Inc. – Mr. Rutherford stated Watertown Savings Bank have requested the WLDC to subordinate its existing lien positions on the real property located at 1011 Watertown Drive, Watertown owned by Blue Mountain Spring. Mr. Rutherford stated the bank is in the process of getting an update appraisal of the property.

A motion was made by Mr. Mix to subordinate the Watertown Local Development's existing lien positions on Blue Mountain Spring Water, Inc.'s property located at 1011 Waterman Drive to Watertown Savings Bank, contingent upon satisfactory appraisal, seconded by Mrs. Flint. Mrs. Dermady abstained. Approved.

Current Applications, Inc. – Mr. Rutherford stated Mr. Anderson, President of Current Applications is requesting the existing \$150,000 (\$75,000 each) participation loan with the JCLDC be termed out five years rather than four years. Mr. Rutherford stated the business is doing extremely well but approving a five year term would ease cash flow.

**Watertown Local Development Corporation
Board Meeting Minutes
Thursday, January 17, 2013
Page Three**

A motion was made by Mr. Fallon to approve extending the term to five years on the \$150,000 participation loan to Current Applications, Inc., contingent upon JCLDC approval, seconded by Mrs. Flint. All in favor, approved.

EXECUTIVE SESSION – President Graham requested a motion to enter into executive session to discuss pending litigation. A motion was made by Mr. Fallon to enter into executive session, seconded by Mrs. Flint. All in favor, approved. Mr. Fox was excused from the meeting. The board entered into executive session at 9:05 a.m.

A motion to adjourn the executive session was made by Mrs. Flint, seconded by Mr. Fallon. There was no action taken. The board reconvened the regular meeting at 9:14 a.m.

PERSONNEL COMMITTEE

Employee Handbook – Mrs. Flint stated the Ad Hoc Committee recommend approval of the Employee Handbook. President Graham commended Mrs. Flint on revising the handbook. Mrs. Flint stated the retirement plan will be added to the handbook once the plan is implemented.

The Board wanted clarification on the dependent age for health insurance. Mr. Mix understood the age to be 26. Mrs. Taylor stated she had documentation from the state website stating it was 29. The board requested clarification on the dependents age.

Mr. Mix is Chairman of the Personnel Committee as of January 1, 2013.

Mrs. Flint stated Mr. Bellinger will continue to serve on the Ad Hoc Committee regarding the pension for employees.

Mr. Mix made a motion to approve the Employee Handbook contingent on the age of dependents and the retirement language to be provided at a later date, seconded by Mr. Fallon. All in favor, approved. A revised handbook will be sent to the Personnel Committee.

AUDIT/FINANCE COMMITTEE

Audit Committee Meeting – President Graham stated a meeting will be scheduled with the auditors in the next couple of weeks.

Activity Report of CEO – Mr. Rutherford's report is attached.

**Watertown Local Development Corporation
Board Meeting Minutes
Thursday, January 17, 2013
Page Four**

NEW BUSINESS – There was no new business.

OLD BUSINESS

Ad Hoc Committee Pension Update – Mr. Fallon stated the Ad Hoc Committee has the pension in concept and have spoken with BPA, RBC and the Morgia Group to handle the fund. Mr. Fallon stated the committee did not send a formal RFP to the investment firms. Mr. Fallon stated the pension will be retroactive to August 1, 2012, stating there may be a tax event for the WLDC and stated the auditors should be advised. Mrs. Flint stated the committee is comfortable with the three and stated the LDC already has a partnership with RBC. Mrs. Flint stated the billing could occur quarterly or monthly, the firm chosen will make the determination. Mr. Fallon stated the Ad Hoc Committee will follow-up with the firms and report to the board at the next meeting.

Franklin Building – Mr. Rutherford stated Covered in Chocolate has vacated their space at the Franklin Building. Mr. Rutherford stated he has a prospect that is willing to use the space as is without any renovations.

Mr. Rutherford stated the North Country Arts Council is \$20,000 away from reaching their goal for the Arts on the Square. The Arts Council has several fundraising events scheduled this summer.

Mercy Hospital Building – President Graham stated the City of Watertown staff has been instructed to be proactive with the current owners regarding the care of the building. The taxes are up to date on the main building and the city could take title to the two parking lots as early as June. Mr. Rutherford stated GE Capital is at a point to work with anyone to get them away from the building. Mr. Rutherford stated GE Capital will allow the WLDC to conduct a feasibility study but was not sure if GE has the legal right as a mortgage holder to allow someone to come into the building or if it was up to the owner of the building. Currently Samaritan Medical Center has the rights of the building. Mrs. Flint suggested the feasibility study be conducted now that SMC is in the building; we cannot go back in time. Mr. Alexander stated we need to be proactive; it's the smart thing to do and suggested maybe Advantage Watertown can learn something from other organization on how they handled a similar situation. Mr. Rutherford suggested speaking to the Schenectady IDA director.

Counsel Heary considered making a deal to buy the mortgage from GE Capital and form a separate entity. Mr. Alexander stated you would end up with control of the property if we held the mortgage which would allow time to conduct a study. Mrs. Flint

**Watertown Local Development Corporation
Board Meeting Minutes
Thursday, January 17, 2013
Page Five**

questioned how realistic is it to acquire the mortgage and what is the cost of obtaining the mortgage. Mr. Fallon questioned what the cost of a feasibility study would be of the building. Mr. Rutherford stated he did not know what the cost of a feasibility study would be.

President Graham stated we need to step up the effort to get in touch with the owners of the building. Mr. Rutherford stated he will contact GE about the mortgage balance.

Mr. Alexander questioned whether there was anything open ended with the discussions with Addie Russell office? Mr. Rutherford stated he was not aware of any other discussions.

Franklin Building – Mr. Rutherford suggested contacting a realtor or a broker to market the commercial space at the Franklin Building to be paid on commission. The Board authorized Mr. Rutherford to contact the two commercial brokers (Pyramid Brokerage and CB Richard Ellis).

NEXT MEETING – The next board meeting will be held on Thursday, February 21, 2013 at 8:30 a.m.

ADJOURNMENT – A motion to adjourn the meeting was made by Mrs. Flint, seconded by Mr. Fallon. All in favor, carried. The meeting adjourned at 10:15 a.m.