

**Watertown Local Development Corporation
Meeting Minutes
Thursday, August 15, 2013**

The Watertown Local Development Corporation (WLDC) held its board meeting on Thursday, August 15, 2013 at 82 Public Square, Watertown, New York 13601.

MEMBERS PRESENT – Jeffrey Graham, President; Kenneth Mix, Erika Flint, RoAnn Dermady, Jeffrey Fallon, Dave Zembiec

MEMBERS EXCUSED – Donald Alexander, James Mills (Designee for Jeffrey Graham), Mike Lumbis (Designee for Kenneth Mix), 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; Timothy Scee, Reporter, Newsjunky.com; Gary Beasley, Executive Director, Neighbors of Watertown, Inc.

CALL TO ORDER – President Graham called the meeting to order at 8:31 a.m.

I. MINUTES – Mrs. Flint made a motion to approve the minutes of June 20, 2013, seconded by Mr. Fallon. All in favor, approved.

II. FINANCIAL STATEMENTS – Mr. Fallon reviewed the financial statements for the months of June and July. Mr. Fallon reviewed the investments regarding the loss on the RBC accounts. Mr. Rutherford stated he met with Cyril Mouaikel, of RBC explained interest rates have fallen and the value of a bond makes you have a higher value. Mr. Rutherford stated we are not realizing any of the income. Mrs. Flint explained that her organization reports the investments the same way and believes this is the generally accepted accounting principal of reporting the loss. Mr. Rutherford stated he would contact Brianna Tousant at Poulsen & Podvin to determine if there is another way to report the investments. Mr. Fallon stated he would like to attend the meeting with Mr. Rutherford and Ms. Tousant.

Mr. Rutherford reviewed the delinquent loan accounts.

A motion was made by Mr. Zembiec to approve the June/July financial statements, seconded by Mrs. Flint. All in favor, approved.

Mr. Rutherford suggested the Board considering diversify the investment portfolio of the WLDC Mr. Rutherford stated we have had a zero return on certificates of deposits and suggested mutual stock funds which would realize a larger return. President Graham stated interest rates continue to go up and down, that we should be cautious

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and stated there were plenty of guidelines from other agencies. The Board of Directors suggested Mr. Rutherford contact to Rande Richardson, Executive Director of NNY Community Foundation to receive some insight on finances/investments.

III. CORRESPONDENCE – None

IV. COMMITTEES

LOAN REVIEW COMMITTEE

Stream New York – The Loan Review Committee met and recommend approval to amend the January 17, 2013 approval reference the request from Stream New York. Mr. Rutherford stated the owner and the borrower of the funds will be the Jefferson County Industrial Development, the collateral position will be a co-proportional second mortgage on real estate and the North Country Alliance is no longer a source of funds. The ESD funds are a direct grant to the project.

The lead agency will be the Jefferson County Local Development Corporation.

Mr. Heary suggested the Board allow approval for a direct loan to Stream Global Services or the Jefferson County Industrial Development Agency.

Mrs. Dermady requested receipt of the 2012 financial statements contingent upon approval.

A motion was made by Mrs. Dermady to amend the original request dated 1/17/2013 in the amount of \$250,000 at 5% fixed for five years to coincide with the lease term, co-proportional second mortgage on real estate, borrower to either be JCIDA or Stream Global Services, guarantees of Stream Global Services and Stream New York, contingent upon receipt of 2012 financial statements, funds to be used renovate current facility, seconded by Mrs. Flint. All in favor, approved.

John Bang d/b/a Survival Techs – The Loan Review Committee met and recommend approval of a loan to John Bang d/b/a Survival Techs in the amount of \$20,000 to be used for additional working capital to enhance his website and purchase inventory. Mr. Rutherford stated Mr. Bang currently has two startup loans with the WLDC and has paid as agreed. Mr. Bang is also requesting \$30,000 loan from the JCIDA. Mr. Rutherford stated Mr. Bang has been in business since 2010 and his current inventory levels does not allow for attendance at annual outdoor recreational and trade shows. Mr. Rutherford stated Mrs. Bang has the wherewithal to pay back the loan, yes it is a risk but the risk is off set by the guarantor. Mr. Rutherford stated the company was profitable

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last year and with a larger inventory his sales are going to get what he is projecting. President Graham stated people keep coming back to the public agencies to general cash flow and this would be \$70,000 in unsecured debt. Mr. Zembiec stated the JCIDA has not considered the loan yet. Mr. Zembiec question whether Mr. Rutherford was confident Mr. Bang could pay back the loan. Mr. Rutherford stated we have Mrs. Bang's guarantee. Mr. Zembiec suggested Mr. Bang seek bank financing; Mrs. Dermady stated a bank wouldn't look at the request. Mr. Rutherford suggested requesting Mr. Bang downsize the project and come back to the agency. Mrs. Flint stated \$50,000 is a lot of inventory and website design and suggested the LDC wait for approval from the JCIDA. Mr. Rutherford suggested the board table the request from Mr. Bang to recast the loan and gather further information. The loan request to Mr. Bang was tabled.

Washington Street Properties, LLC – A motion was made by Mrs. Flint to approve the subordination request from Watertown Savings Bank to subordinate the WLDC current 2nd mortgage to 3rd mortgage on the loan with Washington Street Properties, LLC loan subject to receipt of the appraisal and authorize the CEO to executive the agreement, seconded by Mr. Mix. All in favor, Mrs. Dermady abstained. Approved.

Activity Report – Mr. Rutherford's activity report is attached.

V. NEW BUSINESS

Neighbors of Watertown – Mr. Beasley, Executive Director of Neighbors of Watertown requested \$250,000 in gap funding to help finance a rental housing program. Mr. Beasley stated the fund would be used to rehabilitate units that become vacant when tenants move into new complexes being built to fill the housing needs of Fort Drum soldiers. Neighbors of Watertown are seeking \$1 million in state funding. The DANC is providing \$250,000 in matching funds. Neighbors of Watertown will administer the program through a revolving loan to landlords at 3% interest with a 10 year amortization with no tenant income restrictions. Mr. Beasley requested a the loan to Neighbors at 0% for two years stating that it would take 24 months to implement the program and the WLDC would be reimbursed after Neighbors of Watertown receives the state money. Mr. Beasley stated the average cost per unit would be \$20,000 for a total of 58 units within a 20 mile radius of Fort Drum.

Mr. Heary stated the WLDC Board would need to grant approval from the Watertown City Council because the program is regional. President Graham stated the critical need is in the city. Mr. Zembiec suggests we request a blanket approval from the City Council on the program.

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It was the consensus of the Board of Directors to participating in a regional program with Neighbors of Watertown, Inc. that would benefit the City of Watertown.

Velocity Space/Brighton Apartments – President Graham suggested whether Neighbors of Watertown could clean up the Court Street building where Velocity has been occupied. President Graham stated it would be a worthwhile project. Mr. Beasley stated Neighbors of Watertown would like to see what can be done to help but it is a complicated deal since the building is broken up into four parts. Two of the sections of the building consist of Velocity, the Brighton Apartments and a rear part facility the J.B. Wise parking lot. Neighbors of Watertown own the Brighton Apartments on floors two through eight in the same building. President Graham suggested the WLDC and the City of Watertown need to get involved and requested Mr. Beasley explores the possibilities and get in contact with Mr. Rutherford.

President Graham stated the former Berow and Monroe store on Court Street is another vacant building to consider. Mr. Beasley stated it would benefit to partner in any of these buildings.

VI. OLD BUSINESS

Mercy Hospital Update – President Graham stated COR Development has taken title of the former Mercy Hospital building and plans for demolition and reconstruction will be underway.

Jain Irrigation – Mr. Rutherford stated the JCIDA will be contributing the track to the rail in the City Center Industrial Park to Jain Irrigation. Mr. Rutherford stated the cost of the land to Jain Irrigation will be \$1 and the LDC will consider spending up to \$150,000 to move the rail siding.

Mr. Rutherford stated Jain Irrigation will be determining in the next couple of weeks whether the company will move to the CCIP.

Franklin Building Update – Mr. Rutherford stated the Franklin Building has two new tenants: Self-Direct, Inc. and Northern New York Autism Foundation, Inc.

America's Own – Mr. Rutherford requested the Board allow for early termination of the Lease Agreement between the WLDC and America's Own. America's Own lease would have terminated on January 2014. A motion to authorize the early termination of the lease agreement with America's Own was made by Mrs. Flint, seconded by Mr. Zembiec. All in favor, approved.

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Mrs. Flint questioned whether the LDC has ever considered moving the office to the Franklin Building as it would help the bottom-line for the agency. Mr. Rutherford stated it is something we have considered. No action taken.

North Country Arts Council – Mr. Rutherford stated the LDC received the reduced lease payment from NCAC for Suite D. the full lease payment for Suite D was effective July 1, 2013. Mr. Rutherford stated the LDC has not received a request from the NCAC to subsidize the rent. The Board discussed granting the NCAC a right of first refusal and start marketing Suite D. Mr. Rutherford stated he will contact the NCAC to discuss reaching an agreement to reinstate or terminate the lease.

VII. NEXT MEETING – The next meeting will be held on September 19, 2013 at 8:320 a.m.

VIII. ADJOURNMENT – A motion was made by Mr. Fallon to adjourn the meeting, seconded by Mr. Mix. All in favor, approved. The meeting adjourned at 9:35 a.m.