

**Watertown Local Development Corporation  
Meeting Minutes  
Thursday, September 19, 2013**

The Watertown Local Development Corporation (WLDC) held its board meeting on Thursday, September 19, 2013 at 82 Public Square, Watertown, New York 13601.

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

**MEMBERS EXCUSED** – Erika Flint, James Mills (Designee for Jeffrey Graham), 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 8:30 a.m.

**I. MINUTES** – Mr. Fallon made a motion to approve the minutes of August 15, 2013, seconded by Mr. Mix. All in favor, approved.

**II. FINANCIAL STATEMENTS** – Mr. Fallon reviewed the financial statements for the month of August. Mr. Fallon stated the Finance Committee discussed the amount of funds being spent on legal fees to recapture bad debt. Mr. Fallon requested a list of customers who are currently in litigation and the amount of legal fees expedited for each customer.

Mr. Rutherford met with Brianna Tousant, Poulsen & Podvin regarding the RBC Unrealized Gain/Loss account. Ms. Tousant indicated the account is correctly being reported and is a generally accepted accounting principal which should remain as is. Mr. Rutherford indicated that if the investment value goes down it is considered a paper loss although the WLDC receives the interest income; it is a discount from an operational standpoint and is recouped when the bond matures.

Mr. Rutherford reviewed the past due customer loans for the month of August.

A motion was made by Mrs. Dermady to approve the August financial statements, seconded by Mr. Alexander. All in favor, approved.

**III. CORRESPONDENCE** – None

**IV. COMMITTEES**  
**LOAN REVIEW COMMITTEE**

**Watertown Local Development Corporation**  
**Meeting Minutes**  
**Thursday, September 19, 2013**  
**Page Two**

**John Bang** – The loan request was withdrawn from John Bang.

**North Country Arts Council** – A motion was made by Mr. Alexander to extend the reduced lease payment to North Country Arts Council, Suite D in the amount of \$297.50 until February 1, 2014 with a right of first refusal, seconded by Mr. Mix. Mr. Fallon indicated the WLDC would have the right to market Suite D through Pyramid Brokerage. Mr. Rutherford requested Counsel Heary review the lease between North Country Arts Council and the WLDC. With no further discussion, the motion was approved unanimously.

**North Country Children's Clinic** – Mr. Rutherford stated previously the North Country Children's Clinic requested the WLDC to subordinate its existing debt to Community Bank; however Community Bank never advanced any funds to NCCC. Mr. Rutherford and Mr. Alexander met with the new Executive Director of NCCC Wednesday to discuss the current and ongoing financial needs of the company. Mr. Rutherford stated NCCC did not receive the grant funds for cash flow and are requesting the WLDC to consider approving a \$125,000 demand note for sixty days. Mr. Rutherford indicated the company will be providing a long term plan, monthly cash flows and quarterly financial statements to the WLDC. President Graham stated that the clinic is a positive downtown business, however if they apply for public funds the loan review process should not be circumvented. Mr. Rutherford indicated the clinic was made aware of the underwriting process of requesting funding from the WLDC.

Counsel Heary suggested the LDC be certain the grant monies received by the NCCC can be used to retire the debt. Counsel Heary recommended Community Bank acknowledge the WLDC has rights to the first \$125,000 plus accrued interest of the \$274,000 Federal grant which is expected to be received on or prior to October 31, 2013 and suggested the grant documents be reviewed to insure that the funds can be used to retire the bank debt.

Mr. Alexander made a motion to approve a \$125,000 demand note to North Country Family Health Center, Inc. at 5% interest rate to be used for working capital contingent upon the following:

- 1) Demand Note to be paid on or before October 31, 2013,
- 2) WIC Federal Grant receivable to be reviewed by WLDC legal counsel,

**Watertown Local Development Corporation  
Meeting Minutes  
Thursday, September 19, 2013  
Page Three**

- 3) Consent and acknowledgment by Community Bank the WLDC has the rights to the first \$125,000 grant to be used to pay off the WLDC demand note;
- 4) Waive the loan request through the WLDC Loan Review Committee

The motion was seconded by Mr. Mix, Mr. Fallon abstained. Approved.

**Brent Lewis Subordination Request** – A motion was made by Mr. Fallon to approve the request from Watertown Savings Bank to subordinate the WLDC’s existing lien position on 101-103 Public Square in the amount of \$100,000 and authorize the CEO to execute the subordination agreement, seconded by Mr. Alexander. Mrs. Dermady abstained. Approved.

**AUDIT/FINANCE COMMITTEE**

**2014 Budget** – Mrs. Dermady made a motion to approve the 2014 Budget with the recommended revision to the Franklin Bldg. Master Lease Expense Account to include the electric, water and sewer, seconded by Mr. Fallon. All in favor, approved.

**V. NEW BUSINESS**

**Agreement between Neighbors of Watertown, Inc. and National Development Council**

– Mr. Rutherford requested the Board of Directors to approve the allocation of \$1333 a month to Neighbors of Watertown, Inc. to defray 50% of the cost of the contract between Neighbors of Watertown, Inc. and the National Development Council. The contract began September 1, 2013 for one year. The Board of Directors tabled the request and requested Gary Beasley, Executive Director of NOW update the board on how the funds have contributed to the community.

**VII. OLD BUSINESS**

**Jain Irrigation, Inc.** - Mr. Rutherford stated Jain Irrigation, Inc. is interested in owning a building rather than leasing a building and soon will be choosing a contractor/developer.

**CCIP Rail Siding** – Mr. Rutherford stated conversations with CSX will continue to develop once Jain Irrigation choses a contractor/developer.

**NYS Authority Budget Office** -Mr. Rutherford stated the Authority Budget Office conducted an audit of the WLDC last week. A report will be issued to the Board of Directors.

**Watertown Local Development Corporation**  
**Meeting Minutes**  
**Thursday, September 19, 2013**  
**Page Four**

**VIII. NEXT MEETING** - The next meeting will be held on Thursday October 24, 2013 at 8:30 a.m.

**IX. ADJOURNMENT** – A motion was made by Mr. Mix to adjourn the meeting, seconded by Mr. Fallon. All in favor, approved. The meeting adjourned at 9:42 p.m.