

**Watertown Local Development Corporation**  
**Thursday, March 20, 2014**  
**Minutes**

The Watertown Local Development Corporation (WLDC) held its board meeting on Thursday, March 20, 2014 at 82 Public Square, Watertown, New York.

**MEMBERS PRESENT** – Jeffrey Graham, President, Kenneth Mix, John Vanderloo (Designee for Roseanne Murphy), RoAnn Dermady, Jeffrey Fallon, Erika Flint, Donald Alexander, Mike Lumbis (Designee for Kenneth Mix)

**MEMBERS EXCUSED** – Roseanne Murphy, James Mills (Designee for Jeffrey Graham), Dave Zembiec (Designee for Donald Alexander)

**OTHERS PRESENT** – James Heary, Legal Counsel; Donald Rutherford, CEO; Craig Fox, Reporter, Watertown Daily Times; Kim Taylor, Executive Assistant; Brianna Tousant, CPA, Bowers and Company CPAs PLLC; Cyril Mouaikel, Senior VP, RBC Wealth Management

**CALL TO ORDER** – President Graham called the meeting to order at 8:30 a.m.

**I. MINUTES** – Mrs. Flint made a motion to adopt the minutes of February 20, 2014, seconded by Mrs. Dermady. All in favor, approved.

**II. FINANCIAL REPORTS** – A motion was made by Mr. Alexander to adopt the financial statements for the month of February, seconded by Mrs. Flint. All in favor, approved.

**Investment Report by RBC Wealth Management** – Mr. Mouaikel presented the investment report (attached) and discussed the flexibility of investment grade bonds versus A rated bonds and equities. Mr. Alexander requested the LDC move a certain percentage of funds to investment grade bonds and stated the investments should be reviewed on a yearly basis and suggested Mr. Rutherford explore what the criteria/guidelines are for LDC regarding investments. President Graham suggested contacting Comptroller DiNapoli's office. Mr. Fallon suggested the Finance Committee hold a meeting to review the Investment Policy and request Mr. Mouaikel to attend. Mr. Rutherford stated a meeting of the Finance Committee will be set up to discuss and explore different investment opportunities.

A motion was made by Mrs. Flint to approve the Investment Report, seconded by Mr. Alexander. All in favor, approved.

**2013 Audit** – Ms. Tousant, CPA of Bowers & Company presented the audited financial statements as of 12/31/13. A motion to adopt 2013 Audit conducted by Bowers & Company was made by Mrs. Flint, seconded by Mr. Alexander. All in favor, approved.

**III. CORRESPONDENCE** – None

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

**Roth Industries, Inc.** – The Loan Review Committee recommend renewal of an existing time note to Roth Industries, Inc. The outstanding amount on the note is \$300,000.

A motion was made by Mrs. Flint to renew the \$400,000 time note to Roth Industries, Inc. at 5% fixed for one year, first position on all accounts receivable and inventory for the purpose to bridge cash shortfall gap during times when inventory needs to be built up, seconded by Mrs. Dermady. All in favor, approved.

**Fun Xcape, LLC** – The Loan Review Committee recommend \$150,000 loan to Fun Xcape, LLC to purchase equipment for an indoor soft play entertainment center to be located at J.B. Wise Plaza. Total project is \$624,000 with the creation of nine jobs in year one.

A motion was made by Mr. Alexander to approve a \$150,000 loan to Fun Xcape, LLC at 5% fixed interest rate for 7 years, second collateral position on business assets and second mortgage on real estate located at 223 JB Wise Place, Watertown, NY, guarantee of Vina Aileen Bonner, loan proceeds to be used for furniture and equipment, contingent upon bank financing, satisfactory appraisal, LLC documentation, seconded by Mrs. Flint. All in favor, approved.

**State Street Wine and Liquors, LLC** – The Loan Review Committee recommend a loan to State Street Wine and Liquors, LLC in the amount of \$80,000 to be used for furniture, fixtures, equipment and inventory. The building is located at 804 State Street, Watertown and owned by Mark Bonner which was acquired in 2008. Mr. Fallon was concerned about how many existing loans Mr. Bonner has with the WLDC. Mr. Rutherford stated there has never been an issue with Mr. Bonner, he always pays as agreed. Mr. Bonner currently has two existing loans with the LDC. President Graham stated the WLDC funds should not finance a liquor store's inventory and expressed his concerns over a friend who has expanded his inventory over time without public money and stated the loan was not right. Mr. Rutherford stated the loan is contingent upon a liquor license and believes the business will be a success. Mr. Mix stated he would be supportive if this was a downtown business but we are reaching and briefed the board on the zoning issues with the property several years ago which were finally completed.

Mrs. Flint made a motion to approve the loan in the amount of \$80,000 to State Street Wine and Liquors, LLC at 5% for 5 years to be used for furniture, fixtures, equipment and inventory, first position on all accts. receivable, equipment, furniture and fixtures, second position on real estate located at 804 State Street, Watertown, NY seconded by Mr. Fallon. President Graham opposed and Ms. Dermady abstained. All others in favor, approved.

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**Woodruff Professional Group, LLC** – A motion was made by Mrs. Flint to subordinate the WLDC’s mortgage position to Watertown Savings Bank in the amount of \$300,000 to be in a 4<sup>th</sup> position regarding the \$682,500 mortgage, seconded by Mr. Fallon. The Woodruff Professional Group, LLC is requesting two separate Line of Credit loans each in the amount of \$150,000 from Watertown Savings Bank to be used for working capital which will be utilized by both Internal Medicine and Watertown Internists to accommodate new changes in medical procedures. A new appraisal is not required. All in favor. Mrs. Dermady abstained.

**V. NEW BUSINESS**

**Activity Report of CEO** – Mr. Rutherford’s activity report was reviewed by the Board of Director and also the notes from the Strategic Planning Session.

**VI. OLD BUSINESS**

**Franklin Building Update** - Mr. Rutherford stated he met with Chris Marsala, President of North Country Arts Council regarding the fund raising efforts for the theatre to be located in the Franklin Bldg. Space D. Mr. Rutherford offered an interest only loan to the NCAC to assist with the gap financing required to begin the theatre project. Mr. Marsala indicated he would present the proposed financing to the NCAC board.

Mr. Rutherford stated he is concerned with the lack of details forthcoming from the Art’s Council and suggested erecting the “For Lease” signage in front of Suite D. The Board agreed to erect the signage at the space leased by the NCAC.

**VII. NEXT MEETING** – The next board meeting will be held on Thursday April 17, 2014.

**VIII. ADJOURNMENT** – A motion was made by Mr. Mix, seconded by Mrs. Flint to adjourn the meeting. The meeting adjourned at 10:11 a.m.