

**Watertown Local Development Corporation**  
**Thursday, May 15, 2014**  
**Minutes**

The Watertown Local Development Corporation (WLDC) held its board meeting on Thursday, May 15, 2014 at 82 Public Square, Watertown, New York.

**MEMBERS PRESENT** – Jeffery Graham, President; Kenneth Mix, Donald Alexander, John Vanderloo, (Designee for Roseanne Murphy), Dave Zembiec, (Designee for Donald Alexander), Mike Lumbis, (Designee for Kenneth Mix), RoAnn Dermady

**MEMBERS EXCUSED** – Roseanne Murphy, James Mills (Designee for Jeffrey Graham), Erika Flint, Jeffrey Fallon

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

**I. CALL TO ORDER** – President Graham call the meeting to order at 8:25 a.m.

**II. MINUTES** – Mr. Mix made a motion to adopt the minutes of March 20, 2014, seconded by Mrs. Dermady. All in favor, approved.

**III. FINANCIAL REPORTS** – Mr. Rutherford reviewed the financial reports and updated the Board on the delinquent loans. Mr. Rutherford stated the April statements will be presented at the June board meeting.

A motion was made by Mr. Mix to adopt the financial statements for the month of March, seconded by Mrs. Dermady. All in favor, approved.

**IV. CORRESPONDENCE** – None

**V. COMMITTEES**  
**LOAN REVIEW COMMITTEE**

**Watertown Industrial Center Local Development Corporation** – The Loan Review Committee recommend a loan in the amount of \$450,000 to Watertown Industrial Center Local Development Corporation. Counsel Heary stated there is no conflict for Mr. Rutherford to discuss the loan request with the Board.

Mrs. Dermady made a motion to approve a loan in the amount of \$450,000.00 to the Watertown Industrial Center Local Development Corporation (WICLDC) to be used to renovate 6,500 sq. ft. of industrial space in Building B of the Watertown Center for Business & Industry for the JCIDA, JCLDC and JCABA with the following terms:

3% fixed interest; interest only based on outstanding principal for the initial 5 month construction period;

**Watertown Local Development Corporation**  
**Thursday, May 15, 2014**  
**Page Two**

10 year amortization to coincide with lease term between WICLDC and JCLDC;  
Guarantee of Jefferson County Local Development Corporation

The motion was seconded by Mr. Mix. Mr. Alexander abstained. All others in favor, approved.

**CL Property Management of NNY, LLC** – The Loan Review Committee recommend a loan in the amount of \$16,000 to CL Property Management of NNY, LLC and also a Façade Grant. Charles and Lynn Bates own the former Northern Linen property at 320 State Street, Watertown. The total project cost is \$737,000 which consists of the construction of three one bedroom and four two bedroom apartments on the upper two floors which front State Street. The project has qualified for a City CDBG award which has to be expended by the end of the year. A Façade Easement will be granted to Neighbors of Watertown, Inc. and the WLDC allocates \$16,000 toward the Façade Grant to the project.

A motion was made Mr. Alexander to approve a \$16,000 loan and a \$16,000 Façade Grant to CL Property Management of NNY, LLC to be used as gap financing for the rehabilitation of 320 State Street, Watertown, NY at 5% fixed interest, 10 year term, guarantees of Lynn and Charles Bates, 2<sup>nd</sup> position on real estate, facade easement to be granted to Neighbors of Watertown, seconded by Mrs. Dermady. All in favor, approved.

**FINANCE COMMITTEE**

**Investment Policy** – President Graham updated the Board on the Finance Committee recommendation to the Investment Policy (attached). Mr. Rutherford stated there may be a period when the LDC allocates \$5.5 million to the Lincoln Building and Empsall projects. Mr. Rutherford stated the requests for financing will be contingent upon underwriting approval by the Board. President Graham stated a line of credit from RBC Wealth Management could be accessed to fund the two projects which have been discussed with our Investment Manager at RBC. Mr. Rutherford stated funding would be during the construction periods for the two projects and the LDC would be paid back in full.

Counsel Heary questioned what the brokerage rates were at RBC? Mr. Rutherford stated he was not aware and will inquire with Mr. Mouaikel.

A motion was made by Mr. Mix to approve the Investment Policy with the following changes:

Section C – Types of Eligible Investments: ADD: Equities – limit of 25% of investment portfolio; Limit of 1% per issuer

Section C – Corporate Bonds – REMOVE: Rate “A” ADD Investment Grade

Section D – Prohibited Investments: REMOVE: stocks, real estate

and to gradually move the portfolio toward a balance of 25% equity holdings, to hold quarterly Finance Committee meetings with the Investment Manager and report annually to the Board of Directors and authorize the Investment Manager authority and discretion within the parameters of the Investment Policy, seconded by Mrs. Dermady. All in favor, approved.

**Key Bank Accounts** – Mr. Rutherford stated Key Bank has begun charging the LDC monthly analysis fees. Key Bank has credited the account for these fees to date. Mr. Rutherford stated Key Bank waived the fees in the past but has been advised by Key Bank the banking laws have changed. Mr. Rutherford stated when the accounts were set up with Key Bank the LDC was collateralized. Counsel Heary stated the LDC is not a municipality and is not required to be collateralized. Mr. Rutherford stated he will request a majority of the funds to be transferred to RBC and leave a balance of \$250,000 checking account per the FDIC insurance which covers all deposit accounts in the amount of \$250,000 per depositor, per insured bank. Mr. Alexander stated it was best practice as a public agency to be collateralized.

A motion was made by Mr. Alexander to waive the collateralization requirement with the banking institution as it is not required by the WLDC, seconded by Mr. Mix. All in favor, approved.

## **VI. NEW BUSINESS**

**Activity Report of CEO** – Mr. Rutherford’s activity report was reviewed by Board.

**Crystal Restaurant** – Mr. Rutherford has spoken to the owners of the Crystal Restaurant and given them suggestions which would allow the restaurant at its present location.

## **VII. OLD BUSINESS**

**Updates** – Mr. Rutherford stated Vonnette Monteith owner of a downtown building which was a former restaurant would like to restore the ground floor. The apartments on the upper floors are rented. Mr. Rutherford indicated the first mortgage holder would

**Watertown Local Development Corporation**  
**Thursday, May 15, 2014**  
**Page Four**

not allow for a façade easement and Mr. Rutherford suggested Ms. Monteith seek a local bank to refinance the mortgage. Mr. Rutherford stated he is anticipating a loan request from Ms. Monteith.

**North Country Arts Council Update** - Mr. Rutherford met with Kris Marsala, President of NCAC who indicated construction will begin in July for Screen on the Square anticipates being open September 1.

**WLDC Proxy** – Counsel Heary stated the WLDC does not have a proxy and does not recommend vote by proxy.

**Convergys Tour** – Mr. Alexander invited the LDC Board to attend a tour to be held at Convergys on be held on Thursday, June 5, 2014 9 a.m.

**VIII. NEXT MEETING** – The next board meeting will be held on Thursday, June 19, 2014 at 8:30 a.m.

**IX. ADJOURNMENT** – A motion was made by Mr. Mix to adjourn the meeting at 9:35 a.m., seconded by Mrs. Dermady. All in favor.