

Watertown Local Development Corporation
Thursday, August 21, 2014
Minutes

The Watertown Local Development Corporation (WLDC) held its board meeting on Thursday, August 21, 2014 at 82 Public Square, Watertown, New York.

MEMBERS PRESENT – Jeffrey Graham, President, Erika Flint, Jeffrey Fallon, RoAnn Dermady, Kenneth Mix, Dave Zembiec (Designee for Donald Alexander), Steve Hunt

MEMBERS EXCUSED – John Vanderloo (Designee for Steve Hunt); James Mills (Designee for Jeffrey Graham), Mike Lumbis (Designee for Ken Mix), Donald Alexander

OTHERS PRESENT – Donald Rutherford, CEO; Kim Taylor, Executive Assistant; Gary Beasley, Executive Director, NOW; Ted Booker, Reporter, Watertown Daily Times; Brian Murray, Doolittle & Hall, Christina Schneider, CFO, Purcell Construction Corp.

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

II. MINUTES – Mr. Zembiec made a motion to adopt the minutes of June 19, 2014, seconded by Mr. Mix. All in favor, approved.

III. FINANCIAL REPORTS – Mr. Fallon reviewed the financial reports for the months of June/July.

Mr. Rutherford stated the WLDC will be receiving the final settlement payment from Alteri Bakery this month.

Mr. Rutherford stated the WLDC will be receiving \$40,000 from the sale of the equipment from Romalato's Delicatessen. Mr. Rutherford stated the LDC has a first lien on all the equipment. The LDC and NCA will receive \$20,000 each from the proceeds. Counsel Heary stated there is an issue between the partners of Romalato's which should be resolved at which time the WLDC will receive the proceeds from the equipment sale. Mr. Rutherford indicated Romalato's loan is current.

President Graham questioned whether the LDC would be offering a program to businesses affected by the Factory Street Project. Mr. Rutherford stated we would implement a similar program the LDC used for the Downtown Program.

A motion was made by Mr. Mix to adopt the financial statements for the months of June and July, seconded by Mrs. Dermady. All in favor, approved.

IV. CORRESPONDENCE – None

V. LOAN REVIEW COMMITTEE

Neighbors of Watertown, Inc. (Brighton Building) – The Loan Review Committee recommend approval of a loan in the amount of \$1,579,683 to be used to renovate the Brighton Building. Mr. Beasley presented the project and stated Neighbors have applied to several other funding sources.

A motion was made by Mrs. Flint to recommend construction financing in the amount of \$1,579,683 (24 month term) which consists of \$640,000 in permanent financing (15 year term) to a partnership to be formed by Neighbors of Watertown, Inc. The funds will be used to renovate the Brighton Building consisting of 36 apartments and an additional 8 new apartments and the installation of a new elevator. The project will consist of 22,500 sq. ft. of commercial space, a new driveway and entrance plaza. The interest rate is 3% fixed for the construction and permanent financing loan. Neighbors of Watertown, Inc. will guarantee the construction loan only. The construction and permanent loans will be secured by a co-proportional 1st position on real estate with Development Authority of the North Country. WLDC exception to the loan is waiver of the 1% loan fee. Contingencies of the loan approval are as follows: construction loan monitoring procedure, evidence of other financing sources, co-proportional 1st mortgage with DANC, a signed commercial tenant for the permanent loan, environmental report and satisfactory appraisal. Total project is \$9,350,505. Mr. Mix seconded the motion. All in favor, approved.

Façade Program Allocation – The Loan Review Committee recommend approval of allocating additional funds to the Façade Program up to \$300,000.

President Graham excused himself from the meeting at 8:55 a.m. Vice President Flint presided over the meeting.

Mrs. Flint stated the request to increase the Façade Program is to consider a grant to Doolittle & Hall, LLC for the façade of the Lincoln Building. Mr. Murray stated the momentum the Lincoln Building has been receiving has been a result by the WLDC. Mr. Murray stated \$150,000 has been approved from an Urban Initiative Grant and Neighbors of Watertown, Inc. is working on securing \$250,000 from ESD. Mr. Murray stated work will begin on the \$1 million first phase of the project which will include upgrading the 8,000 sq. ft. commercial space on the ground floor and in the spring the rear entrance and exterior will be restored. Mrs. Flint stated she supports allocating additional funds to the Façade Program up to \$300,000. Mr. Rutherford stated that contributing funding toward the restoration of the Lincoln Building is within the agency's mission. The Lincoln Building is a large part of our downtown and the project will make the building viable for an anchor tenant. Mr. Zembiec made a motion to approve \$170,851.00 to the Façade Program, seconded by Mr. Mix. All in favor, approved.

Doolittle & Hall, LLC (Lincoln Building) – A motion was made by Mr. Fallon, seconded by Mrs. Dermady to approve a Façade Grant in the amount up to \$200,000 to Doolittle & Hall, LLC. The grant will be used for the Lincoln Building façade located at 88-89 Public Square, Watertown. Crawford & Stearns has been retained to ensure the building's historic integrity to help avoid compromising in the event historic tax credits are pursued in future phases of the project. The Board approved waiving the façade easement requirement. Mr. Beasley requested the Board of Directors provide a letter of support to the Lincoln Building restoration. Mrs. Flint stated the WLDC Board will provide a letter to Neighbors of Watertown, Inc. executed by the President. All in favor, approved.

S&J Properties of Watertown, LLC – The Loan Review Committee recommend a six month principal moratorium to S&J Properties of Watertown, LLC. Mr. Rutherford stated the moratorium will assist with cash flow needs that have occurred due to the recent military deployments and the company intends to conduct exterior improvements to the property. Mrs. Dermady requested a copy of the company's current financial statements and a proposed budget for the work to be performed. Mr. Rutherford stated the loan will not be re-amortized; the maturity date will extend six months.

A motion was made by Mr. Zembiec to approve a six month principal moratorium to S&J Properties of Watertown, LLC beginning with the October 1, 2014 payment contingent upon receipt of 2013 audited financials and receipt and review of a proposed budget of the work to be conducted, seconded by Mr. Fallon. All in favor, approved.

804 State Street, LLC d/b/a State Street Wine & Liquor – The Loan Review Committee recommend approval to extend the term of the loan to 804 State Street, LLC from 5 to 7 years. Mrs. Dermady made a motion to approve extending the term of the loan to 804 State Street, LLC d/b/a State Street Wine and Liquors from 5 to 7 years in the amount of \$80,000 which was previously approved on March 20 2014, seconded by Mr. Fallon. All in favor, approved.

Reny Management, LLC – Mr. Fallon made a motion to approve a request from Watertown Savings Bank to subordinate the WLDC's existing 2nd mortgage on real property located at 303-311 State Street, Watertown, NY owned by Reny Management, LLC, seconded by Mr. Mix. All in favor, approved.

Mr. Rutherford stated the LDC has substantial equity and the LDC is within the loan to value ratio accordance with the Lending Policy. Mr. Rutherford stated Rob Havens is seeking financing from WSB to purchase the form Victory Diner on State Street which will be used for additional parking for his commercial property.

VI. NEW BUSINESS

Activity Report – Mr. Rutherford stated his activity report will be distributed next month.

VII. OLD BUSINESS

Image, Inc. – Mr. Rutherford stated a default letter was sent to Tom Horning demanding payment in full within 30 days (September 4, 2014). Mr. Rutherford stated the LDC has been working with a developer interested in purchasing and redeveloping Mr. Horning's property located at 259 J.B. Wise Place for several months. The prospective investors have not followed through with the requests for the necessary documentation a request for financing. Mr. Rutherford stated the project kept getting pushed back for various reasons with the partners. Mr. Rutherford stated we anticipated the developers would assume Mr. Horning's loan. Mr. Rutherford stated the LDC has a second position on the mortgage of the building behind the bank and also a second position on Mr. Horning's personal residence. The board deferred legal action until the next board meeting.

VIII. NEXT MEETING – The next board meeting will be Thursday September 18, 2014 at 8:30 a.m.

IX. ADJOURNMENT – Mrs. Dermady made a motion to adjourn the meeting at 9:40 a.m., seconded by Mr. Mix. All in favor, approved.