

Watertown Local Development Corporation
Thursday, February 19, 2015
Minutes

The Watertown Local Development Corporation (WLDC) held its board meeting on Thursday, February 19, 2015 at 82 Public Square, Watertown, New York.

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

MEMBERS EXCUSED – John Vanderloo (Designee for Stephen Hunt); James Mills (Designee for Jeffrey Graham)

OTHERS PRESENT – Donald Rutherford, CEO; Kim Taylor, Executive Assistant; Craig Fox, Watertown Daily Times

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

MINUTES – A motion was made by Mr. Alexander with the correction noted, seconded by Mrs. Flint to approve the January 15, 2015 minutes. All members in favor, approved.

FINANCIAL REPORTS – Mr. Fallon reviewed the financials reports for the months of December 2014 and January 2015. Mr. Rutherford stated the LDC does not generate enough profit to support the Façade Program which will be impacted with several facades being granted this year.

The Whimsical Pig, LLC is struggling financially anticipates bringing the loan and lease current with the return of the Fort Drum soldiers.

The loan commitments were reviewed with status updates:

Brighton Empsall Apartment, LP – Follow up with Neighbors of Watertown;
J.B. Wise Block, LLC – Loan to Thomas Horning to be assumed by J.B. Wise Block, LLC on February 25, 2015;
RLR Cross Market d/b/a Save-A-Lot – SBA approved;
Current Applications, Inc. – Construction loan anticipate closing this summer

A motion was made by Mr. Mix to approve the financial reports for the months of December 2014 and January 2015, seconded by Mrs. Flint. All members in favor, approved.

CORRESPONDENCE –

Fort Drum Storage LP – The Jefferson County Chamber of Commerce (JCCC) recently dissolved the corporation and is requesting a loan provided to Fort Drum Storage, L.P. to be assigned to the Northern New York Community Foundation, Inc. The WLDC, JCIDA and JCCC entered into a Participation Agreement concerning the loan on May 13, 2009 and the JCCC has requested written consent to the assignment by the LDC.

A motion was made by Mr. Alexander, seconded by Mrs. Dermady to approve and allow for the dissolution and assignment of the Jefferson County Chamber of Commerce to the Northern New York Community Foundation. All members in favor, approved.

Mr. Rutherford informed the Board of Directors on the recent discovery regarding the collection of the delinquency of Fort Drum Storage, L.P. The attorneys in Arizona have identified two properties near Tombstone, AZ which are owned by the Sanchez's and are unencumbered. Both the properties are vacant lots which could be seized by the LDC. Mr. Rutherford stated the properties could be put in the name of an LLC and retain an Arizona broker to sell the parcels if there are no interested parties at the auction. Cost to proceed with litigation would be approximately \$1,000 and could take up to 3 months. Mr. Rutherford stated he will inform the Arizona attorneys to proceed with further investigation of properties and proceed with the Notice to be served.

Downtown Business Association Sponsorship – The DBA is requesting a sponsorship in the amount of \$3,000 to defer the event costs for 2015 (\$1,500 to the Pins across Watertown, \$1,500 to the various events) held by the DBA. President Graham stated the LDC should be cautious in sponsoring as a public agency to non-profits. Mr. Alexander stated the ABO has indicated public authorities should wean away from requests unless the board is cognizant and the sponsorship/donation directly impacts the LDC's mission. Mr. Zembiec indicated an agreement between the WLDC Board of Directors and the DBA be executed which outlines the sponsorship. \$3,000 was budgeted for 2015 sponsorships. The DBA promotes events to Watertown which continue to revitalize and attract business and visitors to downtown which is vital to the mission of the LDC. The LDC will also be recognized in news releases and promotion materials.

Watertown Rotary Purple Heart Scholarship Fund – The Watertown Rotary is requesting a \$1,000 sponsorship to the Purple Heart Scholarship Fund. The request was denied. The sponsorship is not associated with the LDC's mission statement.

J.B. Wise Block, LLC – Transfer of ownership from Image, Inc. to J.B. Wise Block, LLC will take place on February 25, 2015 and interest and late fees will be brought current. New funds (\$100,000) will be advanced after construction to pay down the bank debt.

The Loan Review Committee recommends a \$77,750.00 Façade Grant to the J.B. Wise Block, LLC on the building located at 256 JB Wise Place, Watertown which consists of four facades. The entire project cost is \$155,500.

Mr. Graham requested the Board enter into executive session to discuss the background of a client. A motion was made by Mrs. Dermady, seconded by Mr. Fallon to enter into executive session at 9:16 a.m. to discuss the background of a client. The motion carried.

A motion was made by Mr. Mix to adjourn the executive session and reconvene the meeting at 9:19 a.m. seconded by Mr. Fallon. The motion carried.

Discussion was held on what is the definition of a façade, whether it is legal to have a façade on all sides of the building with four separate entryways, what are the limitations on the façade easement? Mr. Mix stated usually the front of the building is considered the façade. Mr. Rutherford stated he will contact Mr. Beasley and Mr. Schweitzer to determine the façade restrictions for 256 J.B. Wise Place.

A motion was made by Mr. Mix to allocate a façade grant in the amount of \$77,750.00 to the J.B. Wise Block, LLC for property located at 256 J.B. Wise Place contingent upon further discovery of the façade restrictions, seconded by Mrs. Flint. All in favor. The motion carried.

Erica Turck d/b/a Vigilante Yoga – The Loan Review Committee recommends approval of a loan to Erica Turck d/b/a Vigilante Yoga. A motion was made by Mrs. Flint, seconded by Mrs. Dermady to approve a \$20,000.00 loan to Erica Turck d/b/a Vigilante Yoga to be used for working capital and equipment for 5 years at 5% fixed, 1st position on accounts receivable, inventory, furniture, fixtures and equipment, 2010 Honda CR-V, contingent upon proof of equity and all other conditions set forth in the commitment. All in favor, the motion carried.

Loan Review Risk Rating – A motion was made by Mrs. Flint, seconded by Mr. Fallon to approve the risk rating conducted as of 12/31/14 which has been authorized by the auditors of Bowers & Company LP. All in favor, the motion carried.

Downtown Website Request for Proposals – An addendum to the RFP was sent to the recipients P addressing questions and notification to extend the deadline to March 31, 2015.

A committee will be formed in March to review the request for proposals.

138 Court Street (Berow & Monroe) – Mr. Graham stated the City has taken possession of 138 Court Street. City officials have toured the building and have a couple of interested parties. Mr. Alexander suggested the LDC have a mechanism in place to foster a response to the public to help stimulate developers interested in redeveloping blighted buildings downtown prior to the auction block.

MJK Holdings, LLC – Mr. Rutherford stated the assumption of the MJK Holdings, LLC debt by Washington Street Properties, LLC will not proceed; the building is for sale.

Governance Committee – Mr. Mix requested Governance Committee members to establish a meeting date to conduct the annual review of the LDC.

NEXT MEETING – The next meeting will be held on Thursday, March 19, 2015 at 8:30 a.m.

ADJOURNMENT – Mrs. Flint made a motion to adjourn the meeting at 9:50 a.m., seconded by Mr. Fallon. All in favor, carried.