

Watertown Local Development Corporation
Thursday, October 22, 2015
Minutes

The Watertown Local Development Corporation (WLDC) held its board meeting on Thursday, October 22, 2015 at 82 Public Square, Watertown, New York.

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

MEMBERS EXCUSED: John VanDeLoo (Designee for Steve Hunt), Donald Alexander, James Mills (Designee for Jeffrey Graham)

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

I. CALL TO ORDER: The meeting was called to order at 8:30 a.m.

II. MINUTES: Mrs. Dermady made a motion and seconded by Mr. Hunt to approve the meeting minutes from September 17, 2015. All in favor, motion carried.

III. FINANCIAL REPORT: Mr. Fallon presented the financials for September 2015.

Mr. Rutherford reviewed the delinquent accounts and updated the members on the current status of Riverview Plaza and Hero's Haven.

Mrs. Flint made a motion to approve the financial report, seconded by Mrs. Dermady. All in favor, motion carried.

IV. CORRESPONDENCE
There was no correspondence.

V. COMMITTEE REPORTS
Loan Review Committee

Legal Counsel: Mr. Rutherford stated Mr. Heary is retiring December 31, 2015 and the LDC is seeking legal counsel. Menter, Rudin & Trivelpiece made a presentation to the Loan Review Committee last week. Mr. Rutherford stated he has requested Conboy Law Firm and Schwerzmann & Wise to make a presentation to the Board. Schwerzmann & Wise has respectfully declined submitting a proposal. Mr. Rutherford stated he will follow-up with a phone call to the Conboy firm.

Evergreen Partners, LLC: Mr. Rutherford stated Charlie Allen, Evergreen Partners, LLC made a presentation to the Loan Review Committee to acquire and rehabilitate seven properties owned by Black River Apartments, LLC and requested a \$100,000 to be used for the State Street properties. Mr. Rutherford stated the Loan Review Committee recommended increasing the façade program by \$100,000 and granting \$100,000 to Evergreen Partners, LLC to be used for the State Street facade.

Mr. Rutherford stated the Budget Committee met following the Loan Review Committee and discussed the substantial amount of funds allocated to the to the façade program over the past 15 years in the

amount of \$1,000,000. Mr. Rutherford stated we have to be concerned with the sustainability of the agency. The Finance Committee recommended discontinuing the façade program and considers offering Evergreen Partners a soft loan in the amount of \$100,000. Mr. Allen is seeking financing from the City of Watertown, DANC and other potential lenders in the form of a loan. Mr. Graham stated the City of Watertown has committed \$150,000 CDBG funds to Evergreen Partners, LLC. Mr. Rutherford stated a soft loan would be a balance sheet item which will not impact the LDC's profit and loss and could be repaid if Evergreen Partners, LLC cash flow permits.

Mr. Graham stated we have competing committee recommendations from the Loan Review and Finance Committee. Mr. Graham stated we need to get out of the habit of approving outright grants and gradually increasing the façade allocation. Mr. Graham stated although one committee recommend approval we need to be concerned with the longevity of the agency. Mr. Rutherford agreed we can't continue to fund outright grants. Mr. Rutherford stated he will contact developers with outstanding façade funding to complete the improvements by December 31, 2016.

Mr. Mix stated he doesn't object to granting a final façade to Evergreen Partners, LLC in the amount of \$100,000.

Mrs. Flint suggested we provide funding to the façade only and not be as liberal in our approval to include the mechanics of the project as agreed previously by Loan Review Committee.

Mrs. Dermady stated if the LDC were to provide a 0% interest loan this would show the LDC's support of the project while preserving the LDC's principal.

On a motion by Mr. Fallon and seconded by Mr. Zembiec the board approved a soft loan to Evergreen Partners, LLC in the amount of \$100,000 at 0% for 30 years to be paid out as cash flow permits, further structure of the promissory note to be worked out by legal counsel. All in favor, carried.

Finance/Audit Committee

2016 Budget: Mr. Rutherford reviewed the 2016 budget recommended by the Finance/Audit Committee for approval. Mr. Rutherford reviewed the extraordinary items comprised of \$515,750 in façade grants which will affect the profit and loss. Mr. Rutherford stated payroll will be contingent upon employee reviews.

On a motion by Mrs. Flint and seconded by Mr. Fallon the board approved the 2016 budget. All in favor, carried.

Façade Program: On a motion by Mr. Graham as of October 23, 2015 the LDC discontinue awarding outright grants, Whereas the WLDC have over 15 years awarded \$1 million dollars in façade grants for construction projects, Whereas the LDC is concerned of depleting its cash, whereas the projects previously awarded under the Façade Grant Program be grandfathered and be completely funded by December 31, 2016, Be It Resolved in order to preserve its principal, the WLDC has terminated the Façade Program, seconded by Mrs. Dermady. All in favor, carried.

Mrs. Flint asked if projects could be scaled back and be considered on a case by case basis for the smaller mom and pop businesses. Mr. Heary stated that the board has the power to change a decision anytime.

V. NEW BUSINESS

There was no new business.

VI. OLD BUSINESS

Arrivedowntown.com Website: The marketing research conducted by Coughlin Company was distributed to the Board. Mr. Rutherford stated some of the research will be available on the new website www.arrivedowntown.com. Coughlin Company will be conducting a mailing to businesses requesting whether they would like to be listed on the new website and interactive map.

North Country Arts Council: Mr. Rutherford tabled the discussion on the Arts Council until the November board meeting.

Factory Street Program: Mr. Graham stated the businesses on Mill Street have been impacted by the closure of the Mill Street bridge and requested staff inform the businesses of the available loan program.

Fort Drum Storage, LP: Mr. Rutherford has contacted a realtor in Arizona regarding the Sanchez properties in Arizona. The realtor would be available to list the real estate if WLDC bid is accepted at the real estate auction next week. The properties will be listed in Newell Street, LLC and liability insurance will have to be purchased for the properties through at Haylor, Freyer & Coon.

VII. NEXT MEETING: The meeting will be held on Thursday, November 18, 2015 at 8:30 a.m.

VIII. ADJOURNMENT: A motion was made by Mrs. Flint, seconded by Mr. Lumbis to adjourn the meeting at 9:35 a.m. All in favor, approved.