

Watertown Local Development Corporation  
Board Meeting Minutes  
Thursday, February 18, 2016

The Watertown Local Development Corporation meeting was held on Thursday, February 18, 2016 at 82 Public Square, Watertown, New York 13601.

**MEMBERS PRESENT:** Joseph Butler, President; Jeffrey Fallon; Ken Mix; Erika Flint; Mike Lumbis; Steve Hunt; Donald Alexander; RoAnin Dermady

**MEMBERS EXCUSED:**

**OTHERS PRESENT:** Donald Rutherford, CEO; Craig Fox, Watertown Daily Times; Joseph Russell, Legal Counsel.

- I. **CALL TO ORDER:** Mr. Butler called the meeting to order at 8:33 a.m.
- II. **MINUTES:** Minutes of the Monthly Meeting held on January 22, 2016 were presented. A motion to approve the minutes as presented was made by Mr. Fallon, seconded by Mr. Mix. All in favor. Carried.
- III. **FINANCIAL REPORT:** Mr. Fallon presented the financials for the month of January. Mr. Fallon explained that Under Other Current Assets - the Factory Street Allowance for Bad Debt is a new line item. There is nothing new under the liabilities; there is no long term debt.

Mr. Rutherford reviewed the delinquent accounts. MJK holdings is in default; the Bank is taking back a deed in lieu of foreclosure and states that the WLDC will be paid out. Mr. Rutherford stated that there is a prospect interested in purchasing the building and this is the only recourse. Northern Pizza Co. Cici's Pizza is 90 days past due and is being sent to the Mentor law firm to file a judgment. The closing will take place soon on Riverview Plaza which will bring the WLDC current on interest. Mr. Rutherford met with Travis Corliss d/b/a/ Watertown Airsoft who is working on a business plan with the assistance of the Small Business Development Center. The Whimsical Pig, LLC is in a work out plan; awaiting the business plan. Their rent is current.

Under committed projects, the JB Wise Block, LLC commitment expired. The LLC is going through with the project using a different structure and the \$100,000 will not be needed.

A motion was made by Mrs. Flint, seconded by Mr. Mix to accept financial report of January 31, 2016 as presented. All in favor. Carried.

IV. CORRESPONDENCE

There was no correspondence to be presented.

V. LOAN REVIEW COMMITTEE:

2015 Risk Assessment

Mr. Rutherford reviewed the loan risk assessment for 2015 explaining that the assessment indicates the outstanding principal balance with their risk rating. The ratings are from 1 to 3, with 1 being the most favorable and 3 the least favorable rating. The WLDC reserves against the ratings: 5% for 1 ratings; 10% for 2 ratings and 15% for 3 ratings.

Mr. Butler asked for details of this process. Mr. Rutherford explained that he goes through the customer list thereby rating them; gives the report to the Loan Review Committee for their review; and upon approval gives the list to the auditor. The procedure will prove to the auditor that the organization is following a proper procedure.

The Loan Review Committee has reviewed the 2015 Loan Risk Assessment and recommends that the reserve be increased from \$330,000 to \$365,503. A motion was made by Jeffrey Fallon and seconded by Donald Alexander for a resolution to increase the reserve from \$330,000 to \$365,503. All in favor. Carried.

S&J Properties of Watertown LLC – Mr. Fallon introduced a recommendation by the Loan Review Committee to approve a loan to S & J Properties of Watertown LLC in the amount of \$88,000 for 15 years at 5% interest adjusted every 5 years at the prevailing Prime Rate Plus 1% with a floor of 5.0%. The loan is secured by a 2<sup>nd</sup> mortgage on commercial real estate located at 152-154 Court Street, Watertown, NY, an assignment of rents and leases and guarantees from Stephen Bradley, Joyce Bradley, Abbey Carpet of Watertown, Inc. The approval would be contingent upon Bank approval/participation in the project.

Mr. Rutherford stated that the primary reason Bradley's want to secure the property is for the 35+ car parking spaces which will be used by tenants in the Abbey Carpet building located next door.

A motion was made by Erika Flint and seconded by Jeffrey Fallon to approve the loan as recommended by the Loan Review Committee. Mrs. Dermady abstained. All other Board members present voted "aye." Carried.

## VI. GOVERNANCE COMMITTEE

### Evaluation of Board Performance

Ken Mix reported that the Governance Committee met. The summary results of confidential evaluation of board performance was completed on February 8, 2016. Two areas brought to the Board's attention were:

- a) Four members of the Board somewhat agreed to "the Board sets clear and measurable performance goals for the Authority that contribute to accomplishing its mission"
- b) Three members of the Board somewhat agreed to "The Board meets to review and approve all documents and reports prior to public release and is confident that the information being presents is accurate and complete"

### Annual Mission Statement & Performance Measurements

Mr. Mix stated that the Annual Mission Statement was reviewed with no changes being made. The date this was adopted is February 17, 2016.

### Policies

#### **Financial Internal Control System**

Page 2 – change the last sentence to read "All investment decisions must have the Chief Executive Officer's or Designee (added) approval after review for compliance with current investment policies.

#### **Procurement Policy**

The minimum amount was changed from \$2,500 to \$5,000.

#### **Investment and Deposit Policy and Procedures**

C. 1. Discussion took place as to what happens if the depository account balance(s) go over the limits of the FDIC. It was decided that should this happen, it be brought to the Board's attention and they will recognize that it deviates from the policy and procedures. It is not necessary to include the wording in the policy.

F. Reporting – 1. wording was deleted so that this section now reads "The CEO of the WLDC will maintain an investment log detailing specific information relative to each investment and will make the report available to the Board of Directors as provided by the investment manager."

F. Reporting – 4. Wording was changed so that this section now reads “The Finance Committee will review the performance of the portfolio on a semi-annual basis with the investment manager and will report to the Board of Directors. The investment manager will report on an annual basis to the Board of Directors.”

#### **Conflict of Interest Policy**

Changes to the policy include:

Policy to be Followed – 1) “At the beginning of each fiscal year or at their appointment or upon change of affiliation . . .” Also under iii. “Affiliations with businesses or corporations which might or may appear to benefit from doing business with WLDC.”

#### **Ethical Rules**

Page 5 ix. Predisclosure of Financial Interests Involving Agency – the word should is changed to shall.

A motion was made by Ken Mix and seconded by Erika Flint to approve all the above-mentioned changes. All members present voted “aye.” Carried.

The Hiring Policy will be reviewed by Joseph Russell, Legal Counsel, and presented at the Board Meeting held in March 2016.

### **VII. NEW BUSINESS**

#### **Façade Loan Program/Allocation of Funds**

Mr. Rutherford stated that there are no longer grants available for the façade program. Loans will be provided at 0% interest. The loan program will have a maximum of \$25,000 per façade (façade equals a store front). There will be 8 façade loans per fiscal year for a total of \$200,000 per year. The repayment period will be 5 years.

Mr. Hunt asked for a history of the grant program. Mr. Rutherford stated that it started out as a 50% matching grant. That did not work and it was then changed. There was no hard and fast rule; it was based on need and impact. The upside is that prominent buildings were renovated.

Mr. Butler asked how the loan program will be marketed. Mr. Rutherford replied that the program will be included on the WLDC website, he will market through the Downtown Business Association and talk to existing clients. It will be included in the applications;

incorporated into the loan policy; reviewed by loan committee and presented to the Board at the next monthly meeting.

#### **Downtown Micro-Loan Program Parameters**

This loan program will be used to entice new businesses to relocate downtown. The loan program will have a maximum of \$40,000 per loan at an interest rate of 3% with the first year repayment of interest only. The business will be required to put 10% down. The loan review committee will review each application.

Mr. Alexander asked if anyone is maintaining an inventory of what is available downtown. He would encourage the real estate agents to do this. Marketing of the program makes sense. Perhaps letters could be sent to downtown businesses.

The Board discussed the Jefferson County Board of Realtors becoming involved with a commission coming from the WLDC. Let them know that the Board has adopted this loan program. It was suggested that Mr. Rutherford educate the realtors; inviting them to a Board Meeting.

#### **City-Center Industrial Park – Real Estate Agent**

A motion was made by Steve Hunt and seconded by Don Alexander to contract with Christopher D. Clark of Pyramid Brokerage Company to market the City Center Industrial Park. All in favor. Carried.

#### **500 Newell Street, LLC – Amended Operating Agreement**

Mr. Rutherford reported to the Board that the operating agreement for 500 Newell Street, LLC listed him as the sole owner. Joseph Russell, legal counsel, has prepared an amended operating agreement changing the owner to the WLDC. A motion was made by Don Alexander and seconded by Jeff Fallon to approve this change. All in favor. Carried.

### **VIII. OLD BUSINESS**

#### **Rent Subsidy Program –**

Mr. Rutherford reported that a letter was sent to several owners of apartment buildings asking what current rent is. Although Brian Murray responded, he did not get much response from others.

The Board decided that a special ad hoc committee be formed to research this. The committee will consist of Mike Lumbis, Chair; Steve Hunt; Don Alexander and Jeff Fallon.

Vanduzee Street –

Mr. Rutherford reported that the environmental site assessment has started, weather permitting. The outcome will be how to get rid of the contamination due to the fire.

- IX. **ADJOURNMENT:** A motion was made by Mr. Fallon to adjourn the meeting at 9:45 a.m. seconded by Mr. Hunt. All in favor. Carried.