

**Watertown Local Development Corporation
Board Meeting Minutes
Thursday, March 17, 2016**

The Watertown Local Development Corporation meeting was held on Thursday, March 17, 2016 at 82 Public Square, Watertown, New York.

MEMBERS PRESENT: Joseph Butler, President; Jeffrey Fallon; Ken Mix; Mike Lumbis, Designee; Steve Hunt; Donald Alexander; RoAnn Dermady; Dave Zembiec, Designee

MEMBERS EXCUSED: Erika Flint, John Vanderloo, Designee; Jim Mills, Designee

OTHERS PRESENT: Donald Rutherford, CEO; Kim Taylor, Executive Assistant; Joseph Russell, Legal Counsel; Craig Fox, Watertown Daily Times; Brianna Uhlinger, CPA; Brian Olsen, Staff Accountant; Cyril Mouaikel; RBC Wealth Management

I. CALL TO ORDER: Mr. Butler called the meeting to order at 8:00 a.m.

II. MINUTES: A motion to approve the minutes of February 18, 2016 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 February.

Mr. Rutherford reviewed the delinquent accounts. Mr. Rutherford stated the Whimsical Pig has brought the loan payments current.

Mr. Alexander stated the review of the receivables on the LDC portfolio are amazingly good and gave credit to Mr. Rutherford and Ms. Taylor.

A motion was made by Mr. Mix, seconded by Mr. Hunt to accept the financial report of February 29, 2016 as presented. All in favor. Carried.

Investment Report – Mr. Mouaikel presented and reviewed the 2015-2016 investment report (attached). Mr. Mouaikel updated the board on the current market, a consolidated account review of the investment and equity accounts and an analysis of the fixed income. Mr. Butler questioned whether the LDC is being charged a fee on the account. Mr. Mouaikel stated annual fees charged are usually 1.25% until \$499,999, then drops to 1.00%. The fees are associated with the equity portfolio only. Mr. Butler requested the fees be posted on the financial report.

Mr. Mouaikel recommends the Board invest an additional \$250,000 in equities and transfer \$250,000 from the fixed income account. Mr. Mouaikel stated the investment policy allows for a maximum 25% allocation to stocks and the allocation is currently 5%. Mr. Rutherford suggested the Board invest \$50,000 into the equity account to gradually increase the portfolio.

Mr. Butler stated corporate bonds are investment grade at the time of purchase and if after purchase there is a potential to go below investment grade it should be subject to board review on a monthly basis.

Mr. Alexander expressed a deeper look into making investments in companies that have a local and regional impact based on the nature of who we are and what we do we this should

consider. Mr. Butler stated it would narrow the portfolio. Mr. Mouaikel requested Mr. Alexander to provide him with a list of companies by email.

A motion was made by Mr. Alexander to investment \$50,000 into the equity account with RBC, seconded by Mr. Fallon. All in favor, carried.

A motion was made by Mr. Alexander to accept the 2015 Investment Report as presented, seconded by Mr. Mix. All in favor. Carried.

2015 Audit: Ms. Uhlinger, Audit Manager, Bowers & Company, CPA presented and reviewed the 2015 audit. Mr. Uhlinger stated which included the independent auditors report, report on internal control over financial report and compliance.

Ms. Uhlinger stated in regard to Note 8, the LDC has been operating without a lease for several years. Mr. Alexander questioned where the LDC should renew the lease with Neighbors of Watertown, Inc. Mr. Russell stated the LDC is considered a holdover tenant which means a renter who remains in a property after the expiration of the lease and since the landlord continues to accept rent payments, the holdover tenant can continue to legally occupy the property.

With no further questions or comments, a motion was by Mr. Alexander to accept the 2015 Audit as presented, seconded by Mr. Fallon. All in favor. Carried.

Ad Hoc Committee: Mr. Rutherford stated the Ad Hoc Committee (M. Lumbis, S. Hunt, D. Alexander and J. Fallon) have met twice to form a downtown incentive package and to address engaging the services of The Retail Coach, LLC to perform market research to evaluate downtown Watertown which would enable the Retail Coach to analyze economy and competitive forces that may impact downtown Watertown and gather market specific data to identify competition, retail trade area boundaries, potential consumer bases and higher national retail opportunities. Mr. Rutherford stated he has spoken with references who have engaged the services of the Retail Coach and indicated Corning, NY is very pleased with their services for the Gaffer District. Mr. Rutherford stated the cost is \$40,000 annually. Mr. Butler stated we do not need another strategic plan and indicated at \$40,000 a year we should request a face to face meeting with the Retail Coach and a board presentation. Mr. Rutherford stated we would have to pay for the travel expenses. Mr. Butler requested the board table the discussion on the retail coach. Mr. Rutherford questioned whether Mr. Butler would like to hold a special meeting and invite the Retail Coach. Mr. Butler requested a special meeting be set up to reconvene the discussion on the Retail Coach and invite the company to make a presentation to the board.

Mr. Butler excused himself from the board meeting at 9:00 a.m. Mr. Fallon presided over the meeting.

V. CORRESPONDENCE

NextGenJustice: Mr. Rutherford stated Legal Docs By Me of Watertown, LLC has vacated its leased space at the Franklin Building due to the constant pressure from the Attorney General's Office and is also closing its Syracuse office. There are eleven months remaining on the lease with Legal Docs and Mr. Rutherford recommends approval authorizing Legal Docs By Me of Watertown early termination of its lease. Mr. Rutherford indicated we have had an excellent relationship with the owners and they have indicated they will continue to pay on their existing loan. Mrs. Dermady questioned what the collateral was on the loan. Mr. Rutherford stated the

LDC has a filing on general assets. Mr. Russell stated the business is out of business, therefore there are no assets. Mr. Rutherford stated we have personal guarantees in place.

Mr. Rutherford stated he conducted an inspection of the leased premise which was satisfactory and keys have been turned over.

A motion was made by Mr. Alexander to approve an early termination of the lease as of March 1, 2016 between the LDC and Legal Docs By Me of Watertown, LLC, seconded by Mr. Mix. All in favor. Carried.

VI. COMMITTEES

LOAN REVIEW COMMITTEE

Whimsical Pig, LLC: Mr. Rutherford stated the loan payments from Whimsical Pig, LLC have been brought current including the March payment. The lease payments remain two months behind. Mr. Rutherford stated at this time there is no need to turn the client over to collection.

VII. NEW BUSINESS

CDGB Restricted Funds: Mr. Rutherford explained LDC has \$117,194.49 in restricted funds which was granted to the LDC from the City of Watertown under a Subrecipient Agreement. The funds were loaned to Current Applications, Inc. in 2003 and have been paid back for several years. Mr. Rutherford stated the restricted fund is reducing our ability to keep the bank accounts with WSB under the FDIC limit and reduces the liquidity of funds available to loan. Mr. Rutherford recommended the funds be turned back over to the City for future projects. Mr. Mix stated the grant is subject to HUD requirements including reporting of job creation, retention, federal wage rates, construction rates, etc. Mr. Mix stated the Comptroller has to report on the CDBG and the interest on the \$117,194.49 is sent from the LDC to the City of Watertown which in turn is sent to the government. Mr. Lumbis indicated that the funds could be sent back to the City for the 2016-2017 program year. Mr. Lumbis stated there is more than enough use and indicated the funds could be used for public infrastructure.

With no further discussion, a motion was made by Mr. Alexander to approve transferring the restricted funds of \$117,194.49 from the WSB Savings Account to the City of Watertown according to the terms of the Subrecipient Agreement and upon notification by the City of Watertown, seconded by Mrs. Dermady. All in favor. Carried.

Downtown Incentive Initiatives

Mr. Hunt stated the Ad Hoc Committee recommend the following downtown incentive initiatives to be approved by the board: Public Square Rent Assistance Program, Downtown Micro Loan Program and Façade Program. The programs are aimed at attracting new and expanding businesses in the Public Square area to promote economic expansion and prosperity in the downtown. The programs aim to create jobs and improve the vitality of existing businesses within the programs boundary area maps.

Mr. Alexander questioned whether the board should formally appoint the committee. Mr. Rutherford stated the committee was appointed at the February meeting. Mr. Russell stated the Bylaws may establish other Committees from time to time as they see fit.

A motion was made by Mr. Alexander to approve the Public Square Rent Assistance Program subject to legal counsel review and contractual requirements, the Downtown Micro Loan Program and Façade Program, seconded by Mr. Mix. All in favor. Carried.

CCIP Real Estate Agent: Mr. Rutherford recommends the Board engage the real estate firm of Pyramid Brokerage Company to sell the four remaining vacant lots located in the City Center Industrial Park. Mr. Zembiec stated there are occasions when the JCLDC or WLDC show the vacant lots without the broker's involvement. Mr. Zembiec questioned whether the commission could be negotiated if the agencies acquire a buyer. Mr. Fallon stated the proposed agreement between Pyramid Brokerage Company and the LDC be tabled upon legal counsel review and terms to be negotiated.

Lending Policy and Hiring Policy: The lending and hiring policy have been reviewed by Mr. Russell as the board requested. A motion to approve the lending and hiring policies was made by Mr. Alexander, seconded by Mrs. Dermady. All in favor. Carried.

Recognition of Ken Mix: The Board presented Mr. Mix a token of appreciation for his years of service as a director of the LDC. Mr. Mix is retiring as City Planner of the City of Watertown. Mr. Mix will remain on the board until City Council designates a replacement.

VIII. ADJOURNMENT: A motion was made by Mr. Alexander to adjourn the meeting, seconded by Mr. Mix. The meeting adjourned at 9:38 a.m. All in favor. Carried.