

**Watertown Local Development Corporation
Meeting Minutes
Thursday, September 22, 2016**

The Watertown Local Development Corporation meeting was held on Thursday, September 22, 2016 at 8:30 a.m. in the office of the WLDC, 82 Public Square, Watertown, NY.

MEMBERS PRESENT: Mike Lumbis, Steve Hunt, RoAnn Dermady, Donald Alexander, Mayor Joseph Butler, Jeffrey Fallon

MEMBERS EXCUSED: Dave Zembiec, James Mills, John Vanderloo, Erika Flint

OTHERS PRESENT: Joseph Russell, Legal Counsel; Donald Rutherford, CEO; Craig Fox, Watertown Daily Times; Kim Taylor, Executive Assistant; Mark Walczyk, City Councilman

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

MINUTES: A motion to approve the minutes of July 21, 2016 as presented was made by Mr. Alexander, seconded by Mr. Lumbis. All in favor. Carried.

FINANCIAL REPORT: Mr. Fallon presented the financial statements for the months of July and August. Mr. Fallon stated the credit in the professional fees expense account is from a payment received from Northern Pizza which was applied to legal fees Mr. Rutherford stated the LDC received \$4700 from Northern Pizza Company and have signed a confession of judgement.

Mr. Rutherford reviewed the status of the delinquent loan customers.

A motion was made by Mrs. Dermady to approve the July and August financial reports, seconded by Mr. Alexander. All in favor. Carried.

CORRESPONDENCE: There was no correspondence.

COMMITTEES

LOAN REVIEW COMMITTEE

Clinton Center Development, LLC: The Loan Review Committee recommend approval of a loan to Clinton Center Development, LLC in the amount of \$250,000.00 to be used to purchase and acquire 161 and 171 Clinton Street, Watertown which will be redevelopment into Class A office space. Mr. Rutherford stated Watertown Savings Bank is the lender and the WLDC is a participant.

Mr. Rutherford stated the 4.5% rate is lower than the LDC's standard rate which is an exception to the lending policy.

A motion was made by Mr. Alexander, seconded by Mr. Hunt to approve a \$250,000 loan to Clinton Center Development, LLC in participation with Watertown Savings Bank (lender) guarantee of Michael E. Lundy and Washington Summit Associates, LLC for 20 years at 4.5% fixed (interest only year one; rate adjusts to the 5-year treasury plus 250 basis points after year 5 with a floor of 4.5%), co-proportional 1st mortgage on 161 and 171 Clinton Street, Watertown NY to be used for the purchase and redevelopment

of the properties. The interest rate is an exception to the Lending Policy. All in favor. Mrs. Dermady abstained. Carried.

Downtown Local Lounge: The Loan Review Committee recommended approval of a loan to the Downtown Local Lounge in the amount of \$22,500.00 to be used for startup costs to open a wine bar in the Franklin Building.

Mr. Alexander made a motion, seconded by Mr. Lumbis to approve a \$22,500 loan to the Downtown Local Lounge (A partnership) at 5% fixed for 5 years, 6 months' interest only, 1st position on all accounts receivable and business assets, guaranteed by Kevin Hoover, Jr. and April Walley. Loan proceeds to be used for equipment, inventory, leasehold improvements, renovations and working capital to open the start-up business located at 137 Franklin Street, Watertown, NY contingent upon approval of a wine and beer license. All in favor. Carried.

Erica Turck d/b/a Vigilante Yoga: The Loan Review Committee recommended approval of a loan in the amount of \$13,500 to Erica Turck to be used to open a juice bar within the yoga studio.

A motion was made by Mr. Alexander, seconded by Mrs. Dermady to approve a \$13,500 loan to Erica Truck d/b/a Vigilante Yoga at 5% fixed interest, 5 years, 6 months' interest only, guarantee of Erica Turck, 1st position on all accounts receivable and business assets to be used to purchase equipment, furniture, fixtures, inventory for the juice bar located within Vigilante Yoga at 99 Public Square, Watertown, NY. All in favor. Carried.

Neighbors of Watertown, Inc.-Façade Grant: The Board approved a Façade Grant in October 2015 in the amount of \$250,000 to Neighbors of Watertown, Inc. to be expended by December 31, 2016. Mr. Rutherford stated Neighbors of Watertown, Inc. has received state approval to proceed with plans to renovate the Brighton/Empall Plaza buildings and also acquire four additional apartment complexes downtown. The project will consist of upgrading 36 apartments and create eight new apartments at the Brighton Building. The project has taken several years to occur and has substantially changed from the original project submitted. Since the project scope has changed Mr. Beasley is requesting an extension of the façade grant which will include the exterior facades of the J.B. Wise Place and the Brighton/Empall buildings.

Mr. Alexander stated Mr. Beasley does not receive enough recognition for turning downtown around and stated Neighbors of Watertown, Inc. is responsible for as much as \$100 million investment in downtown Watertown and suggested we as a board and/or the city sponsor a dinner in honor of Mr. Beasley to provide the public recognition he deserves. Mr. Walczyk stated he would discuss with Mayor Butler.

Mr. Rutherford stated the mural on the J.B. Wise parking lot side will be covered over.

A motion was made by Mr. Alexander to approve extending the \$250,000 Façade Grant to Neighbors of Watertown, Inc. from 12/31/16 to 12/31/17 to be used at the facades known as the Brighton/Empall Plaza Building and J.B. Wise Building, seconded by Mr. Hunt. All in favor. Carried.

Neighbors of Watertown, Inc. - NDC Contract: Mr. Rutherford stated over the last ten years the LDC has subsidized the administrative fee between the Neighbors of Watertown, Inc. and the National

Development Council and recommends discontinuing the contribution. Neighbors of Watertown has not utilized the services of NDC.

A motion was made by Mr. Lumbis to terminate the monthly fee of \$1333.33 to Neighbors of Watertown, Inc. immediately for the administrative costs to the National Development Council, seconded by Mr. Alexander. All in favor. Carried.

Audit/Finance Committee: Mr. Rutherford stated the 2017 budget will be prepared and will require review by the Audit/Finance Committee prior to the October 20, 2016 board meeting. The budget needs to be submitted to PARIS by November 1, 2016.

NEW BUSINESS

Committee Structure: Mr. Rutherford stated with the departure of Jeffrey Graham and Ken Mix there are vacancies on various committees. The Nominating committee is comprised of the members by position, therefore Mr. Lumbis and Mayor Butler will replace Mr. Mix and Mr. Graham.

Mr. Russell stated it was the board's decision to appoint and approve members to the various committees and the committee to appoint the chairperson of each committee.

A motion was made by Mr. Hunt, seconded by Mrs. Dermady to approve Mr. Lumbis to the Governance and Personnel committees and Mayor Butler to the Audit/Finance and Personal Committees. All in favor. Carried.

WLDC Lending Area: Mr. Rutherford stated he has spoken with Mayor Butler regarding the LDC pursuing projects outside the City of Watertown to diversify the LDC's loan portfolio and he supports the idea. Mr. Rutherford stated the LDC's focus has been concentrated on the downtown business district to provide loans to small businesses. Mr. Rutherford stated he has not participated in projects outside of the city recalling his past experience with the former City Council. Mr. Rutherford stated he had to attend a City Council meeting with a company official and inappropriate questions were asked about the businesses finances. Mr. Walczyk stated there is a different council in place and they don't want to be the bad guys. Mr. Rutherford stated the banks are reluctant to offer the LDC's financial resources to customers knowing the past history with City Council. The board discussed the process of addressing the City Council and stated only larger projects having a major impact on the city would be brought forth to Council.

Mayor Butler joined the meeting at 9:30 a.m.

Mayor Butler stated millions of dollars in potential loans have sat idle when they could have assisted significant projects that would have an impact on the city.

Mr. Alexander stated other economic development agencies would welcome the opportunity for the LDC to participate in larger projects which impact the city, they would encourage development.

Mr. Rutherford stated the City Center Industrial Park has one unused parcel remaining which will be difficult to market because of the wetlands at the site which is another reason we should be assisting business outside the city. Mr. Rutherford stated the LDC would be able to assist businesses off Route 11 in the town of Watertown, the 88-acre corporate park where the Honda dealership opened, the

business park the Watertown International Airport and the Washington Summit medical and professional complex on outer Washington Street.

Mr. Alexander stated the LDC has the ability to provide funding to businesses outside the City, but it's been a practice knowing the political environment that we have not pursued. Mr. Rutherford stated it has been an unwritten rule to not pursue business outside the City of Watertown because of the politics.

Mr. Alexander stated for clarity we can look at projects outside the City of Watertown. Mr. Alexander stated the CEO is looking for reassurance and support from the Board to look at business outside the city. Mayor Butler stated if there are projects for City Council consideration he requested a resolution be sent prior to the council meetings and request the CEO be in attendance to answer any questions the Council may have pertaining to the request. Further discussion was held on the process of requesting approval from the City Council.

Mr. Hunt stated there is nothing to approve, you already have a process in place which states you can provide financial assistance to businesses outside the City of Watertown but must have approval by the Council. Mr. Hunt stated by providing a resolution to the city you are only changing how the request is processed to the City Council.

Mr. Russell stated loan requests are considered by the CEO then reviewed by the Loan Review Committee and then approved by the Board of Directors regardless of whether in or outside the city. The process has been in place for any commitment by the LDC for a project located outside the city limits and will be made subject to a majority approval of the City Council.

Mr. Fallon stated no action is required regarding conducting business outside the city limits. Mr. Fallon stated the CEO has consensus of the board members to further explore funding business outside the city limits which has an economic impact on the city. Mr. Fallon stated all requests will adhere to the normal underwriting procedures that are in place according to the Lending Policy.

WPBS Event at the Franklin Bldg.: Mr. Rutherford stated WPBS has requested renting out Space D in the Franklin Building on October 7 to present a showing of the history of Watertown. Mr. Rutherford requested the board waive the \$50 event fee to the not for profit organization.

WPBS has acquired the insurance listing the WLDC as additional insured for the event.

Mr. Alexander made a motion to waive the \$50 event fee to WPBS, seconded by Mr. Lumbis. All in favor. Carried.

Franklin Building Tenant Update: Mr. Rutherford stated the North Country Arts Council has vacated Suite D and the former pool space known as Suite D has been divided into three spaces. Two of the spaces have been occupied by Jason Comet (Space D-1) and Victoria Murchison (Space D-2.).

Mr. Rutherford stated the Downtown Local Lounge will be leasing the former Legal Docs space known as 137 Franklin Street. There are two spaces remaining spaces at the Franklin Building available.

The Retail Coach: Mr. Rutherford stated Kelly Cofer, CEO of the Retail Coach has offered to make a presentation to the board at no charge. Mr. Rutherford asked the board if they were interested in

meeting with Mr. Cofer. Mayor Butler stated the City has applied for a NYS CFA grant which will be announced in December and stated he is in favor of meeting with Mr. Cofer. Mayor Butler stated if the City is awarded funding from CFA funds would be allowed to hire a consultant.

Mr. Alexander stated he strongly believes in what the Retail Coach has to offer and this opportunity would allow them to define exactly what they could do for downtown.

Mayor Butler stated the Retail Coach be provided a tour of the City and suggested the meeting occur in early November prior to the monthly meeting. The Board members we in favor of meeting with the Retail Coach.

NEXT MEETING

The next board meeting will be held October 20, 2016 at 8:30 a.m.

ADJOURNMENT

A motion was made by Mr. Fallon, seconded by Mr. Alexander to adjourn the meeting at 10:06 a.m. All in favor. Carried.

C