

**Watertown Local Development Corporation
Meeting Minutes
Thursday, November 17, 2016**

The Watertown Local Development Corporation's Board of Directors meeting was held on Thursday, November 17, 2016 at 8:30 a.m. in the office at 82 Public Square, Watertown, New York.

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

MEMBERS EXCUSED: James Mills, John Vanderloo

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

CALL TO ORDER: Mr. Butler called the meeting to order at 8:35 a.m.

MINUTES: Mrs. Flint made a motion to approve the minutes of October 20, 2016, seconded by Mr. Zembiec. All in favor. Carried.

FINANCIAL REPORT: Mr. Fallon presented the September and October financials. Mr. Rutherford reviewed the delinquent loan accounts and the commitments.

Mr. Hunt questioned what dictates the interest rate of loans? Mr. Rutherford stated the stand-alone interest rate is 5%. When the LDC participates with banks or other economic development agencies they dictate the interest rate.

Mr. Zembiec made a motion to approve the September and October financial, seconded by Mr. Lumbis. All in favor. Carried.

CORRESPONDENCE: Snowtown USA is requesting a sponsorship for the 2017 events. The last two years the event was sponsored in the amount of \$2,000.

The North Country Arts Council is in the midst of a fundraising campaign with a goal of \$40,000 which would partially be used for back rent and to prepay rent for next year and has requested the LDC provide a sponsorship to the organization. Mr. Rutherford stated the Arts Council is four months past due. Mr. Rutherford stated President Jason Comet is fully aware of the situation and has been contacted several times about the past due rent and the possibility of closing the Arts on the Square gallery. Mr. Rutherford stated the arts council is a great asset to the Franklin Building but we can't give space away, it is not fair to the other tenants. Mr. Rutherford stated the past due rent and January 2017 rent must be prepaid or must consider vacating the space voluntarily.

Mr. Hunt questioned how the LDC determines what organizations to sponsor? Mr. Rutherford stated sponsorships must be related and contribute to economic development. Mr. Rutherford stated the LDC has sponsored Downtown Development Association PINS Across America, Chamber of Commerce events and most recently a workshop held by the Small Business Development Center. Currently there is \$3,000 budgeted for sponsorships. The only sponsorship this year has been to the SBDC.

Mr. Hunt stated both the Snowtown USA and North Country Arts Council are great and an asset to the community. Currently the LDC is a member of FDRLO, AUSA, Chamber of Commerce, NYSEDC.

Mr. Butler made a motion not to contribute to the North Country Arts Council's marketing campaign, seconded by Mrs. Flint. All in favor. Carried.

Mrs. Flint made a motion to approve sponsoring the 2017 Snowtown USA at the Bronze level in the amount of \$500.00, seconded by Mr. Fallon. All in favor. Carried.

Mr. Alexander arrived at the board meeting at 9:10 a.m.

Mr. Rutherford stated the LDC received a response to the audit request by Jerry Gardner, CPA who declined citing he does not perform audit any longer. Mr. Rutherford stated responses are to be sent to by 12/31/16.

LOAN REVIEW COMMITTEE

B-Hats Family LLC – Mr. Fallon stated the LRC recommend a loan in the amount of \$15,000 to B-Hats Family, LLC. Mr. Fallon stated Prabin Bhat, Sole Member of the LLC planned to open in September, however has had numerous issues with his contractors installing the kitchen hood. Mr. Bhat has been paying on his existing \$25,000 loan without being open and renovations are 95% complete and plans on opening in December. Mr. Bhat has requested a \$15,000 loan to replenish his cash reserves and provide him with sufficient start up working capital. Mr. Rutherford and Mrs. Dermady met with Mr. Prabin last week and toured the restaurant which will be Indian and Nepalese located in Stateway Plaza. Mr. Fallon stated the \$15,000 would be consolidated with Mr. Bhat existing debt.

A motion was made by Mrs. Flint to approve a loan to B-Hats Family, LLC in the amount of \$15,000 to be consolidated with Mr. Bhat's existing debt totaling \$29,263.24 at 5% fixed interest, (3 months interest only) for 5 years, 2nd position on all business assets to be used for startup costs and working capital, seconded by Mr. Fallon. Mrs. Dermady abstained. All in favor. Carried.

Elizabeth Jackson d/b/a Coconut Grove Restaurant and Bar: Mr. Fallon stated the LRC is not recommending the loan to Elizabeth Jackson but are recommending further discussion by the entire board. Mrs. Jackson is requesting a \$35,000 loan to open a restaurant at 1313 State Street. Mrs. Jackson is the wife of Edirin Igbo-Akita an existing client of the LDC and will manage Coconut Gove. Mr. Fallon stated Mr. Igbo-Akita is the owner of Mr. Biggs Restaurant and U-Mart Food City and have four loans with the LDC. Mr. Fallon stated he would like to see the focus put on the existing business and give the time to mature before starting other business venture.

Mr. Zembiec made a motion to enter executive session at 9:17 a.m. to discuss the personal financial history of Mrs. Jackson, seconded by Mr. Hunt. All in favor, carried. A motion was made by Mrs. Flint to adjourn the executive session and reconvene the meeting at 9:25 a.m. All in favor. Carried.

Mrs. Flint made a motion to decline the loan request from Elisabeth Jackson, seconded by Mr. Fallon. All in favor. Carried.

Personnel Committee:

The Personnel Committee (Chairman Joseph Butler, Mike Lumbis, Donald Alexander, Erika Flint) will meet on Monday, November 21, 2016 at 1:00 p.m. to conduct the evaluation of Donald Rutherford, CEO. The Personnel Committee recommendations will be presented at the December annual meeting.

Nominating Committee: Mr. Butler congratulated Mrs. Flint on her new position as Executive Director of the Fort Drum Regional Health Planning Organization. Mr. Butler requested Mrs. Flint recuse herself from the discussion to discuss her position on the board. Mrs. Flint recused herself from discussion at 9:28 a.m.

Mr. Butler stated Mrs. Flint currently serves as the representative of low or middle income groups of the City of Watertown and as a newly appointed member of the Empire State Poverty Task Force which will be developed over the next three to four weeks this will allow Mrs. Flint to continue to serve on the board in her current capacity.

Mr. Russell indicated there is nothing further to be discussed and no formal recommendation is needed as Mrs. Flint will continue to represent the low or middle community.

Mrs. Dermady's first term expires on 12/31/16 and has agreed to serve a second three-year term. Mrs. Dermady serves as an officer of a bank on the board.

With no further discussion, Mr. Butler stated that the Nominating Committee will meet on December 15, 2016 prior to the annual meeting to elect the 2017 officers.

Governance Committee – Mr. Lumbis, Chairman stated a meeting of the committee will be set up to conduct the annual review of the LDC policies prior to the December board meeting.

NEW BUSINESS

Commercial Office Lease: A motion was made by Mr. Fallon to enter a 2-year lease with Buck, LP dated November 1, 2016 and ending on October 31, 2018 in the amount of \$15,000 annually to lease 82 Public Square, Buck Building and to authorize the CEO to execute the commercial lease, seconded by Mrs. Flint. All in favor. Carried.

Rent Subsidy Program: The Downtown Development Committee recommend approval of the rent subsidy program to Spokes Craft Beer and Tapas. Spokes Craft Beer and Tapas is owned by 81 Public Square, LLC and will be located at 81 Public Square, Watertown. The building will be leased from BEL3 which is owned by Peter Dephtereos and plan on opening in March 2017.

Spokes Craft Beer and Tapas will employ 8 to 10 people.

Mr. Rutherford stated this is the fifth and last request to the rent subsidy program. The program has been a success and the board would like to discuss the program at the next board meeting.

A motion was made by Mr. Lumbis, seconded by Mrs. Flint to approve Spokes Craft Beer and Tapas to the Rent Subsidy Program contingent upon receipt of an executed lease agreement with the BEL3 and the Rent Subsidy Agreement. All in favor. Carried.

OLD BUSINESS

The Retail Coach: Mr. Rutherford stated there was nothing new to report on the Retail Coach.

2017 Budget: Mr. Rutherford stated the proceeds to the sale of the Arizona properties were transferred from 500 Newell Street, LLC into the WLDC checking account this year. The item will be removed as income on the 2017 budget which was approved last month.

Franklin Building Update: Mr. Rutherford stated all the vacant space has been leased at the Franklin Building. The new tenants will be the Downtown Local Lounge, Utica Center for Development and ACR Health. The leases are to begin December 1, 2016.

Next Meeting: The next meeting will be held on Thursday, December 15, 2016 at 12:00 p.m. at Cavallario's Cucina.

ADJOURNMENT: A motion to adjourn the meeting was made by Mrs. Flint seconded by Mr. Fallon. All in favor. Carried. The meeting adjourned at 9:45 a.m.