

**Watertown Local Development Corporation
Meeting Minutes
Thursday, March 16, 2017**

The Watertown Local Development Corporation's Board of Directors meeting was held on Thursday, March 16, 2017, in the WLDC office, 82 Public Square, Watertown, New York.

Present: Mayor Joseph Butler, Steve Hunt, Erika Flint, Jeffrey Fallon, Michael Lumbis, RoAnn Dermady, Donald Alexander, Dave Zembiec

Excused: John Vanderloo, Designee, Jennifer Voss, Designee

Others Present: Joseph Russell, Legal Counsel; Bryan Olson, Senior Accountant of Bowers and Company CPA; Brianna Uhlinger, Managing Partner of Bowers and Company CPA; Craig Fox, Watertown Daily Times

Staff: Donald Rutherford, CEO; Kim Taylor, Executive Assistant

Call to Order: Vice President Flint called the meeting to order at 8:30 a.m.

Minutes: Motion made by Mr. Alexander and second by Mrs. Dermady to accept the minutes from the February 16, 2017 meeting as presented. All in favor, motion carried.

2016 Audit: Mrs. Uhlinger, Managing Partner, Bowers & Company, CPA presented the 2016 audit of the WLDC including the independent auditors report, report on internal control over financial report and compliance.

Mrs. Uhlinger stated a loan check list be created for each loan which should be signed off by Mr. Rutherford. This would ensure all documents required are in place. Mrs. Uhlinger stated the document has since been created and will be in each customer's loan file.

Motion made by Mr. Alexander and second by Mr. Fallon to approve the 2016 audit as presented. All in favor, motion carried.

Financial Report: Mr. Fallon presented the financials for February 2017. Mr. Fallon stated the \$2,933.11 in the non-recurring expense account represents the Rent Subsidy Program payments.

Mr. Rutherford reviewed and discussed the delinquent customers for the month of January. Mr. Rutherford provided an update on the workout plan with a customer.

Motion was made by Mrs. Flint and second by Mrs. Dermady to approve the February 2017 financial statements. All in favor, motion carried.

Correspondence: There was no correspondence.

Loan Review Committee:

BEL3, Inc.: Mr. Fallon presented the loan request from BEL3, Inc. also known as Spokes Tapas and Craft Beer. The loan request was reviewed by the committee but the committee requested the loan be

presented to the board for further discussion. Mr. Fallon stated at the time of the request the LDC did not have access to acquire credit reports of the three principals and requested the guarantors to provide credit scores and a breakeven analysis of the business. The credit scores and breakeven analysis were submitted to Mr. Rutherford and emailed to the committee members prior to the board meeting.

BEL3, Inc. is requesting a \$40,000 loan for working capital and to purchase equipment. The WLDC would have a first position on the business assets. The restaurant is located at 81 Public Square and will employ 11 in year one. Mr. Alexander requested a breakdown of whether the employees were full or part time. Mr. Rutherford stated the employees are full time.

Mrs. Dermady questioned whether the corporate documentation had been received. Mr. Rutherford stated the corporate documents will be requested from the company.

Mrs. Flint stated the original projections provided were aggressive and it appears the updated figures were to cut the expenses in half to increase the revenue. Mrs. Flint stated she understands the expenses are not fixed. Mr. Fallon stated it is a valid point Mrs. Flint brings up. Mr. Rutherford stated projections are an estimate of the business and to be used as a forecast. Discussion continued regarding the reasonableness of the projections, equity contribution and break even analysis. Mr. Alexander asked, is this not the type of business we want to have in our downtown? Mr. Butler stated we approve loans based on merit and character and doesn't doubt that these individuals are good citizens. Mr. Rutherford stated all three owners have restaurant or business experience and the personal financial resources to support the startup. The business plans to open in May.

Mr. Alexander made a motion with a second by Mr. Hunt to approve a term loan in the amount of \$40,000.00 to BEL3, Inc. to be used for working capital and equipment for 5 years at 5% fixed interest rate, 1st position on all business assets, guarantees of Eva Pierce, Beth Ann Bodah, Libby Wheeler. All in favor, motion carried.

David E. Maxon d/b/a The Escape Works: Mr. Fallon presented the loan request from David Maxon recommended by the Loan Review Committee in the amount of \$35,000 to be used for leasehold improvements and equipment for a startup business located in 142 Arcade Street, Watertown. The Escape Works will be a physical adventure game consisting of 3,800 sq. ft. located in the former ball room of the Elks Club. Total project is \$45,000 and Mr. Maxon expects to employ 3 to 5 people.

Mr. Fallon made a motion with a second by Mrs. Flint to approve a term loan in the amount of \$35,000 to be used for leasehold improvements and equipment to David E. Maxon d/b/a The Escape Works for 5 years at 5% fixed interest, 1st position on all accounts receivable, inventory, furniture, fixtures and equipment contingent upon proof of equity injection. All in favor, motion carried.

Cold Black River, LP: Cold Black River, LP originally requested a façade grant from the LDC. However, at the time the LDC discontinued the façade program and the board approved a \$100,000 soft loan at 1% interest to Cold Black River, LP. Mrs. Uhlinger advised Mr. Rutherford to have the waiver of a guarantor approved by the board. Mr. Rutherford stated he made an executive decision to waive the requirement of the guarantee of Cold Black River, LP because the borrower's requirements would not allow the loan to close. Mr. Butler requested Mr. Rutherford prepare a written request to be presented to the board prior to the next meeting. Cold Black River, LP was tabled until the next meeting.

Governance Committee:

Board Performance Evaluation: Mr. Lumbis stated the Governance Committee met to review the results of the evaluation of board performance. Mr. Lumbis stated the board was divided on the fifth criteria listed, "the board sets clear and measurable performance goals for the Authority that contribute to accomplishing its mission". Discussion was held on what are the goals, how to measure the goals, how to set up the goals. Mr. Butler stated the personnel committee did not communicate with the entire board on the recommendations made to Mr. Rutherford and stated Mr. Rutherford will be communicating with the board monthly through email of the ongoing and current items of the agency.

Mr. Alexander stated the board evaluation is never 100% and we have learned it's not the substance of what the agencies do but the communication to the board and whether we are communicating properly to the board.

Discussion was held on whether to have a planning and or strategic meeting. Mr. Rutherford stated he prepared a work plan for 2017 which will be discussed later in the meeting. Mr. Rutherford also will be preparing the 2016 annual report which is submitted to the ABO through the PARIS and will provide board members a copy. Mr. Rutherford stated his job description is outdated and suggested the personnel committee revise it reflect the current business of the LDC. There was no decision made regarding changing the job description.

Mr. Butler stated the board will hold a planning session during a lunch meeting in November to review the goals and objectives met during 2017 and at the December meeting review the goal and objectives for 2018.

Mr. Hunt made a motion to approve the 2016 Confidential Evaluation of Board Performance, seconded by Mr. Fallon. All in favor, motion carried.

New Business:

2017 Workplan: Mr. Rutherford reviewed the work plan for 2017. Mr. Rutherford stated Kelly Cofer, CEO of The Retail Coach will be in Watertown the week of March 19, 2017 to meet with downtown business owners and conduct the analytics.

Mr. Rutherford proposed holding monthly block parties on Public Square on the last Fridays of May, June, July and August. Mr. Rutherford is working with Seth Hill, owner of the Tarot Café and Fire Magic. Mr. Hill is a performer and has agreed to be the event planner and chair a committee of volunteers to oversee the events. There would be a fire magic show, food, beverages, live bands held in Public Square. Mr. Rutherford stated fireworks may be held at the event in August. Mr. Rutherford recommends a budget in the amount of \$12,000 be approved for the block parties. The budget consists of live entertainment, advertising, decoration, etc. Mr. Butler stated the dates should be checked with the city and stated the last Friday in May was Memorial Day weekend. Mrs. Flint suggested having the first party in the month of June which would allow sufficient timing for planning the events. Mr. Fallon questioned who was going to control the funds? Mr. Rutherford stated the LDC would have contracts in place with performers subject to review by legal counsel. The LDC would be in control of disbursements. Mr. Hunt requested a written budget be put in place for the event. Mr. Hunt stated he thought it was a good idea and supports the block parties. Mr. Rutherford stated the North Country Arts Council and Historical Society have expressed support of the block parties. Mr. Rutherford stated he will approach the Downtown Business Association and Watertown First about the idea.

Mr. Butler suggested the J.B. Wise parking lot would be a suitable location with the public bathrooms and the pavilion available for use. The city police and fire departments might have reservations about closing off a part of Public Square for the events. Mr. Rutherford stated holding the event on Public Square would invite the public to visit the downtown businesses and it is more visible. Mr. Rutherford stated he would like to make this an annual event stating the block parties promote and make downtown a destination which can bring the community together. Mr. Alexander stated he supports the event, and knowing there are details to be worked out, stated Mr. Rutherford will keep the board informed.

Mrs. Flint stated she was in favor of the block parties and made a motion to approve a budget up to \$12,000 to sponsor three block parties to be held in Public Square contingent upon contracts and other legal details to be worked out, seconded by Mr. Hunt. All in favor, the motion carried.

Mr. Hunt excused himself from the meeting at 10:00 a.m.

Mr. Rutherford requested the board sponsor a beautification project for downtown which would include purchasing and planting flowers throughout Public Square. Discussion was held on a budget for the project, needed volunteers to maintain the flowers through the summer, hiring a landscape to determine the types of flowers, contacting civic clubs (Rotary, Kiwanis, 4H Clubs) contacting Cornell Cooperative Extension, JCC Horticulture Club which may be helpful in providing information. Mr. Alexander stated we should also beautify the entrances to the city. Mr. Fallon suggested contacting Allison Gorman who maintains the city site on Massey Street with seasonal decorations as a person of interest. Mr. Rutherford stated he will continue to work on the beautification initiative. There was no action taken regarding the project.

Mr. Rutherford stated he will be working with city staff to submit a CFA application to seek funding for the Public Square Rent Assistance Program.

Mrs. Flint stated the workplan is a useful tool which outlines the work being conducted and proposes to be conducted throughout the year. Mrs. Flint stated we will continue to receive monthly updates from Mr. Rutherford regarding the progress of the incentives in the workplan.

OLD BUSINESS

Edirin Igho-Akiti d/b/a Mr. Bigg's Restaurant & Bar: The loan request from Mr. Igho-Akiti was tabled.

NEXT MEETING: The next meeting will be held on Thursday, April 27, 2017.

ADJOURNMENT: Motion by Mr. Fallon and second by Mr. Lumbis, the meeting adjourned at 10:10 a.m. All in favor, motion carried.