

**Watertown Local Development Corporation  
Meeting Minutes  
Thursday, December 21, 2017**

The Watertown Local Development Corporation (WLDC) Board of Directors meeting was held on December 21, 2017 at Cavallaro's Cucina, 133 N. Massey Street, Watertown, New York.

**Present** - Mayor Joseph M. Butler, Jr., President, Erika Flint, Vice President, Michael Lumbis, David Zembiec, RoAnn Dermady, Stephen Hunt, Donald Alexander, James Mills, Jennifer Voss

**Excused** - Jeffrey Fallon, John Vanderloo

**Others Present** - Joseph Russell, Legal Counsel, Craig Fox, Watertown Daily Times, Cody Horbacz, Watertown City Councilman

**Staff** - Donald Rutherford, CEO, Kim Taylor, Executive Assistant

**Call to Order:** Mr. Butler called the meeting to order at 12:03 p.m.

**Minutes** - Mr. Hunt moved to accept the minutes of November 16, 2017 as written. Mrs. Flint second the motion, and all voted in favor. Motion carried.

**Financial Report** - Mr. Rutherford presented the financial reports for the month of November.

Mr. Rutherford reviewed the customer loan report. Mr. Rutherford stated he is working with DANC and Watertown Savings Bank on a working capital project for LKR Investments.

Riverview Plaza, LLC - A deed in lieu has been executed by Michael Treanor, Riverview Plaza. If the payment plan is not adhered to, we have the right to file which would avoid foreclosure.

Late notices have been sent to Jody Shuler, Travis Corliss and a demand letter has been sent to the J.B. Wise Block, LLC. Watertown Savings Bank has begun foreclosure proceedings on J.B. Wise Block, LLC.

With no further questions on the financial report, Mrs. Flint made a motion to approve the November financial reports, seconded by Mr. Lumbis and all voted in favor. Motion carried.

**Correspondence** - There was no correspondence.

**Nominating Committee** - Mr. Butler stated the Nominating Committee recommend the 2018 Slate of Officers as presented:

President - Joseph Butler  
Vice President - Erika Flint  
Treasurer/Secretary - Jeffrey Fallon  
Director - Stephen Hunt  
Director - Michael Lumbis  
Director - Donald Alexander  
Director -RoAnn Dermady

Designee - James Mills for Joseph Butler  
Designee - Dave Zembiec for Donald Alexander  
Designee - John VanDeLoo for Stephen Hunt  
Designee - Jennifer Voss for Michael Lumbis

Mr. Lumbis made a motion to accept the nominees for the 2018 slate of officers and members, second by Mrs. Flint. All in favor. Motion carried.

Mr. Hunt made a motion to approve Erika Flint's second three-year term to the WLDC board, second by Mrs. Dermady. All in favor. Motion carried.

### **Loan Review Committee**

**Loan Risk Rating** - The Loan Review Committee recommend the loan risk rating to be approved by the board. The loan balances will be updated on the report with the 12/31 balances at the end of the month. The risk ratings have been revised based on the review by Mr. Rutherford which is conducted internally. A motion was made by Mrs. Flint to approve the loan risk rating, second by Mr. Hunt. All voted in favor.

**9 Chandeliers Corp.** – The Loan Review Committee recommend extending a principal moratorium to 9 Chandeliers Corp. for an additional 6 months. Mr. Dalton has been aggressively marketing the building. Mr. Rutherford stated the LDC has a co-proportional first mortgage on the property with the original building owner. He said we will revisit the business's status in early 2018 with Mr. Dalton. Mr. Dalton has paid the interest as agreed. Mr. Butler stated he doesn't think we should extend the moratorium an additional 6 months that we should be getting more than interest. Mrs. Flint stated Mr. Dalton had previously provided a workout plan when he requested his original request for a moratorium and stated at least we are receiving interest. With no further discussion, Mrs. Flint made a motion, second by Mr. Alexander to approve an additional 6-month principal moratorium beginning December 1, 2017 to May 1, 2018 and to extend the maturity date to June 1, 2022. All in favor. Motion carried.

**FunXcape, LLC** – The Loan Review Committee recommend a 9-month retroactive principal moratorium to FunXcape, LLC on both loans. Mr. Rutherford stated Mrs. Bonner has had mechanical problems with the building which has led to unforeseen expenses. Mr. Rutherford indicated Mrs. Bonner has three prospects interested in leasing space at the building and are moving forward with their projects. Mr. Butler requested the board enter executive session to discuss personal financials. A motion was made by Mr. Alexander to enter executive session at 12:34 p.m. second by Mrs. Flint. All in favor. Motion carried.

Mrs. Dermady made a motion to adjourn the executive session and to reconvene the meeting, second by Mr. Lumbis. All in favor. Motion carried.

The meeting reconvened at 12:41 p.m.

Mr. Alexander made a motion, second by Mr. Lumbis to approve a 9-month principal moratorium retroactive to October 1, 2017 to June 1, 2018 to FunXcape, LLC on Loan #1 dated 1/13/2017 in the amount of \$150,000 and Loan #2 dated 3/30/2017 in the amount of \$130,000 and to extend the maturity date. All in favor. Motion carried.

**Kemal Services Corporation Subordination Request** – The Loan Review Committee recommend approval to subordinate its existing lien position to Watertown Savings Bank on the real estate owned by Kenal Services Corp. d/b/a Metal Man Services located at 1109 Water Street, Watertown, NY and authorize the

CEO to execute the subordination agreement. A motion was made by Mrs. Flint to approve the recommendation, second by Mr. Hunt. Mrs. Dermady abstained, all others in favor. Motion carried.

**Michael Vecchio-Release of Guaranty** – The Loan Review Committee recommend approval to release Michael Vecchio from all personal guarantees of the loans between the Kenal Services Corp., d/b/a Metal Man Services and the WLDC. Mr. Lumbis made a motion to approve the release of all personal guarantees of Michael Vecchio’s association with Kenal Services Corp. d/b/a Metal Man Services contingent upon the closing of Watertown Savings Bank refinance loan to Kenal Services Corporation. Second by Mr. Hunt. Mrs. Dermady abstained, all others in favor. Motion carried.

**Romalato’s Delicatessen, Inc. and Augustine A. Romeo, II Loan** – The Loan Review Committee recommend approval of 12-month principal moratorium retroactive to May 1, 2017 until April 1, 2018 on the loan to Romalato’s Delicatessen, Inc. The North Country Alliance is a participant. Mr. Rutherford is requesting the moratorium to be extended to August 1, 2018. Mr. Rutherford stated he has met with John Doldo, III who has been authorized by Augustine Romeo to represent him in all discussions financially associated with the loan. Mr. Alexander stated Mr. Doldo also made a presentation to the committee. Mr. Doldo indicated two interest payments will be made monthly. With no further discussion, Mr. Alexander made a motion to approve the principal moratorium retroactive from May 1, 2017 to August 1, 2018 with two interest payments being paid monthly, second by Mrs. Flint contingent upon approval by the North Country Alliance. All in favor. Motion carried.

**Power Play Sports, LLC** – The Loan Review Committee recommend approval of a term loan to Power Play Sports, LLC in the amount of \$72,000. Power Play Sports, LLC are proposing to build an indoor hockey training facility located at 223 J. B. Wise Place which will feature synthetic ice allowing players to train year-round. Mr. Butler stated the company has a proposal into the Downtown Revitalizing Fund which is the same amount as the project. Mr. Rutherford stated the DRI proposal submitted would be used to conduct a marketing blast of the business. Mr. Butler questioned whether the loan will be reduced if the DRI funding is approved. Further discussion was held on whether the loan should be contingent upon DRI funding. Mr. Rutherford stated whether the company receives the DRI or not, the company will proceed with the project. Mr. Lumbis stated the DRI proposal was based on the similar request to the LDC. Mr. Butler stated he would like the company to be aware how the loan could affect the DRI funding. Mr. Rutherford stated he has communicated this to Mr. Trimper and Mr. Netto.

Mr. Lumbis made a motion to approve a \$72,000 term loan to Power Play Sports, LLC at 5% fixed interest rate for 5 years, then adjusted to the prevailing prime rate plus 1% years 5-10 with a floor of 5%, term of 10 years, 2<sup>nd</sup> collateral position on all business assets, guarantees of Paul D. Trimper, Jr. and Anthony M. Netto to be used to purchase equipment, working capital and leasehold improvements for an indoor hockey facility to be located at 223 J. B. Wise Place Watertown, NY and furthermore to communicate the concerns and impact of the DRI proposal which was submitted by Power Play Sports, LLC which would impact the loan. Mr. Alexander second the motion. Mrs. Dermady abstained. All others in favor. Motion carried.

**Marcy Spa & Salon, Inc. Subordination Request** –The Loan Review Committee recommend approval to subordinate its existing lien position to Watertown Savings Bank on the business assets of the Marcy Spa & Salon, Inc. and authorize the CEO to execute the subordination agreement. Mrs. Flint made a motion to approve the recommendation, second by Mr. Lumbis. All in favor. Motion carried.

**Request from Robert Thurston** – Mr. Rutherford stated Mr. Thurston has accepted a purchase offer on the building American Corner he owns in the amount of \$115,000. Total debt against the property is \$119,000. The former debt on a loan between Robert Thurston and the WLDC has been collected by the Swartz Law Firm monthly for the past 7 years. The loan was written off. Mr. Thurston is requesting a settlement to pay the principal balance in the amount of \$760.87 and request the accrued interest to be waived in the amount of \$6,471.00. Mr. Rutherford stated he has been advised by the attorney’s office that we accept the principal balance and waive the accrued interest. Mr. Russell stated to sell the property judgements will need to be released. The judgement would include the LDC’s accrued interest. Mr. Russell recommend we request to view the title and a copy of the updated abstract. He also indicated we find out who the other creditors are and the amounts. Further discussion was held on not accepting the offer and or making a counter offer to Mr. Thurston. Mr. Butler stated no action was taken and at this time the board is declining the offer.

**Governance Committee** - Mr. Lumbis stated Governance Committee conducted the annual review of policies and recommend approval of the following policies as presented: Bylaws, Whistleblower, Procurement Policy, Investment Policy, Conflict of Interest, Ethical Rules, Defense & Indemnification, Lending Policy, Audit Policy, Real Property Guidelines and the Hiring Policy.

Mr. Lumbis stated the Governance Committee determined the appropriate committees review certain policies associated with their practices. Next year the Lending Policy will be reviewed by the Loan Review Committee. The Investment & Deposit Policy and the Audit Committee Policy and Procedures will be reviewed by the Finance & Audit Committee. Each committee will make a recommendation to the Governance Committee who will then review the complete list of policies.

Mr. Hunt made a motion to approval and adopt the policies, second by Mr. Lumbis. All in favor. Motion carried.

The board reviewed the mission statement and conducted the performance measurements questionnaire. Mrs. Flint made a motion to approve the mission statement, second by Mr. Hunt. All in favor.

Mr. Hunt made a motion to approve the performance measurements, second by Mrs. Dermady. All in favor. Motion carried.

Mr. Hunt excused himself from the meeting at 1:22 p.m.

#### **Old Business**

**Budget Amendment** – Mr. Rutherford presented the budget amendments to include the additional allocation to the Rent Subsidy Grant Program of \$36,000 bringing the total program for 2018 to \$71,000. He stated the Façade Grant allocation previously approved to Neighbors of Watertown, Inc. in 2015 has not been expensed and recommends the allocation be incorporated in the 2018 budget for the project.

Mr. Mills and Mr. Lumbis excused themselves from the meeting at 1:24 p.m.

Mrs. Flint made a motion to approve the 2018 budget amendments as presented, seconded by Mrs. Voss. All in favor. Motion carried.

**Public Square Rent Assistance Program** - Mr. Rutherford presented the modifications of the rent assistance program boundary to include lower Franklin Street, Court Street and properties located outside the program boundary but is located within the Downtown Revitalization Initiative (DRI) boundary may be considered based on its merits. The board was presented an updated boundary map. Mr. Rutherford stated modifications were made to Section #5 of the program guidelines regarding the types/sectors of businesses which was recommended by the Rent Subsidy Committee for approval. Mrs. Taylor stated Mr. Zembiec and Mr. Hunt would like a formal application to be created for the Rent Assistance Program applicants. Mr. Butler stated an application be created for the Rent Assistance Program which would be reviewed by Rent Subsidy Committee prior to board approval.

Mr. Alexander made a motion to approve the Public Square Rent Assistance Program changes as presented and the revised boundary map, seconded by Mrs. Flint. All in favor. Motion carried.

**Personnel Committee** – Mr. Butler stated the Personnel Committee conducted the annual review of Mr. Rutherford and is recommending a 2% salary increase for 2018. He said Mr. Rutherford conducted Ms. Taylor’s review and is recommending a 3% salary increase for 2018.

Mrs. Dermady made a motion to approve the 2% salary increase for Mr. Rutherford and to accept the performance appraisal, seconded by Mrs. Flint. All in favor. Motion carried.

Mrs. Dermady made a motion to approve a 3% salary increase for Mrs. Taylor and to accept the performance appraisal, seconded by Mrs. Voss. All in favor. Motion carried.

Mrs. Dermady stated at the recent loan review committee a discussion was held on whether the LDC was able to report a borrowers or guarantors default on credit reports. Mr. Russell stated he will research how to proceed with reporting to credit bureaus.

**Adjournment** – Mrs. Flint made a motion to adjourn the meeting at 1:42 p.m., seconded by Mrs. Voss. All in favor. Carried.