

**Watertown Local Development Corporation
February 21, 2019 Board Minutes**

The Watertown Local Development Corporation Board of Directors monthly meeting was held on Thursday, February 21, 2019 in the WLDC office, 82 Public Square, Watertown, New York 13601.

Present – President Joseph Butler, Michael Lumbis, Steve Hunt, Jeffrey Fallon, Donald Alexander, Charles Capone, Erika Flint

Others Present – Craig Fox, Watertown Daily Times

Excused – Dave Zembiec (Designee), James Mills (Designee), Jennifer Voss (Designee)

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

Call to Order – Mayor Butler called the meeting to order at 8:31 a.m.

Minutes – Minutes of the December 20, 2018 meeting were presented. Motion was made by Mr. Alexander to accept the minutes, seconded by Mrs. Flint. All in favor. Carried.

Financial Report – Mr. Fallon presented the December 2018 and January 2019 financial statements.

Mr. Rutherford reviewed the customer report which included the past due loan accounts. Mr. Rutherford stated the loan to 9 Chandeliers Corp. is past due; the payments were current while the loan was on a principal moratorium. Previously, at the June 2018 meeting the Board authorized Mr. Rutherford to entertain options with Robert Vest regarding an extension of the mortgage held on the Arsenal Street property. The LDC has a co-proportional mortgage with Robert Vest on the real estate. Mr. Rutherford stated he has not received a letter from Robert Vest to modify the existing loan. Mr. Rutherford stated he will contact attorney Steve Munson in regard to the proposed mortgage extension.

Mr. Rutherford stated the loan to Mr. Shuler is in default and has been sent to the Swartz Law Firm.

Motion was made by Mr. Capone to approve the December and January financial statements and customer report, seconded by Mr. Lumbis. All in favor. Carried.

Committee Reports

Loan Review Committee

Neighbors of Watertown, Inc. – Motion was made by Mrs. Flint to approve the recommendation made by the Loan Review Committee to renew the \$200,000 working capital note and \$300,000 line of credit to Neighbors of Watertown, Inc. for 1 year at 0% interest rate. The purpose of the working capital note is to provide contractors payment in a timely fashion which has created more jobs in the community. The line of credit funding has provided rental rehab and first-time homebuyers as well as other homeowners with owner occupied rehab. Motion was seconded by Mr. Lumbis. All in favor. Carried.

Loan Risk Rating – The LRC recommends approval of the internal risk rating conducted as of 12/31/2018 and to reserve \$447,840.76. Mr. Rutherford stated the loans to Eddie Igho-Akiti have been included in

the risk rating. Mr. Igbo-Akita has filed bankruptcy. He stated Barclay and Damon will be issuing a summons and complaint against E. Jackson and will proceed to collect the outstanding debt from the equipment within Mr. Igbo-Akita current location. Mr. Rutherford recommends approval to write off loans to Edirin Igbo-Akita, Tropical Foods Express and U-Mart City Foods to bad debt expense.

Motion was made by Mr. Alexander, seconded by Mrs. Flint to approve the risk rating as of 12/31/2018 and to write off loans to Edirin Igbo-Akita, Tropical Foods Express and U-Mart City Food to bad debt in the amount of \$92,503.24. Motion was seconded by Mrs. Flint. All in favor. Carried.

William & Debra Gaudette – Mr. Rutherford stated six board members recommend approval to loan William and Debra Gaudette a \$24,000 bridge loan at 5% interest only due at closing, 1st position on the equipment and personal guarantees of William and Debra Gaudette to purchase equipment for Above Reality Virtual Sports Complex. Mr. Gaudette received a \$53,240 bridge loan on January 9, 2019 from the JCIDA to purchase equipment also. Mr. Gaudette requested the funds in order to purchase the simulator equipment at a discounted price prior to 1/31/2019. Previously the Board approved a \$40,000 participation loan with the Jefferson County Industrial Development Agency but the requirement of a mortgage on the Gaudettes residence and life insurance policy has caused a delay in closing. Mr. Butler requested staff obtain serial numbers of the equipment purchased to be filed with the UCC1 at closing of the participation loan. After review and discussion, a motion was made by Mr. Alexander to ratify the approval the bridge loan to William and Debra Gaudette as outlined above, seconded by Mr. Fallon. All in favor. Carried.

DRI Committee

Request for Proposal (Façade Program) – Mr. Rutherford stated the DRI Committee have finalized the request for proposal to administer the Façade Program which will be emailed to consultants and an advertisement will be published in the Watertown Daily Times Friday, February 22, 2019. Submission deadline is Friday, March 15, 2019 at 4:00 p.m.

Downtown Revitalization Initiative Grant Agreement - Motion was made by Mrs. Flint to approve the Grant Agreement between the Housing Trust Fund Corporation and the Watertown Local Development Corporation in the amount of \$600,000 and to authorize the CEO to execute the agreement, seconded by Mr. Alexander. All in favor. Carried.

Authorized Signature Form – Motion was made by Mrs. Flint to approve Mayor Butler as a representative authorizing signatures to execute the DRI disbursement requests, seconded by Mr. Lumbis. All in favor. Carried.

Mayor Butler authorized Donald Rutherford, Jeffrey Fallon and Charles Capone to execute the grant disbursement requests.

M/WBE & EEO Policy Statement – Motion was made to approve the M/WBE and EEO Policy Statement (attached) seconded by Mr. Alexander. All in favor. Carried

Façade & Rent Assistance Marketing – Mr. Rutherford and Ms. Taylor met with Mike Biolsi, Coughlin printing to discuss marketing for the DRI façade and rent assistance programs. A copy of the marketing plan is attached. The Board reviewed the proposed marketing plan and would like to scale back on the plan and focus more attention on the rent assistance program. Mr. Alexander requested the budget be tailored down and a shorter time frame be discussed. Mrs. Flint suggested linking websites with the City of Watertown and other entities to market the programs. After review and discussion, the Board decided the DRI Committee meet with Mr. Biolsi to discuss the marketing plan.

Governance Committee

Annual Board Evaluation – Mr. Lumbis presented the 2018 Annual Board Evaluation stated the evaluation showed improvement from the previous year. He stated the monthly reports prepared by Mr. Rutherford have assisted in measuring the LDC goals. Mr. Lumbis stated the committee also discussed risk for investments but also the risk assessment for loans which will be addressed in a future board meeting.

Old Business – There was none.

New Business

CEO Report – Mr. Rutherford's monthly CEO report was reviewed by the Board. The 2019 work plan is attached.

Downtown Block Party Update – Mr. Rutherford stated the committee has met and is having difficulty finding members. He stated this year the August block party will be a celebratory event with FDRLO.

Next Meeting – The next meeting will be held on March 21, 2019.

Adjournment – Motion was made by Mrs. Flint to adjourn the meeting at 9:47 a.m., seconded by Mr. Fallon. All in favor. Carried.