

Watertown Local Development Corporation
March 21, 2019
Meeting Minutes

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

Present – President Joseph Butler, Michael Lumbis, Steve Hunt, Jeffrey Fallon, Charles Capone, Erika Flint, Dave Zembiec (Designee)

Others Present – Rick Finn, City Manager; Liz Bush, CPA, Bowers & Company; Cyril Mouaikel, RBC Wealth Management; John Number, RBC Wealth Management; Patricia Villinger, Exchange Student, RBC Wealth Management

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

Excused – Donald Alexander, James Mills (Designee), Jennifer Voss (Designee)

Call to Order – Mayor Butler called the meeting to order at 8:30 a.m.

Minutes – Minutes of the February 21, 2019 meeting were presented. Motion made by Mr. Fallon to accept the minutes, seconded by Mr. Flint. All in favor. Carried.

2018 Audit – Ms. Bush, CPA of Bowers & Company presented the 2018 audited financial statements which included the independent auditors report, report on internal control and communication letter. Ms. Bush reviewed the new notes to the financials required by the FASB's Not-for-Profit Financial Accounting Standard which were implemented. Mayor Butler thanked Ms. Bush for the presentation. Ms. Bush was excused from the meeting.

2018 Investment Report – Mr. Mouaikel introduced Ms. Villinger an exchange student from Germany who is an intern at RBC. Mr. Mouaikel and Mr. Nuber presented the 2018 annual review of the investments and equities. Mr. Mouaikel is recommending the board move \$50,000 from the investment account into the equity account and hold on to the two bonds which fell below investment grade.

Mr. Mouaikel indicated the margin account could be used for potential cash flow needs for future projects or the line of credit. Mr. Nuber provide the interest rates and the process to apply for the line of credit.

Mayor Butler thanked Mr. Mouaikel and Mr. Nuber and stated the Board will discuss the recommendation and notify them of the action. Mr. Mouaikel, Mr. Nuber and Ms. Villinger were excused from the meeting.

Mr. Lumbis made a motion to approve the 2018 Audit as presented, seconded by Mr. Capone. All in favor. Carried.

Mrs. Flint made a motion to approve the 2018 Investment Report, to hold the two bonds which fell below investment grade and authorize the Mr. Mouaikel to move \$50,000 from the investment account into the equity account. Mr. Hunt questioned what the fees were to RBC. Mr. Butler stated RBC receives a flat fee. With no further questions, Mr. Fallon seconded the motion. All in favor. Carried.

Financial Report – Mr. Fallon presented the February financial statement.

Mr. Rutherford reviewed the customer loan report. Mr. Rutherford stated updated the board on the status to restructure the debt to 9 Chandeliers Corp. Mr. Rutherford stated he has spoken with the other lender's attorney who is reluctant to restructure the debt because the borrower is past due. Mr. Rutherford stated we can continue to get the loan restructured and put the loan back on interest only or sue on the note. Mr. Butler stated the LDC continue with interest only and pursue the restructure. Mr. Rutherford stated a request from 9 Chandeliers Corp for an additional principal moratorium will be brought to the Loan Review Committee next month.

Mr. Rutherford stated the loan to Computer Doc reverted to principal and interest December 2018. Due to the financial constraints of the borrower, a request for interest only will be presented to the Loan Review Committee next month.

Mr. Rutherford stated the real estate taxes have been paid on the Funxcape, LLC property but the restructure of debt will not proceed until the interest on the loan has been brought current.

RCZ, Inc. is 90 days past due. Staff continues to follow-up with Brent Lewis.

Above Realty Virtual Sports Complex, LLC – The loan to Above Realty Virtual Sports Complex, LLC has not closed, however the demand notes from the LDC and JCIDA have been funded so the business could purchase equipment at a discount rate. Mr. Russell stated we are waiting on the assignment of life insurance. Mr. Capone recommended moving forward with the loan closing prior to the assignment of life insurance being in place. Mr. Capone stated we have the borrower's personal residence as collateral. Mr. Rutherford stated this is a participation loan with JCIDA and they would have to approve also.

Mr. Hunt made a motion to approve closing the loan to Above Realty Virtual Sports Complex, LLC in the amount of \$40,000 prior to the assignment of life insurance being in place, seconded by Mrs. Flint contingent upon the JCIDA. All in favor. Carried.

Committee Reports

Loan Review Committee

Laurel Blackmore – Mr. Fallon introduced the recommendation to approve a loan to Laurel Blackmore. Mrs. Flint made a motion to approve a Downtown Micro Loan in the amount of \$40,000 to Laurel Blackmore, independent contractor and owner of the Marcy Spa & Salon for 5 years at 3% fixed interest, 2nd security position on the GMax Pro Laser equipment. Total project cost is \$83,154.60. The motion was seconded by Mr. Lumbis. Mr. Capone abstained. All others in favor. Carried.

Marble St. Garage, Ltd. – Mr. Fallon introduced the recommendation to approve a loan to Marble St. Garage, Ltd. in the amount of \$120,000 for 10 years at 5% fixed interest. The loan proceeds will be used for working capital which will result in the retention of 7 full time employees and 20 bus drivers. Collateral will be a 2nd position mortgage behind WSB on the bus garage/corporate offices located at

1067 Marble St., 2nd position on assets affixed, assignments of rents and leases. The loan is contingent upon several items which mirror the bank's approval.

Executive Session – A motion was made by Mr. Butler to enter into executive session at 9:59 a.m. to discuss a customer's personal financials and allow Mr. Finn to be present, seconded by Mr. Hunt. All in favor. Carried. Staff remained.

A motion to adjourn the executive session was made by Mr. Hunt, seconded by Mr. Fallon. All in favor. Carried. The regular meeting reconvened at 10:10 a.m.

Marble St. Garage, Ltd. - Mrs. Flint stated after review and discussion made a motion to approve the \$120,000 loan Marble St. Garage, Ltd. for 10 years at 5% fixed interest, 2nd position mortgage behind WSB on the bus garage/corporate offices located at 1067 Marble St., 2nd position on assets affixed, assignments of rents and leases contingent upon the following:

- Receipt and review of satisfactory appraisal
- Receipt and review of acceptable Phase I Environmental
- Copy of lease agreement between Freeman Bus Corporation and Marble St. Garage, Ltd.
- WSB approval
- Survey
- Title insurance
- Escrow (Bank Required)
- All formation documents for Marble St. Garage, Ltd.
- All legal documents showing transfer of ownership
- All appropriate insurances

Mr. Hunt and Mr. Butler opposed the loan. All others in favor (5-2). Carried.

Mr. Butler excused himself from the meeting.

DRI Committee

Coughlin Co. Marketing Proposal - A motion was made by Mr. Lumbis to enter into a contract with Coughlin Co. to market the DRI Façade and Rent Assistance Programs not to exceed \$6,000 and authorize the CEO to executive the contract. The motion was seconded by Mr. Fallon. All in favor. Carried.

Old Business – There was none.

New Business

CEO Report – The DRI contract with the state is in their legal department for review and once the executed copy is returned a firm will be selected to administer the façade program. Four companies have submitted a proposal which will be reviewed by the DRI Committee then presented to the board at the April 18, 2019 meeting. Mr. Lumbis questioned whether an environmental review is required for each project. Mr. Rutherford stated staff will be attending a web seminar on NYMS Environmental Review April 3, 2019 to find out the requirements.

Next Meeting – The next meeting will be held on Thursday, April 18, 2019.

Adjournment – Motion was made by Mr. Fallon to adjourn the meeting, seconded by Mr. Lumbis. All in favor. Carried. The meeting adjourn at 10:30 a.m.