

**Watertown Local Development Corporation**  
**Thursday, December 15, 2022**  
**Meeting Minutes**

The Watertown Local Development Corporation Board of Directors monthly meeting was held on Thursday December 15, 2022, at 65 Public Square (The Eatery) at noon.

**Present** –Michael Lumbis, Steve Hunt, Dave Zembiec, Charles Capone

**Excused** – Dawn Cole, President Jeff Smith, Michael Pierce

**Others Present** - Craig Fox, Watertown Daily Times; Marshal Weir, designee; Jennifer Voss, designee; Joseph Butler, designee

**Staff** - Donald Rutherford, CEO; Kylee McGrath, Executive Assistant

**Call to Order** –Mr. Butler called the meeting to order at 12:10 pm.

**Minutes** –Minutes of the November 17, 2022, meeting were presented. Motion made by Mr. Capone to accept the minutes, seconded by Mr. Zembiec. All in favor. Carried.

**Financial Report-** Mr. Rutherford presents the November financial statement, followed by reviewing the customer loan report. Mr. Rutherford stated that a right to cure letter was sent to Black River Paper, a payment still has not been received. He has spoken to Christ Powers at WSB about Marble Street Garage, Freeman Bus is selling some buses. With the sale the loan to Marble Street Garage will be brought current. Freeman Bus loan #3 has been paid off. There was an auction for Treehouse Drop-in Daycare, the proceeds were \$2,062.50 which will be used to pay down the remaining principal amount.

Mr. Capone reviewed the profit loss report and the balance sheet for the WLDC. Mr. Weir made a motion to approve the customer loan report and the November financials, seconded by Mr. Lumbis. All in favor. Carried.

Mr. Capone reviewed the subordination request from WSB for MLR Realty. Mr. Zembiec made a motion to accept the subordination request, seconded by Mr. Lumbis. All in favor. Carried.

Mr. Rutherford reviewed the judgement settlement request for the two remaining guarantors for the loan Fort Drum Storage. The settlement offer is for \$7,500. Mr. Zembiec made a motion to accept the judgement settlement seconded by Mr. Capone.

Mr. Capone reviewed the loan recommendation for 7Arrows Inc. \$230,000 is being requested with a 5% fixed interest rate (every five years, rate adjusted to the prevailing prime rate with a floor of 5%) to be amortized over 20 years. This loan is a participation loan with Community Bank. Mr. Lumbis made a motion to approve the loan as presented, seconded by Mr. Capone.

DRI Update:

All projects are moving along. S&J Properties decided against doing the new awnings. The two Smithline projects are waiting on windows and doors.

**Nominating Committee**

Mr. Hunt reviewed the slate of officers for 2023.

- President – Jeffrey Smith
- Vice President – Dave Zembiec
- Secretary/Treasurer – Charles Capone
- Director – Stephen Hunt
- Director – Michael Lumbis
- Director – Dawn Cole
- Director – Michael Pierce
- Designee - Joseph Butler for Jeffrey Smith
- Designee – Marshal Weir for Dave Zembiec
- Designee - Jennifer Voss for Michael Lumbis
- Designee – Terry Evans for Stephen Hunt.

**Audit/Finance Committee**

- Chairman-Michael Pierce
- Jeffrey Smith
- Charles Capone

**Governance Committee:**

- Chairman-Michael Lumbis
- Dave Zembiec
- Stephen Hunt

**Loan Review Committee**

- Chairman-Charles Capone
- Dave Zembiec
- Dawn Cole
- Michael Pierce

**Nominating Committee: (Members by Position)**

- Chairman- Stephen Hunt
- Jeffrey Smith
- Michael Lumbis
- Dave Zembiec

**Personnel Committee**

- Chairman: Jeffrey Smith
- Dave Zembiec
- Michael Lumbis
- Dawn Cole

**DRI Committee**

- Chairman- Michael Lumbis
- Michael Pierce
- Stephen Hunt
- Dave Zembiec

Mr. Lumbis made a motion to accept the 2023 slate of officers, seconded by Mr. Hunt. All in favor carried.

**Governance Committee**

Mr. Lumbis reviewed the changes made to the mission statement, by-laws and policies.

**Mission Statement:**

To work with City government, economic development agencies and **the** private sector with the goal of promoting economic expansion and prosperity in the City of Watertown. To use the Watertown Local Development Corporation’s financial resources to leverage other investment with the goal of job creation, retention, elimination of blight and community revitalization.

Mr. Zembiec made a motion to adopt the mission statement as amended seconded by Mr. Hunt.

Mr. Lumbis reviewed the mission statement with the board and reviewed the performance measurements and questions. Mr. Capone made a motion to approve the performance measurements questionnaire, seconded by Mr. Hunt.

**Bylaws** – The Committee recommend the following change to the Bylaws:

Article III, Membership, Page 2

The CEO or designee of the Jefferson County Industrial Development Agency;

Article V. Audit/Finance Committee, Page 4

**1. Audit/Finance Committee.** The Board of Directors shall appoint from among its members an audit committee of 3 Directors, to serve at the pleasure of the Board. The Board of Directors shall designate one member of such committee to serve as its chairperson. The members of the audit committee shall be independent members within the meaning of the Public Authorities and Accountability Act of 2005, and, to the extent practicable, shall possess or obtain familiarity with corporate finances and accounting. The audit committee shall (a) recommend to the Board of Directors the hiring of an independent certified public ~~accounting~~ **accountant**, (b) establish the compensation to be paid to the said certified public accountant, (c) directly oversee audits performed by any certified public accountant, and (d) have such additional powers, and perform such other and further duties concerning the corporation and its finances as are prescribed by policies and procedures adopted by the Board of Directors.

Article V. Loan Review Committee, Page 5

**2. Loan Review Committee.** The Board of Directors may elect from its members a Loan Review Committee consisting of **at least 4 members** to serve at the pleasure of the Board. The Committee shall review all applications for loans and make recommendations to the full Board.

Article VI, Duties of President, Page 5

**Duties of President.** The President shall preside at all meetings of the members and the Board of Directors; shall **conduct the meetings in accordance to the by-laws** call regular and special meetings of the members and directors in accordance with these by-laws.

Mr. Capone made a motion to adopt bylaws as amended, seconded by Mr. Hunt.

**Watertown Local Development Corporation Financial Internal Control System:**

Page 2, Paragraph 3

All checks require two authorized signatures. Authorized signers shall be approved by the Board of Directors. The CEO and ~~four~~ **two** directors will have authorization to sign checks per board approval.

Procurement Policy:

Exceptions to Policy, Page 2

3. Sole Source – Defined as a situation when there is only one possible source from which to procure goods and/or services and it is shown that the item needed has unique benefits, the cost is reasonable for the product offered and there is no competition available. In this situation, a request for a resolution waiving bidding requirements, as described above, is required.

4 . Single Source – Defined as a situation in which, although two or more contractors can supply the required product or services, the agency has determined it is in its best interest to procure from a particular contractor or vendor without seeking competitive quotes or proposals due to overriding considerations; and for which the reasonableness of cost can be determined. Examples would include the following:

- The selected contractor has familiarity or previous experience with the particular project for which services are needed, helping to ensure continuity, effectiveness, and efficient completion;
- The agency has a specific design or specification for which it feels the selected contractor is best suited to deliver;
- The agency needs maintenance for a particular piece of equipment, and that maintenance must be provided by a particular vendor to maintain the warranty.

In any case where a single source contract is awarded, the agency shall document in the procurement record the circumstances leading to the selection of the vendor, including the alternatives considered, the rationale for selecting the specific vendor and the basis upon which it determined the cost was reasonable.

## Code of Ethics

### e. General Rule as to Ethical Conduct

No officer, board member or employee of the Agency should have any Interest, financial or otherwise, direct or indirect, or engage in any business or transaction or professional activity or incur any obligation of any nature, which is in substantial conflict with the proper discharge of his **their** duties in the public interest.

### d. Specific Standards of Conduct

#### i. Outside Employment Impairing Judgment as to Agency Interests

No officer, board member or employee of the Agency should accept other employment which will impair his **their** independence of judgment in the exercise of his **their** official duties.

#### ii. Accepting Employment Requiring Disclosure of Agency Confidential Information

No officer, board member or employee of the Agency should accept employment or engage in any business or professional activity which will require him

~~them~~ to disclose Confidential Information which ~~he has~~ **they have** gained by reason of ~~his~~ **their** official position or authority.

iii. Disclosing Confidential Information of the Agency

No officer, board member or employee of the Agency should disclose Confidential Information acquired by him in the course of ~~his~~ **their** official duties with the Agency, nor use such information to further ~~his~~ **their** personal interests.

iv. Use of Agency Position to Obtain Unwarranted Benefits

No officer, board member or employee of the Agency should use or attempt to use ~~his~~ **their** official position to secure unwarranted privileges or exemptions for ~~himself~~ **themselves** or others.

v. Dealing on Behalf of Agency with Business Entities in Which Individual has a Financial Interest

No officer, board member or employee of the Agency should engage in any transaction as representative or agent of the Agency with any business entity in which ~~he~~ **they have** a direct or indirect financial interest that might reasonably tend to conflict with the proper discharge of his official duties.

vi. Giving the Impression of Willingness to be Improperly Influenced at the Agency

An officer, board member or employee of the Agency should not by his conduct give reasonable basis for the impression that any person can improperly influence him or unduly enjoy ~~his~~ **their** favor in the performance of his official duties with the Agency, or that ~~he is~~ **they are** affected by the kinship, rank, position or influence of any party or person.

vii. Personal Investments in Enterprises Which Conflict with the Interests of the Agency

An officer, board member or employee of the Agency should abstain from making personal investments in enterprises which ~~he has~~ **they have** reason to believe may be directly involved in decisions to be made by ~~him~~ **them** or which will otherwise create substantial conflict between ~~his~~ **their** duty in the public interest and ~~his~~ **their** private interest.

viii. Avoidance of Raising Suspicions of Violations of Trust

An officer, board member or employee of the Agency should endeavor to pursue a course of conduct which will not raise suspicion among the public that ~~he is~~ **they are** likely to be engaged in acts that are in violation of ~~his~~ **their** trust.

ix. Personal Dealings with Entities Receiving Agency Benefits

No officer, board member or employee of the Agency employed on a full-time basis nor any firm or association of which such an officer, board member or employee is a member nor corporation a substantial portion of the stock of which is owned or controlled directly or indirectly by such officer, board member or employee, should sell goods or services to any person, firm, corporation or association which is provided any benefit by the Agency.

ix. Predisclosure of Financial Interests Involving Agency

If any officer, board member or employee of the Agency shall have a financial Interest, direct or indirect, in which the Agency is involved, he should file with the President of the Agency a written statement that he has such a financial Interest in such activity, which statement shall be read into the minutes of a meeting of the Agency, and open to public inspection.

**e. Avoiding Prohibited Conflicts Through Disclosure and Withdrawal/Recusal**

An individual who would otherwise violate this Code of Ethics may sometimes avoid such a violation through disclosure and withdrawal, or disclosure and recusal in accordance with the following provisions.

**i. Disclosure**

Any time an Agency officer, board member or employee has an Interest in a matter before the Agency which could give rise to a violation of the Agency Code of Ethics, he **they** disclose such Interest in writing to the Agency President, and such writing shall be presented at the next meeting of the Agency board of directors and noted in the minutes of such meeting.

**ii. Withdrawal or Recusal**

**A. Withdrawal**

If an officer, board member or employee has a Substantial Conflict of Interest in a matter before the Agency which involves an entity or person from which he directly receives economic benefits, he **they** shall completely withdraw from any activities or proceeding of the Agency concerning such matter by having no involvement in such Agency activity or proceeding. In particular, the officer, board member or employee shall not be in attendance at any meeting of the Agency at the point the matter in question is presented, discussed or voted upon.

**B. Recusal**

If an officer, board member or employee has a Substantial Conflict of Interest in a matter before the Agency in any other circumstance other than that set out in the preceding paragraph, he shall recuse himself from

participating in any activity or proceeding of the Agency which involves the outside organization or person upon which the conflict of interest is based.

### **C. Prohibition Against Communications**

In either of the circumstances set forth in “A” or “B” above in which withdrawal or recusal is called for, the officer, board member or employee should not communicate concerning the matter with anyone in the Agency or with the outside person or entity involved, except to disclose the existence of the conflict of Interest.

### **D. Financial Screening**

Should an officer, board member or employee withdraw in connection with a matter in which ~~he~~ they would have a Substantial Conflict of interest, that individual should be disqualified from receiving any direct financial benefit from the Agency’s action on the matter except in cases involving the individual’s employer where the financial benefits derived by the employer from the Agency is part of the fixed salary and expenses of all principles and employees of the individual’s employer and is a small percentage of both the employer’s total revenues and the disqualified individual's fixed salary and expenses. For "disqualified" individuals who are eligible to share in revenues from work performed or generated by others at the individual’s employer, the amount of revenues to be distributed must be proportionately reduced by the amount received in financial benefits from the Agency when distributed to a "disqualified" individual.

### **f. Limitations on Disclosure and Withdrawal/Recusal**

While many potential conflicts of interests may be avoided by use of disclosure, withdrawal or recusal, and financial screening, under certain circumstances these mechanisms may not be adequate to eliminate conflicts of interest. If an Agency officer, board member or employee has such ongoing and significant personal Interests in matters before the Agency that he will be unable to reasonably fulfill his fiduciary duty or duty of loyalty to both the Agency and the entity/person in which or with which he has a personal Interest, ~~he~~ they must resign his office or position with the Agency.

Mr. Capone made a motion to readopt three policies as proposed by the Governance Committee, seconded by Mr. Hunt.

No changes recommended to: Hiring Policy, Investment Policy, Property Disposition Policy, Lending Policy, Whistleblower Policy. Motion to readopt as written was made by Mr. Capone, seconded by Mr. Hunt.

**Personnel Committee:**

Mr. Lumbis reviewed Mr. Rutherford's annual CEO review. The personnel committee recommended a 3.5% raise for Mr. Rutherford. Mr. Zembiec made a motion to approve the recommended salary increase, seconded by Mr. Capone.

Mr. Rutherford reviewed Mrs. McGrath's annual CFO review and recommended a salary increase for 2023. The salary increase was within the budgeted allowance so a motion was not needed.

Mr. Hunt made a motion to adjourn the meeting at 12:47 pm, seconded by Mr. Zembiec.