

**Watertown Local Development Corporation
Regular Board Meeting
Thursday, November 20, 2008**

The Watertown Local Development Corporation held its regular meeting on Thursday, November 20, 2008 in the office of the WLDC, 82 Public Square, Watertown, New York.

MEMBERS PRESENT – Mayor Jeffrey Graham, Jennifer Huttemann-Kall, Mary Corriveau, Lyle Eaton, Jenna Cleaves, Jim Fayle, Mark Bellinger

MEMBERS EXCUSED – Donald Alexander

OTHERS PRESENT – Donald Rutherford, Executive Director/CEO; James Heary, Legal Counsel; Nancy Madson, Watertown Daily Times; Gary Beasley, Executive Director, Neighbors of Watertown, Inc.

CALL TO ORDER – President Graham called the meeting to order at 9:31 a.m.

I. MINUTES

A motion was made by Ms. Huttemann-Kall, seconded by Mr. Eaton to approve the minutes of October 23, 2008. All in favor, approved.

II. FINANCIAL REPORTS

WLDC Reports & Public Square Developers LP – Mr. Rutherford reviewed the financial statements of the WLDC and Public Square Developers LP for the month of October.

Mr. Graham inquired as to what would happen with the balances in the Public Square Developers checking account and accounts receivable as well as how we will receive reimbursement from the funding sources. Mr. Rutherford stated that the checking account balance, which would fluctuate in the meantime, will eventually be transferred back to the LDC. The accounts receivable will grow and we will get that back from the funding sources. It is anticipated that construction note will be closed on or just after the first of the year. This is the last month of reports on Public Square Developers as the balances will be transferred to the Neighbors of Watertown.

A motion was made by Mrs. Corriveau to approve the October 2008 financial statements for the WLDC and Public Square Developers LP, seconded by Ms. Huttemann-Kall. All in favor, approved.

October Loan Summary Report – Mr. Rutherford reviewed the delinquent accounts with the board. All accounts are now current except for Alteri’s Bakery, Inc. that is 30 days past due.

The loan to MJK Holdings was closed in November and will be removed from the “Loans Committed” section for the November report.

Downtown Loan Assistance Program – Two loans from different customers are past due, one for September and one for October. Collection follow up will be done to bring them current.

III. CORRESPONDENCE

Letter received from Ms. Susan Truglio of the North Country Children’s Clinic requesting a rate reduction. See Section IV below.

IV. COMMITTEES

Loan Review & Eligibility Committee

Rent-A-Zone

The Loan Review Committee had recommended approval of 2 loans for the above referenced business. 1) A \$40,000 Micro Enterprise loan to RCZ, Inc. d/b/a Rent-A-Zone for the purchase of its next door building at 103 Public Square. Terms are: 5% fixed for 5 years after which the rate will go to Wall Street Journal Prime Rate minus 1% with a floor of 5% fixed; 15 year term; 15 year amortization. 2) A \$20,000 Micro Enterprise Loan to renovate the interior and exterior of the same building. Terms are: 5% fixed, 5 year term, 5 year amortization.

Mr. Graham inquired as to why there is no bank participation. Mr. Rutherford explained that this met the parameters of the new WLDC Micro Enterprise Loan Fund that was recently approved by the Board.

Mrs. Corriveau suggested that Rent-A-Zone consider the Neighbors of Watertown (NOW) for façade grants, which would reduce their reliance on us for the full loan package. The business owners did not show up for the recent NOW meeting that explained the program but they may have already spoken with Mr. Beasley regarding the program. Mr. Rutherford will mention this program to them during follow up conversations.

A motion was made by Mr. Bellinger to approve the loan requests to Rent-A-Zone, seconded by Mr. Eaton. All in favor, approved.

North Country Children’s Clinic

A letter dated October 30, 2008 was sent by Ms. Susan Truglio of the North Country Children’s Clinic (NCCC) requesting a rate reduction to match the current Community

Bank variable loan rate of Prime + 1%, however, the WLDC rate would be fixed. Mr. Rutherford explained the reason for the letter and request. NCCC would like the rate fixed at 5% for three years until the maturity date, which would match the time they expect to receive grant funds. Mr. Heary recommended a note modification to reduce the rate would be necessary. JCIDA has not acted on reducing their loan rate. A bifurcated note was also discussed.

A motion was made by Mr. Fayle to approve the loan rate reduction to NCCC, contingent on approval from the Jefferson County Industrial Development Agency, seconded by Mr. Bellinger. All in favor, approved. Ms. Huttemann-Kall abstained from voting.

Executive Director's Activity Report – The board reviewed Mr. Rutherford's activity report for the month of October.

V. NEW BUSINESS

Administrative Service Agreement – This item was tabled at the last meeting due to conflicts with board members. The Administrative Services Agreement between the JCJDC and Watertown Local Development Corporation has increased ten percent from last year totaling \$6,000. The JCJDC provides administrative services for the LDC. There was no further discussion

A motion was made by Mr. Graham to approve the Administrative Service Agreement, seconded by Mr. Bellinger. All in favor, approved. Mrs. Corriveau and Mr. Eaton abstained from voting.

VI. OLD BUSINESS

Franklin Building Updates – Mr. Beasley from the Neighbors of Watertown presented the Board with a status memo and went over some of the highlights. He explained that NDC (the investor) and Public Square Developers LP would execute a new limited partnership agreement by the end of the year. NDC will be admitted as the LP to replace the acting limited WLDC, who then goes out. NDC does want to close by year-end but all other sources (Housing Trust Fund HOME and other state and federal agencies) must close first before NDC will advance funds. NOW is awaiting an award letter from HTF HOME that will outline the closing process. A videoconference is being set up at DHCR office in Syracuse with all interested parties to go over a final checklist. Phase 1 and Phase 2 environmental surveys have been done and reviewed by the Housing Trust Fund (HTF) and all is reported to be clear. Contractors and engineers have been in and out of the building without violating the site disturbance mandate. Demo work and actual work are expected to start after the first of 2009. Any funds advanced by the WLDC are a loan to the Partnership. This loan will be repaid upon closing of the construction loan through a standard draw process. Current outstanding invoices total \$74,415 for architectural and

engineering services. Budget is for a \$3,000,000 construction loan at Prime + 1.5% by Key Bank. If we go above \$3,000,000, that would require transferring the banking relationship to Key. NDC is committed to \$.85 on \$1 vs. today's rate of \$.75. No capital funding is in jeopardy. Mr. Beasley also provided a fully detailed Sources & Uses budget and covered the major items listed.

Several members questioned the status of ESD monies. Mr. Fayle stated that Restore NY monies will be available, as they are a mandate, but how much is unknown. There is scoring criteria used to determine to whom and how much is awarded and such factors as those projects in Empire Zones, those done within 18 months, and those with dollars leveraged score well.

WLDC/NOW Program Meeting - Not as many people attended as was hoped, however, there are approximately seven building owners who are interested in this project.

VII. NEXT BOARD MEETING

The next meeting will be held on Thursday, December 18, 2008 at noon at the Black River Valley Club.

ADJOURNMENT – With no further business before the board, a motion was made by Ms. Cleaves to adjourn the meeting, seconded by Mr. Fayle. All in favor, approved. The board meeting adjourned at 10:47 a.m.