

**Watertown Local Development Corporation
Regular Board Meeting
Thursday, May 24, 2007**

The Watertown Local Development Corporation held its regular board meeting on Thursday, May 24, 2007 at 9:30 a.m. in the office of the WLDC, 82 Public Square, Watertown, New York.

MEMBERS PRESENT – Douglas Schelleng, Mayor Jeffrey Graham, Jenna Cleaves, Mary Corriveau, Mark Bellinger, Lyle Eaton representative of James Fayle

MEMBERS EXCUSED – Jennifer Huttemann-Kall

OTHERS PRESENT – Donald Rutherford, Executive Director/CEO; John Hartzell, Legal Counsel; Kim Taylor, Executive Assistant

CALL TO ORDER – President Schelleng called the meeting to order at 9:33 a.m.

MINUTES – A motion was made by Mayor Graham to approve the minutes of April 19, 2007 as presented, seconded by Mrs. Cleaves. All in favor. Approved.

2006 AUDIT – Laurie Podvin, CPA of Poulsen and Podvin presented and reviewed the annual audit of 2006. Mrs. Podvin stated the LDC received the best independent auditors report and stated there was no management letter. The board thanked Mrs. Podvin for presenting the audit. With no questions in regard to the audit, Mr. Eaton made a motion to accept and approve the 2006 Audit of the LDC, seconded by Mrs. Cleaves. All in favor. Approved

FINANCIAL REPORT

April WLDC Financial Report – Mr. Rutherford reviewed the financial statements for the month ending April 30, 2007.

A motion to approve the financial report for the month ending April 30, 2007 was made by Mrs. Corriveau, seconded by Mr. Bellinger. All in favor. Approved.

Loan Summary Report – Mr. Rutherford reviewed the April loan report and noted there was one delinquent account and stated Harroun Lumber is in default and the LDC is pursuing the matter legally.

Mrs. Corriveau requested staff to number the right hand column for easier viewing of the spreadsheet.

Mr. Rutherford stated the assumption of the Alteri Bakery loan was assumed by Christopher Swartz May 23, 2007. Counsel Hartzell advised the board that he represents Alteri Bakery.

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Harroun Lumber - A motion was made by Mr. Eaton to write off the balance of Harroun Lumber as bad debt in the amount of \$91,460.92 seconded by Mrs. Corriveau. All in favor. Approved.

April Public Square Developers LP Financial Report – A motion to approve the financial report for the month ending April 30, 2007 was made by Mayor Graham, seconded by Mrs. Cleaves. All in favor. Approved.

CORRESPONDENCE – President Schelleng correspondence was received from SPS for training which is a requirement of the Public Authorities Law. Staff will send the board a copy of the scheduled training. Counsel Hartzell stated training should be ongoing to all board members and staff.

COMMITTEES

Loan Review & Eligibility Committee Report:

Dedra Morgia d/b/a A New Attitude – Mr. Bellinger recused himself from the Dedra Morgia loan discussion.

The Loan Review Committee recommends approval from the board to loan Dedra Morgia \$115,000 to purchase and renovate property located at 565 Coffeen Street. Mr. Rutherford stated the building is currently vacant, therefore will be put back on the tax roll.

A New Attitude Salon is an established full service salon and offers a variety of services. Currently there are 13 employees and with the purchase of the new building four new jobs will be created. Total project cost is \$297,000.

A motion was made by Mrs. Corriveau to approve a \$115,000 loan to Dedra Morgia, d/b/a A New Attitude for 20 years at 6.25% fixed for 5 years; adjusted every 5 years at the prevailing prime rate minus 2% with a floor of 5% fixed, 2nd mortgage on real estate located at 565 Coffeen Street, 2nd lien on all equipment for the purchase and renovations of said property, guarantee of Nicholas D. Morgia contingent upon bank approval for construction and permanent financing, certificate of occupancy, satisfactory appraisal, satisfactory environment review, seconded by Mayor Graham. Mr. Bellinger abstained. Approved.

James C. Hearne, Jr. – Mr. Bellinger and Mayor Graham recused themselves from the James C. Hearne, Jr. loan discussion.

The Loan Review Committee recommends approval from the board to loan James C. Hearne, Jr. \$88,750 to purchase property located at 1035-1043 Arsenal Street, Watertown. Mr. Hearne manages North Country Music which is presently located at 1043 Arsenal St and after the purchase North Country Music plans to move to the adjacent building at 1035 Arsenal Street for better exposure and to increase the private teaching studio space for area music teachers. The

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basement at 1035 Arsenal Street will be refinished and be available to lease. Nineteen new positions will be created over a three year period. Total project costs \$570,000.

A motion was made by Mr. Eaton to approve the loan to James C. Hearne in the amount of \$88,750 for 20 years at 6.25% fixed for 5 years; adjusted every 5 years to the prevailing prime rate minus 2% with a floor of 5% fixed, 2nd mortgage on property located at 1035-1043 Arsenal Street, Watertown, contingent upon bank financing, seconded by Mrs. Cleaves. Mr. Bellinger and Mayor Graham abstained. Approved.

Mr. Bellinger and Mayor Graham rejoined the meeting.

Neighbors of Watertown Line of Credit – A motion was made by Mrs. Corriveau to approve and authorize Neighbors of Watertown to use \$115,000 of the existing line of credit (\$300,000) to purchase 196 Stone Street and 131 Sherman on an interim basis, seconded by Mr. Bellinger. The purchase of these two existing properties is important to convert the former Social Security Administration building into 10 apartments. A separate loan backed by a note and mortgage will be requested by Neighbors Watertown at the June meeting which is anticipated to be repaid when the HHAP funds are received by Neighbors of Watertown. With no further discussion, the motion was approved unanimously.

Alma Carman, The Whimsical Pig – The Loan Review Committee recommend approval to loan \$2,400 to Alma Carman to purchase a sublimation machine and software. Total project costs \$3,100.

A motion was made by Mr. Bellinger to approve \$2,400 to Alma Carman d/b/a Whimsical Pig to be consolidated with the existing WLDC loan at 6.25% fixed for 5 years to purchase software and a sublimation machine, 1st collateral position on all accounts receivable, inventory and fixture, furniture and equipment, seconded by Mrs. Cleaves. All in favor. Approved.

Black Water Challenge – Mr. Rutherford stated we have received the information from Tom O’Riley in regard to the Blackwater Challenge request for sponsorship in the amount of \$5,000. The board decided to decline the request. The board felt it was a good event, however, the LDC has sponsored the event the last two years and that public and private entities more closely associated with this type of activity should now become more involved.

World Changers - The Loan Review Committee recommend approval to support World Changers in the amount of \$500.00. World Changers will be working on more than 20 homes in the City and various community projects.

A motion was made by Mrs. Corriveau to approve \$500.00 to the World Changers program, seconded by Mr. Bellinger. All in favor. Approved.

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Governance Committee:

Activity Report of Executive Director – Mr. Rutherford's report for the month of April 2007 was previously mailed to the board.

NEW BUSINESS: None

OLD BUSINESS:

CCIP – Mr. Rutherford stated that an RFP was sent out to construct a building in the industrial park and the deadline was yesterday. Mr. Rutherford stated that the LDC received two proposals and he has been requested by contractors to extend the deadline for another two weeks. Mrs. Corriveau stated two weeks is not very long to put a proposal together especially during the construction season.

A motion was made by President Schelleng to extend the deadline to receive the request for proposals to June 7, 2007 no later than 4:00 p.m., seconded by Mayor Graham. All in favor. Approved.

CCIP Signage – Mr. Rutherford stated the board needs clarification on whether the LDC is going to pay for the materials to construct the sign. Mrs. Corriveau stated that the City will pay for the sign to be erected. Mrs. Corriveau stated that companies will be able to put their logo on the sign. No board action was required and it was agreed upon that the LDC will pay for the materials to construct the signage.

Marcy LP - Mr. Rutherford stated that the Marcy LP and CPC have come to an agreement to pay down the debt with the new first mortgage loan of about \$800,000 and to term out the remainder of the CPC mortgage. Mr. Rutherford stated that the LDC could put our loan on a non-accrual basis until the new 2nd mortgage to CPC is paid off and then the Marcy would begin to service the loans to the LDC, IDA, and DANC. Mr. Rutherford stated the other option is foreclosure.

A motion was made by Mrs. Corriveau to allow the loan with the Marcy LP to be put on a non-accrual basis for 15 years, seconded by Mr. Bellinger. All in favor. Approved.

NEXT BOARD MEETING: The next board meeting is scheduled for June 21, 2007 at 9:30 a.m.

ADJOURNMENT: A motion to adjourn the meeting was made by Mrs. Cleaves, seconded by Mr. Bellinger. All in favor. The meeting adjourned at 10:30 a.m.