

**WATERTOWN LOCAL DEVELOPMENT CORPORATION
REGULAR BOARD MEETING
THURSDAY, NOVEMBER 16, 2006**

The Watertown Local Development Corporation held its regular monthly board meeting on Thursday, November 16, 2006 at the WLDC Office, 82 Public Square, Watertown, New York.

MEMBERS PRESENT: Douglas Schelleng, Mayor Jeffrey Graham, Jennifer Huttemann-Kall, Jenna Cleaves, Mark Bellinger, Ken Mix

EXCUSED: Jim Fayle, Mary Corriveau

OTHERS PRESENT: Donald Rutherford, Executive Director & CEO; James Heary, Legal Counsel; Kim Taylor, Executive Assistant, Cory Nealon, Watertown Daily Times, Chris Oranto, WWNY TV 7

CALL TO ORDER: President Schelleng called the meeting to order at 9:35 a.m.

President Schelleng request we divert from the agenda to discuss ZStar to accommodate Mr. Mix's schedule.

Executive Session – ZSTAR - President Schelleng requested the board enter into executive session to discuss the negotiation and disposal of the ZSTAR property. A motion was made by Mrs. Huttemann-Kall to adjourn the regular meeting to enter into executive session, seconded by Mr. Bellinger. All in favor. Approved. The board entered into executive session at 9:36 a.m.

A motion to adjourn the executive session and reconvene the regular meeting was made by Mayor Graham, seconded by Mrs. Huttemann-Kall. All in favor. Approved. The regular meeting reconvened at 10:00 a.m.

ZSTAR – Mayor Graham made a motion to reject a bid of \$350,000 on the ZSTAR building as a result of the auction which was held on November 14, 2006 and proceed with a new strategy to dispose of the building, seconded by Mr. Mix. All in favor. Approved.

MINUTES: A motion was made by Mrs. Huttemann-Kall to approve the minutes of October 19, 2006 with the change to Mrs. Corriveau's name, seconded by Mrs. Cleaves. All in favor. Approved.

FINANCIAL REPORTS

WLDC Financial Report – The October financial reports of the WLDC will be presented at the next board meeting.

October Commitment Report – Mr. Rutherford reviewed the delinquent loan accounts. A motion to approve the October Commitment report was made by Mr. Bellinger, seconded by Mrs. Cleaves. All in favor. Approved

Public Square Developers, LP – A motion to approve the financial report for the month ending October 31, 2006 was made by Mayor Graham, seconded by Mr. Bellinger. All in favor. Approved.

CORRESPONDENCE: None

COMMITTEES

Loan Review & Eligibility Committee

The Whimsical Pig – The Loan Review & Eligibility Committee recommend approval to the full board a six month principal moratorium to Alma Carman, owner of the Whimsical Pig on her loan in the amount of \$19,956.35 beginning with the December 2006 loan payment. A motion was made by Mrs. Huttemann-Kall, seconded by Mr. Bellinger. All in favor. Approved.

Mr. Bellinger recused himself of the meeting during the Watertown Hampton Inn discussion.

Watertown Hampton Inn – The Loan Review & Eligibility Committee met and recommend approval of a loan request from the partners of the Watertown Hampton Inn in the amount of \$250,000 to construct a 90 bed hotel which will be owned by Emmi, LLC and Mangano, LLC and will be located on the west side of Commerce Park Drive.

The Watertown Hampton Inn will employ 25-30 full time and 5-10 part time employees; 80 plus construction jobs for the duration of the construction project.

Total project cost is \$7,650,000. The Watertown Savings Bank is the lead lender and given the size of the loan requested the LDC to participate in the gap financing as well as the JCIDA.

A motion was made by Mayor Graham to approve a loan in the amount of \$250,000 to Watertown Hampton Inn (A General Partnership) at prime minus 3% or 5.25% fixed for twenty (20) years; rate may be adjusted every five years at the prevailing prime rate minus 3% with a floor of 5% fixed, co-proportional 1st position with the bank and JCIDA on the real estate, contingent upon satisfactory appraisal, listing of furniture, fixtures and equipment to be purchased with quote, certificate of occupancy, environmental questionnaire, seconded by Mrs. Cleaves. All in favor. Approved.

Mr. Bellinger rejoined the board meeting.

Investment Committee – No Report

Nominating Committee – Chairman of the Nominating Committee will coordinate meeting to nominate slate of officers for 2007.

Audit Committee – Mayor Graham briefed the board on the audit committee meeting which was held on October 27, 2006 (minutes attached). Mayor Graham stated that Counsel Hartzell has made the recommended changes to the Bylaws for review and also prepared a policy and procedure for the audit committee. Both documents require board approval at the next meeting.

Mayor Graham stated that the LDC does not have to draw members of the audit committee solely from the board. Chairman Graham stated that at least three meetings with the auditor should be conducted yearly.

Governance Committee – President Schelleng stated the October activity report for the executive director was mailed in the board packets.

NEW BUSINESS – None

OLD BUSINESS

CCIP Appraisal - Mr. Rutherford stated he has received the appraisal proposed subdivision of the remaining 16 acres of land in the CCIP. The appraisal was conducted by GYMO. Mr. Rutherford stated that the largest parcel is 3.66 acres and appraised at \$55,000 which meets the \$100,000 threshold which does not require the LDC to give a 90 day notice, therefore the LDC will be in compliance with the Public Authority Act.

Infill Housing – Mr. Rutherford stated he meet with the principles involved in the Infill Housing and the consensus was to switch the focus to upper floor development of housing in the downtown area and single home renovation involving rehabilitation work. Mr. Rutherford stated the principles did not rule out infilling housing and will consider sites on a site by site basis.

Mayor Graham stated we should finish what we started in regards to the infill housing on N. Michigan Avenue. There are four houses remaining to be sold at the N. Michigan Avenue location.

Executive Session - Harroun Lumber – Mayor Graham made a motion to enter into executive session to discuss the loan with Harroun Lumber involving possible litigation, seconded by Mrs. Huttemann-Kall. All in favor. Approved. The board meeting entered into executive session at 10:25 a.m.

A motion to adjourn the executive session was made by Mayor Graham, seconded by Mrs. Huttemann-Kall. All in favor. Approved. The regular meeting reconvened at 10:29 a.m.

Marcy LP Update – Mr. Rutherford stated the Marcy LP has negotiated with CPC to forebear any foreclosure proceedings and will come up with a plan to resolve matters by January 2007.

Bomax Update – Mr. Rutherford stated the judge decided a hearing was needed to resolve the forgery issue.

NEXT BOARD MEETING – The next board meeting will be held at 12:00 p.m. on Thursday, December 21, 2006.

ADJOURNMENT – A motion to adjourn the meeting was made by Mrs. Cleaves, seconded by Mrs. Huttemann-Kall. All in favor. Approved. The meeting adjourned at 10:35 a.m.