

**LOCAL DEVELOPMENT CORPORATION OF THE CITY OF WATERTOWN
REGULAR BOARD MEETING
THURSDAY, SEPTEMBER 21, 2006**

The Local Development Corporation of the City of Watertown held its regular monthly board meeting on Thursday, September 21, 2006 at the WLDC Office, 82 Public Square, Watertown, New York.

MEMBERS PRESENT: Douglas Schelleng, Mark Bellinger, Mayor Jeffrey Graham, Mary Corriveau, Jennifer Huttemann-Kall

MEMBERS EXCUSED: James Fayle

OTHERS PRESENT: Christine Hoffman, Director of Downtown Development, James Heary, Legal Counsel, Donald W. Rutherford, Executive Director & CEO, Kim Taylor, Executive Assistant, Cory Nelean, Watertown Daily Times

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

MINUTES: A motion was made by Mayor Graham to approve the minutes of August 24, 2006 as presented. Seconded by Mr. Bellinger. All in favor. Approved.

FINANCIAL REPORTS

WLDC Financial Report - A motion to approve the financial report for the month ending August 31, 2006 was made by Mayor Graham, seconded by Mrs. Huttemann-Kall. All in favor. Approved.

August Loan Summary Report - Mr. Rutherford reviewed the delinquent loan accounts.

Public Square Developers, LP - A motion to approve the financial report for the month ending August 31, 2006 was made by Mrs. Corriveau, seconded by Mayor Graham.

CORRESPONDENCE: None

COMMITTEES

Loan Review & Eligibility Committee

Interest Rates – Mr. Rutherford stated that the Loan Review Committee discussed the interest rates of the loans that have been based on prime rate. The committee approved a five (5%) percent standard fixed rate to be adjusted accordingly per deal and approved real estate loans having terms greater than 5 years may have a rate adjustment at the end of year 5 to the prevailing economic development rate.

Blue! Inc. – The Loan Review Committee approved a rate reduction on the loan to Blue! Inc. to 5% fixed percent.

MLR, LLC – The Loan Review Committee approved a interest rate reduction to MLR LLC to 5% fixed, after year 5 the rate may be adjusted to the prevailing economic development rate contingent upon approval from JCIDA and DANC.

Roth Industries, Inc. – The Loan Review Committee approved to exclude the parent company's 33% guarantee on the \$66,667.00 loan to Roth Industries contingent upon approval from NCA.

Building & Business Inventory Survey – Mrs. Corrvieau recused herself from the board meeting during the discussion on the survey.

The Loan Review Committee recommended not to fund the Building & Business Inventory for Downtown in the amount of \$7,500. Mr. Schelleng stated the survey should be maintained by the City and also the Committee was influenced by the City Councils decision not to fund the study.

Mrs. Corrvieau rejoined the board meeting.

Image, Inc. – Mr. Bellinger recused himself from the board meeting during the discussion of Image, Inc.

The Loan Review Committee recommend approval of the full board to approve a loan in the amount of \$100,000 to Thomas E. Horning which will be used to refinance business and personal debt originally used for real estate and equipment purchase.

Mr. Horning will be relocating his existing business to a downtown building which he owns at JB Wise Place.

A motion was made by Mayor Graham to approve a loan in the amount of \$100,000 to Thomas E. Horning for 7 years at 8%, 2nd collateral mortgage on the business, 2nd collateral mortgage on personal resident and 2nd position on business assets, guarantee of Its' Image Inc. d/b/a Golden Image Sun Center contingent upon bank financing, satisfactory appraisals of the business and personal residence and documentation of the settlement agreement related to child custody and all the other conditions set forth by the Loan Review Committee, seconded by Mrs. Huttemann-Kall. All in favor. Approved.

Mr. Bellinger rejoined the board meeting.

Investment Committee – No Report

Audit Committee – The Audit Committee (M. Bellinger, J. Huttemann-Kall, J. Graham) will be scheduling a meeting to discuss selection of an auditor for the WLDC.

Governance Committee

Activity Report - Mr. Rutherford's activity report for the month of August was submitted to the board. President Schelleng noted this report be mailed with the board meeting notice each month.

Code of Ethics – The board reviewed the code of ethics. Counsel Heary stated that the State operates under the same code of ethics and if the code of ethics is altered the LDC would be out of compliance. A motion to approve the code of ethics by the Watertown Local Development was made by Mrs. Corriveau, seconded by Mr. Bellinger. All in favor. Approved.

NEW BUSINESS

CCIP Land Sale – Mr. Rutherford stated that he met with Counsel Heary and Counsel Hartzell in regard to the LDC selling property in the CCIP. Legal counsel determined it was not necessary for the LDC to purchase the CCIP and the LDC can continue to operate under the Option Agreement with the City of Watertown.

Mr. Rutherford stated that PL Gaetano Transportation is interesting in purchasing Lot 8 which is a 3 acre parcel and across from Roth Industries in the CCIP. Mr. Rutherford suggested selling the 3 acre parcel for \$24,000 (\$8,000 per acre).

Mr. Rutherford stated that Mike Varley will be conducting appraisals of each lots located in the CCIP.

Gaetano Transportation has 25 employees and the building will house 19 trucking bays and 6 offices.

A motion was made by Mrs. Corriveau authorizing the sale of 3 acres of land located in the CCIP to PL Gaetano Transportation for \$24,000 subject to an appraisal of the property, seconded by Mr. Bellinger. All in favor. Approved.

Rail spur - Mr. Rutherford stated that it may be time to consider moving the rail spur even if it were at the WLDC expense. Mr. Rutherford stated that if the spur was moved it would make the site more marketable to a manufacturer that depends on rail. Mr. Rutherford also stated that the spur could be a revenue generator. A fee per car could be charged. Mr. Rutherford will explore the cost of moving the spur and possibly taking ownership of the spur.

Mr. Schelleng stated that the LDC should make the rail spur part of the overall master plan of the CCIP which is being prepared by GYMO.

M&T Banking Resolution - Mrs. Taylor stated that a certificate of deposit was purchased in the amount of \$100,000 from M&T Bank. A banking resolution and signature cards were signed and delivered to M&T Bank in preparation of the purchase. A motion was made by Mayor Graham to ratify the approval to open an account with M&T Bank and to authorize the officers and executive director of the LDC to execute the signature cards and banking resolution, seconded by Mr. Bellinger. All in favor. Approved.

Nominating Committee – The Nominating Committee (D. Schelleng, J. Graham, M. Corriveau) will meet following the board meeting.

OLD BUSINESS

WLDC Name Change – Counsel Heary stated there is no legal problem with changing the name of the corporation. The banking resolutions and signature cards with the various banks will have to be changed. Counsel Heary stated that on UCC continuation filings it should be noted as formally known as (FKA) Local Development Corporation of the City of Watertown.

A motion was made by Mrs. Huttemann-Kall to approve changing the name of the Local Development Corporation of the City of Watertown, New York to the Watertown Local Development Corporation, seconded by Mrs. Corriveau. All in favor. Approved.

Franklin Bldg. - Mr. Rutherford stated the board agreed to have Clough-Harbour install a four inch water line to the Franklin Bldg. A six inch water line was installed, however both a six inch and a four inch line is needed for the sprinkler system and domestic us. The Board also agreed to reimburse the City of Watertown for the cost of the line installation.

A motion was made by Mayor Graham to ratify the board's approval to engage the services of Clough-Harbour to install a four inch water line to the Franklin Building and to reimburse the City of Watertown for the cost of the line installation, seconded by Mr. Bellinger. All in favor. Approved.

Infill Housing – Mr. Rutherford stated that four more houses need to be sold before we continue with more infill housing. Mayor Graham questioned whether the LDC was going to be looking at the vacant lot on Ten Eyck Street and if the other side of N. Michigan Street was going to be used for infill housing. Mr. Rutherford stated that he will be meeting with Mary Corriveau, Gary Beasley, Kevin Jordan to discuss these questions and infill housing and will update the board at the next meeting.

Website – President Schelleng stated the website for the WLDC has been completed.

NEXT MEETING: The next regularly schedule meeting will be held on October 19, 2006 at 9:30 a.m. in the board room of the LDC.

ADJOURNMENT: A motion to adjourn the meeting was made by Mrs. Corriveau, seconded by Mr. Bellinger. All in favor. Approved. The meeting adjourned at 10:39 a.m.