

**Watertown Industrial Center Local Development Corporation**  
**Board of Directors' Meeting**  
**November 2, 2012**  
**Minutes**

The Watertown Industrial Center Local Development Corporation held a board meeting on Friday, November 2, 2012 in the Watertown Center for Business and Industry board room, 800 Starbuck Avenue, Watertown, New York.

**Present:** J. Paul Morgan, Carolyn Fitzpatrick, Kent Burto, Michelle Capone, Donald Rutherford

**Others Present:** Billy Soluri, Lyle Eaton, David Zembiec, Donald Alexander, Bruce Poulsen, CPA, and Keith Caughlin, Esq.

**Excused:** Nickolas Darling

- I. Call to Order:** The meeting was called to order at 8:36 a.m.
- II. Approval of Meeting Minutes:** On a motion by Mr. Rutherford and second by Mr. Morgan the minutes from the August 21, 2012 meetings were approved. All in favor; the motion carried.
- III. Announcement:** Mr. Rutherford announced that Mr. Burto had replaced Ed Waldroff as the JCIDA's appointee to the Board.
- IV. Treasurer's Report:** Mr. Poulsen from Poulsen & Podvin, CPA presented the WIC LDC audit for year ending June 30, 2012. Mr. Poulsen noted that there were no Significant Audit Findings or Issues. Ms. Capone noted that the Management Letter made reference to inadequate documentation of changes to an employee's salary when in fact the WIC LDC has no staff. After discussion, Mr. Poulsen agreed to remove the Management Letter from the audit report. On a motion by Ms. Capone and second by Mr. Morgan the Audit excluding the Management Letter was approved. All in favor; the motion carried.

Mr. Eaton presented the October financial statement. He noted lease revenues were being collected by the JCIDA and would appear on their statements under the Watertown Center for Industry and Business project. He also noted that the leasehold improvement fund was HUD CDBG funding that was in the name of the JCIDA and should never have been reported on the statements of the WIC LDC. Expenses reflected depreciation, insurance, property taxes, and professional consultants of \$30,084.53. The professional consultants expense is the pro-rata portion of the legal fees owed the IDA for litigation involving the Comptroller's Opinion on staff. Ms. Capone asked if there were going to be any additional legal expenses for this action and Mr. Eaton noted that he didn't expect there to be much more.

On a motion by Mr. Burto and second by Mr. Morgan the WIC LDC approved payment of \$30,084.53 to the JCIDA for professional consultants relating to its pro-rata portion of

legal fees associated with litigation of the Comptroller's Opinion as detailed in a prior Administrative Services Agreement between the WIC LDC and JCIDA. All in favor; the motion carried.

Mr. Morgan asked why the WIC LDC was paying the property taxes if the JCIDA was collecting the revenues. There was discussion regarding which expenses the WIC LDC was responsible for and which the JCIDA should pay as Master Lease Tenant. Mr. Eaton noted that any expenses associated directly with capital improvements to the facility or for maintaining the WIC LDC organization should be paid by the WIC LDC. Mr. Morgan and Ms. Capone expressed concern as to the WIC LDC's cash flow position since it does not have any revenue stream but continues to have expenses including a long term note payable. Mr. Morgan expressed interest in having the JCIDA pay rent to the WIC LDC to cover operating expenses. Attorney Caughlin noted that this is a decision of the board that can be addressed through the Master Lease Agreement. On a motion by Mr. Burto and second by Mr. Morgan the treasurer's report was accepted. All in favor; the motion carried.

Mr. Eaton noted that almost \$99,000 of the accounts receivable and rents receivable were owed by Junction Boys and that they had not paid on their modified agreement with the WIC for several months. Of that amount, \$19,222 is for utilities and \$79,463 is for past due lease payments. On a motion by Ms. Fitzpatrick and second by Mr. Morgan, Attorney Caughlin was directed to pursue litigation against Junction Boys on their lease with the WIC since they were in default of the modified agreement with the WIC. All in favor; motion carried.

- V. Correspondence:** The board was updated regarding SPX's work on-site. The equipment is working fine and SPX will be scheduling its next round of testing in the near future.

Mr. Rutherford noted that he spoke with Ms. Christine McCarthy about working on an hourly basis for the WIC LDC to input reports in to PARIS. She agreed to do so at \$18/hour. Mr. Rutherford will follow up with her as to when she will be able to complete the tasks.

- VI. Committee Reports:** There is a manufacturing prospect for Building C. In addition, All-Star Contractors has renewed its lease for an additional 2 years.

**VII. Unfinished Business:**

(1) The Board was asked to ratify an email vote for improvements to be made to the main vehicle and for truck entry for Brookfield Power. Aubertine and Currier drafted the scope of work and requested proposals from contractors. The request was sent by email in September by Mr. Rutherford to the Board to approve a contract with the lowest bidder, Capital Construction, in an amount not to exceed \$4,000 for the total project. The email vote was unanimously approved. On a motion by Ms. Fitzpatrick and second by Mr. Morgan the email vote was ratified. All in favor; the motion carried. The project was completed within budget.

- (2) Aubertine and Currier have been asked to complete a plan that meets City Codes for renovating space on the 2<sup>nd</sup> floor of Building A for future office space. There is market demand for quality office space. The Board was agreeable with having Aubertine and Currier present their plans to the City of Watertown to move forward with a cost estimate for work. This does not commit the WIC to the project.
- (3) There was discussion regarding the Memorandum of Understanding and the Master Lease Agreement. Attorney Caughlin noted that while we are operating under the Memorandum of Understanding between the WIC LDC and JCIDA it has not been signed. The JCIDA is collecting all revenues, and has been since September 1. Mr. Morgan noted he was not inclined to having the WIC continue to pay operating expenses that should be coming from revenues being collected by the JCIDA. It was noted that the JCIDA currently has two issues with the Master Lease Agreement: (1) they have concerns regarding environmental indemnifications with taking ownership of the facility; and (2) whether the Comptroller will recognize the facility as a Project of the IDA and allow it to take ownership of the facility.

Attorney Caughlin recommended he write the IDA's legal counsel to ascertain their issues regarding the environmental indemnification and for the IDA to turn over any additional information that they may have pertaining to environmental issues. He noted that the IDA, County and WIC all had the same indemnifications. The Board agreed that a letter should be addressed to the IDA's counsel requesting this information as soon as possible.

The Board expressed concern over the amount of time it is taking for a Master Lease Agreement to be negotiated with the IDA. The understanding the Board had when it agreed to the Memorandum of Understanding with the JCIDA was that a Master Lease Agreement would be executed within 60 days of the MOU. The Board discussed additional options it may have if the IDA chooses to not move forward with the Master Lease Agreement including hiring its own staff.

#### **VIII. New Business:**

- (1) Jain Irrigation has agreed to a new lease.
- (2) Building B requires rain gutters and drain improvements. Mr. Morgan asked how long the water infiltration had been occurring in the building and it was noted it has been going on for a long time. Aubertine and Currier prepared a scope of work for a phased project. The first phase would be for the installation of a gutter system and upgrades to drainage infrastructure. A RFP was issued and P&M Construction was the low bidder at \$32,731. On a motion by Mr. Morgan and second by Ms. Fitzpatrick, the Board agreed to contract with P&M Construction for \$32,731 to complete the project. All in favor; the motion carried.
- (3) The Board was briefed that the County performed paving repairs along the side of Building A at no cost.

- (4) The Board was briefed on delinquent lease accounts. Perry Pecker, KBST Flooring and Mike Lynch are all in default and do not have existing leases. Attorney Caughlin was directed to move forward with litigation/collection efforts on all three.

**IX. Adjournment:** With no further business before the Board, a motion was made to adjourn by Ms. Capone, seconded by Mr. Morgan. All in favor; the motion carried. The meeting adjourned at 10:50 a.m.

The next meeting will be Tuesday, December 4, 2012 at 8:30 AM in the Watertown Center for Business and Industry board room, 800 Starbuck Avenue, Watertown, New York.