

Watertown Local Development Corporation
Meeting Minutes
Thursday, February 15, 2018

The Watertown Local Development Corporation's Board of Directors meeting was held on Thursday, February 15, 2018 in the office of the WLDC, 82 Public Square, Watertown, New York.

Present- President Joseph Butler, Erika Flint, Jeffrey Fallon, Michael Lumbis, RoAnn Dermady, Donald Alexander, Steve Hunt, Jennifer Voss (Designee)

Others Present - Reg Schweitzer, Executive Director, NOW; Joseph Russell, Attorney at Law; Craig Fox, Watertown Daily Times

Excused – Dave Zembiec (Designee), John Vanderloo (Designee), James Mills (Designee)

Staff – Donald Rutherford, CEO; Kim Taylor, Executive Assistant

Call to Order – Mr. Butler called the meeting to order at 8:31 a.m.

Minutes – Mrs. Flint move to accept the minutes of January 18, 2018 as presented. Mr. Fallon seconded the motion, and all voted in favor. Motion carried.

Financial Report – Mr. Fallon presented the January financial reports. Mr. Alexander made a motion to approve the January financial statements, seconded by Mrs. Dermady, and all voted in favor. Motion carried.

Customer Loan Report – Mr. Rutherford stated the LDC was notified by the Bankruptcy Court Computer Doc, Inc. filed Chapter 13. Computer Doc is 60 days past due on four loans. Mr. Russell stated Mr. Rutherford could speak to John Palmer as President of the corporation and stated a letter should be sent notifying the corporation the LDC will secure its business assets.

Mr. Rutherford stated the Allonge Agreement between the LDC and Augustine Romeo has not been executed. The maturity date of the loan is March 1, 2019. The Board previously approved a principal moratorium but was not requested to extend the maturity date. Interest has been paid from May 1, 2017 to October 2017. The loan is a participation loan with NCA who is not inclined to extend the maturity. The NCA has lending regulations to comply with. The LDC has a mortgage and assignment of rents and leases on the property which is being leased by Momma's Kitchen. Mrs. Dermady questioned whether the allonge agreement could include any language which would provide a comfort level to our customer with review of the maturity date. Mr. Russell stated he will review the agreement. Mr. Rutherford will work with the North Country Alliance and the customer and report back to the board next month.

A demand letter will be sent to Jody Shuler d/b/a Eyecrave Optics who is 90 days past due.

Travis Corliss d/b/a Watertown Airsoft is 120 days past due. Mr. Rutherford stated he has attempted to visit the business at the new location several times unsuccessfully. The business relocated to the Salmon Run Mall and was to be open February 2018. The LDC's collateral is a 1985 Chevrolet. Mrs.

Flint stated she would like Mr. Corliss to be contacted and informed of his delinquent status before pursuing the collateral.

Mr. Rutherford requested the Board write off the loan to Travis Corliss to authorize the file to be sent to the Swartz Law Firm for collection. Mr. Butler made a motion to write off the balance of the loan to Travis Corliss d/b/a Watertown Airsoft in the amount of \$8,548.34 and to proceed with collection efforts, seconded by Mr. Fallon. Mrs. Flint opposed but understood the board members decision. All others in favor. Motion carried.

Mr. Rutherford stated the loan to Wright Brothers, Inc. matured February 1, 2018. Mr. Rutherford and Mr. Alexander will speak with Bruce Wright regarding the maturity of the loan.

With no further questions regarding the January customer report a motion was made by Mr. Fallon to accept the report, seconded by Mr. Lumbis. All others in favor. Motion carried.

Correspondence - A thank you note was presented to the board by Deborah Cavallario, d/b/a ADHD Educational Services.

New Business

Neighbors of Watertown Façade Program – Mr. Schweitzer, Executive Director of Neighbors of Watertown, Inc. presented renditions and renovations of the front and rear facades under the \$250,000 allocation approved by the WLDC. The facades include 112, 114, 118 Court Street, 25 and 75 Public Square and the Empsall Plaza. A security agreement will be created by the LDC attorney whereby the property owner will be bound to maintain the facades. Neighbors of Watertown, Inc. will administer the façade program. Crawford and Stearns are the architect. Mr. Schweitzer stated the facades will impact the public image of downtown and the property owner.

The Board discussed the funding options under the Façade Program and recommend the following changes to Option 2 and Option 3:

Option 2: 50% Grant/50% Loan interest loan from the WLDC subject to approved loan underwriting by the LDC.

Option 3: 100% Grant if building owner can demonstrate a future investment in the building match the façade grant amount dollar for dollar.

Mr. Schweitzer stated if the façade program is approved construction would begin in March.

Mrs. Flint made a motion to approve the Façade Program Guideline for the \$250,000 allocation to Neighbors of Watertown citing the changes to Options 2 and 3, seconded by Mr. Alexander. All others in favor. Motion carried.

The Retail Coach Update – A conference call was held with Mr. Cofer and Mr. Kline who updated the board on the Year 1 and Year 2 proposal which would include the execution of a marketing and recruitment plan and workshops to be held.

Mrs. Flint stated she does not support engaging the Retail Coach for another year. She stated we have the demographic data and the analytics of the market which is very useful, but they have not brought in

one business to downtown. Mr. Butler stated all the data gathered was beneficial to the Downtown Revitalization application. Mrs. Flint stated the workshop that was held was not well attended. Mr. Alexander stated we need specifics as to what is going to attract people to downtown. Mr. Butler stated no action will be taken to execute a contract for year two with the Retail Coach.

Loan Review Committee

River Hens LLC d/b/a Garland City Beer Works –The Loan Review Committee recommends approval of a term loan request from River Hens LLC d/b/a Garland City Beer Works in the amount of \$235,000 for 5 years at 5% fixed interest, 1st lien position on machinery and equipment, unlimited guarantee of Nancy C. Henry and Colleen M. Henegan. Loan proceeds will be used to purchase equipment which will be located at 321 Howk Street, Watertown, NY. Mr. Fallon made a motion to approve the loan, seconded by Mrs. Flint. All others in favor. Motion carried.

WCV Media Inc. – The Loan Review Committee recommends approval of a term loan to WCV Media Inc. in the amount of \$125,000 for 5 years at 5% fixed interest, 1st lien position on general business assets, guarantee of Robert J. Havens, III (100% owner), guarantee of Reny Management, Inc., collateral mortgage with Watertown Savings Bank on real estate located at 303-311 State Street, Watertown, NY owned by Reny Management, Inc. Loan proceeds will be used to purchase equipment which will be located at Stateway Plaza, 1222 Arsenal Street, Watertown, NY. Mrs. Flint made a motion to approve the loan, seconded by Mr. Alexander contingent upon a certification letter from a certified appraiser. All in favor. Motion carried.

WCV Media Inc. Subordination Request - The Loan Review Committee recommend approval to subordinate its existing lien position to Watertown Savings Bank on the real estate owned by Reny Management, LLC located at 303-311 State Street, Watertown, NY and authorize the CEO to execute the subordination agreement. A motion was made by Mr. Alexander to approve the recommendation, seconded by Mr. Fallon subject to the appraisal report. All others in favor. Motion carried.

Beanie’s Sports Lounge, LLC – Mr. Fallon stated the Loan Review Committee had concerns citing the owner of the business being out of state and the other two individuals involved in the day to day operations not having a vested commitment in the business. The Loan Review Committee recommend conditional approval of the loan to Beanie’s Sports Lounge, LLC in the amount of \$40,000 at 5% for 5 years, 1st position on all business assets for the start up of the restaurant contingent upon satisfactory credit and personal guarantees of Anthony Osborne and Vincent Nelson. Mrs. Dermady requested the owner has the proper liquor license and authority as military personnel to own a business. Mr. Alexander made a motion, seconded by Mr. Lumbis. The status of the credit analysis will be reported back to the Loan Review Committee. All in favor. Motion carried.

Mr. Butler excused himself from the meeting at 10:35 a.m.

DRI Committee

Power Play Sports, LLC Rent Subsidy Request - The DRI Committee recommend approval of a Rent Subsidy to Power Play Sports, LLC which is the sixth request to the Rent Assistance Program. Power Play Sports, LLC will be located at 223 J. B. Wise Place, Watertown.

Mr. Lumbis made a motion to approve the Rent Subsidy Assistance to Power Play Sports, LLC contingent upon an acceptable environment and structural report and executed lease agreement between the

landlord and tenant, seconded by Mr. Alexander. Mr. Fallon abstained. All others in favor. Motion carried.

New Business

2018 Work Plan – The board reviewed the 2018 workplan submitted by Mr. Rutherford.

CEO Activity Report – The board reviewed the activity report submitted by Mr. Rutherford.

Credit Reporting Update – Mr. Rutherford stated the LDC will not be engaging the services of a credit bureau agency to report delinquencies which would require a full-time information technology department.

Old Business

Downtown Revitalization Initiative Update - Mr. Rutherford stated the City of Watertown and Jefferson Community College are working together on the JCC TechSpace program and are requesting \$1 million from the city's DRI program to be used to acquire and renovate a commercial building. The NYS DRI Committee is very supportive of the project. Mr. Rutherford stated the building is in foreclosure and to secure the building in question the LDC will have to establish an upset price to bid at the foreclosure sale.

Mr. Rutherford stated he has contacted the New York State Authority Budget Office who has advised the LDC to adhere to Procurement Policy. Mr. Rutherford stated the benefit of securing the property is to offer a turnkey operation for JCC and the positive impact of the college having a presence downtown. Currently there is no letter of intent or commitment from JCC to lease the building. Mr. Rutherford stated a special meeting may be called to order in the next couple of weeks.

Next Meeting – The next meeting will be held on March 15, 2018.

Adjournment – A motion was made by Mr. Fallon, seconded by Mr. Lumbis to adjourn the meeting at 10:52 a.m. All in favor. Motion carried.