

**Watertown Local Development Corporation**  
**Meeting Minutes**  
**August 16, 2018**

The Watertown Local Development Corporation's Board of Directors meeting was held on Thursday, August 16, 2018 in the office of the WLDC, 82 Public Square, Watertown, New York 13601.

**Present** – President Joseph Butler, Jeffrey Fallon, Michael Lumbis, RoAnn Dermady, Steve Hunt, Erika Flint, Dave Zembiec (Designee),

**Others Present** – Joseph Russell, Legal Counsel; Rick Finn, City Manager

**Staff-** Donald Rutherford, CEO; Kim Taylor, Executive Assistant

**Excused** – Donald Alexander, John Vanderloo, (Designee), James Mills (Designee), Jennifer Voss (Designee)

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

**Minutes** – Mr. Fallon moved to accept the minutes of June 21, 2018 as presented, seconded by Mrs. Flint. All voted in favor. Motion carried.

**Financial Report** – Mrs. Flint moved to approve the June and July financial statements and the customer reports, seconded by Mr. Lumbis. All voted in favor. Motion carried.

**Correspondence** – Correspondence was received from Lauuren Dawsey, President of the North Country Arts Council informing the LDC the gallery is closing and vacating the leased premises at the Franklin Building on August 31, 2018. The NCAC will be moving its operation to the Northern New York Community Foundation Philanthropy Building.

**Loan Review Committee**

**Augustine Romeo FKA Romalato's Modification** – Mrs. Flint made a motion based on the recommendation of the Loan Review Committee to approve a one-year principal moratorium with interest only payments commencing September 1, 2018 through August 1, 2019 and to extend the maturity date 5 years to August 1, 2024 on the loan to Romalato's, seconded by Mr. Fallon. The LDC portion of the loan is \$9,481.14. The loan is in participation with the North Country Alliance who has approved the request. An Allonge Agreement will be prepared with the new terms. All voted in favor. Motion carried.

**Mark Welser d/b/a Simply Sweets** – The Loan Review Committee made a recommendation to approve a principal moratorium with interest only payments for 1 year beginning September 1, 2018 to August 1, 2019 on the existing \$40,000 loan which closed on June 8, 2018. The current balance of the loan is \$38,738.41. Mr. Welser had an option to exercise interest only on the Downtown Micro Loan but at the time felt it wasn't necessary. Based on the cost overruns associated with contractor fraud by their contractor and code issues in addition to losing two months of the summer season has lead Mr. Welser to request the interest only option on the existing loan.

The Loan Review Committee made a recommendation to approve \$35,000 Demand Note at 3% for 1 year, 1<sup>st</sup> position on all business assets to Mr. Welser to be used to complete the build out of Simply Sweets and for additional working capital. Mr. Butler stated the LDC will be under collateralized given the additional \$35,000 loan. Mr. Fallon stated the business will be open in the winter which will provide cash flow. The board discussed the cash flow of the business and whether the business will be able to handle the additional funding. The business has been generating revenue by participating in the farmers market. Mr. Butler questioned whether Mrs. Zarnosky has an investment account the LDC may be able to use as collateral. Mr. Rutherford stated he had no knowledge of an investment account.

Mrs. Dermady indicated the loan review committee discussed when the demand note matures Mr. Welser would be able to apply for a bank loan and pay out the LDC.

Mr. Rutherford stated Mr. Welser and Ms. Zarnosky did not anticipate losing business and experiencing the fraudulent activity by a contractor. These are unforeseen circumstances. Mrs. Flint stated she wished there was an update on whether the business will be open. According to their Facebook page it doesn't appear they are open. Mr. Butler questioned why the LDC was giving working capital to a business that is not open. Mrs. Dermady requested obtaining the guarantee of Ms. Zarnosky. Mr. Fallon questioned why Ms. Zarnosky was not a guarantor on the original loan. Mr. Rutherford stated the loan is directly to Mr. Welser. Mr. Russell stated Ms. Zarnosky could guarantee the demand note and the guarantee would also be used original \$40,000 loan.

Mr. Lumbis contacted the City of Watertown Code Enforcement Office to receive an update of Simply Sweets. Mr. Lumbis stated the NYS Department of Health will conduct an inspection today and the code department has one more inspection to conduct and if all inspections are complete the business may be open by the weekend.

Mr. Hunt excused himself from the meeting at 9:30 a.m.

Mrs. Dermady requested updated personal financial statements of both Mr. Welser and Ms. Zarnosky be obtained and request an assignment of Ms. Zarnosky investments to be used as collateral by the LDC.

With no further discussion, a motion was made by Mrs. Flint to approve a principal moratorium with interest only payments for 1 year beginning September 1, 2018 to August 1, 2019 on the existing \$40,000 loan which closed on June 8, 2018. Mrs. Flint's motion also included the approval of a \$35,000 Demand Note at 3% for 1-year, 1<sup>st</sup> position on all business assets, contingent upon the guarantee of Laurel Zarnosky and assignment of an investment account to be used as collateral for the \$35,000 demand note. Mr. Fallon seconded the motion. All others in favor. Motion carried.

### **New Business**

**CEO Report** – Mr. Rutherford reviewed his CEO report for the month of August which included updates on all the activity of the LDC.

**Façade Program** – Mr. Rutherford stated the \$250,000 façade allocation to Neighbors of Watertown, Inc. is moving forward, and work has begun at 118 Court Street and 114 Court Street. Mr. Rutherford stated he has expressed all funds have to be expended by December 31, 2018 he is concerned it may not happen given we are have a short construction time span.

**Downtown Revitalization Initiative** – Mr. Rutherford stated the LDC has been awarded \$600,000 in DRI funding which will be used for loan/grant funding which will be administered by the NYSEDC. Mr. Rutherford stated a DRI Committee meeting will be scheduled to discuss the requirements needed for the various programs which will be funded from the DRI funds. Mr. Lumbis stated the program guidelines and contracts will not be ready until next year.

**Downtown Block Party Update** – Mr. Rutherford stated the last block party will be held August 24, 2018 which will consist of four bands including a headliner band Kasador from Canada.

**Franklin Building** – Mr. Rutherford stated the brackets for the signage has been hung on the Public Square and Franklin Street sides of the Franklin Building. The LDC has purchased a white board which has been provided to the tenants. The white boards will stay with the LDC and can be reused by new tenants. Tenants will be responsible for the artwork.

Rhonda's Footeworks will be leasing the former NCAC space September 1, 2018.

Mayor Butler introduced and welcomed Rick Finn, City Manager of Watertown to the board.

**Next Meeting** – The next meeting will be held on September 20, 2018.

**Adjournment** – Mr. Fallon made a motion to adjourn the meeting at 9:50 a.m., seconded by Mr. Lumbis. All in favor. Motion carried.