

**Watertown Local Development Corporation**  
**June 16, 2020**  
**Board Minutes**

**Present:** President Jeff Smith, Charles Capone, Michael Lumbis, Erika Flint, Donald Alexander, Jennifer Voss (Designee), Stephen Hunt, Michael Pierce

**Others Present:** Joseph Russell, Legal Counsel; Craig Fox, Watertown Daily Times

**Excused:** Dave Zembiec (Designee), Jim Mills (Designee)

**Staff:** Donald Rutherford, CEO

Call to order: President Jeff Smith, 8:30am

**Minutes:** The minutes of the May 19, 2020 meeting were presented. Motion made by Ms. Flint to approve the minutes, seconded by Mr. Alexander. All in favor. Carried.

**Financial Reports:** Mr. Capone presented the financial reports for the month of May.

Mr. Rutherford reviewed the customer loan report. Looking at the May2020 loan snapshot, we have 22 loans that are past due. We also have 44 loans that are currently in deferment. The delinquencies are starting to increase, the board may have to start to consider some write-offs and Mr. Rutherford will continue collection efforts. Many of the loans are 60-90 days overdue, Mr. Rutherford has reached out to offer deferment but hasn't heard back from any of them. He anticipates that once businesses get back up and running that payments will begin to be made, but he will continue to follow up to make sure. He's reached out to a number of the businesses to offer to restructure the loans, but hasn't been successful in getting a hold of any.

Mr. Rutherford has spoken to LKR Enterprises about their accounts which have been past due for more than a year. The business was purchased and that would have paid off the loans, but the closing has been delayed due to the COVID pandemic. Mr. Rutherford is going to touch base with Randy Lockwood again to make sure that closing is still going to happen.

Sweet Bean Café is currently in litigation, their outstanding balance is about \$25,000.

Mr. Lumbis made a motion to approve the May financial statements, seconded by Mr. Pierce. All in favor. Carried

**Committee Reports:**

**Loan Review Committee:**

Tree House Hourly Childcare - The LRC recommends approval for a \$40,000 loan for 5 years at a 5% fixed rate, 1<sup>st</sup> position on all business assets. The business received a startup loan from the LDC approximately 5 years ago that was paid off early. The business has been sold to one of its employees and will continue with the retention of 7 jobs with additional jobs being created. The new owner, Lourdes Deleon Deleon has a very strong credit score, a track record with the business and a military background with management experience. Mr. Alexander made a motion to approve, seconded by Mr. Hunt. All in favor. Carried.

9 Chandeliers- The property is going to tax sale on Monday, June 22, 2020. The mortgage is secured with debt owed to former owner Robert Vest and the WLDC. There is a total debt of about \$154,000 on the

building, \$33,274 owed to the LDC and \$121,571 owed to Mr. Vest. Additionally, there is a \$27,000 lien on the building stemming from \$18,808 owed in back taxes and a \$9,030 workman's comp claim. The current owner, Robert Dalton is willing to do a deed in lieu however that can't be done until the liens are taken care of. Discussion between LDC board members on how to best deal with property to realize the most payment of our debts resulted in letting it go to tax sale in order to best protect LDC's position.

Loan Deferment Discussion- Mr. Rutherford asked the Board to provide him discretion to make decisions on loan deferment on a case by case basis, given the current COVID pandemic and economic climate. Currently only 44 of 85 loans opted for deferment, so Mr. Rutherford wants to be able to offer deferment to others without waiting for the Board meeting for approval. Motion made by Ms. Flint, seconded by Mr. Pierce to allow Mr. Rutherford to approve deferments without Board approval. All in favor. Carried.

**DRI Committee:**

Rent Assistance: A request for rent assistance was received from Virginia Hovendon for The Fibonacci Gallery which is moving to Watertown from outside the area. The business will be located at 104 Court Street, and is exactly the type of business that the City is looking for, as was mentioned in the DRI Strategic Plan. The business will be an art gallery that works with local artists to display and sell their art. The DRI Committee is recommending approval for rent assistance to The Fibonacci Gallery with a payment of \$700 a month for year 1 and \$350 a month for year two. Motion made by Mr. Lumbis to approve, seconded by Ms. Flint. All in favor. Carried.

Façade Update: Bid packets were received for the Crystal Restaurant façade. The bid packets were sent to 7 contractors and 2 responses were received. The responses came from K L Painting and Bodah Contracting. The bid from Bodah was \$10,000 lower than KL Painting. The LDC funds will cover \$25,000 of the project and the remaining \$27,000 will be paid by the owners. The State will still need to approve the façade contract, so Mr. Rutherford will send it to them. Once the state approves the contract, the project can move forward. Motion made by Mr. Hunt to approve the project, seconded by Mr. Lumbis. Mr. Pierce abstained. All in favor. Carried.

Mr. Rutherford said that other DRI façade projects aren't moving ahead as quickly as planned because they've had trouble getting contractors to send the bids back. He thinks we might have to expand the scope of the bids to send them out to a larger area, since all of the local contractors have been too busy to bid on the projects. He's also been working with Mr. Schweitzer on the awning and lighting projects, which should be starting soon.

**New Business:** Mr. Alexander started a discussion on the deteriorating First Baptist Church downtown and wondered if there were any funding opportunities or other ways to assist the church and preserve one of the City's major landmarks. Funding for repairs was brought up during the DRI process, but those funds were not eligible to be used on places of worship. Mr. Alexander asked that LDC members start to think about creative ways to find funding in order to keep the church from further deterioration.

Mr. Rutherford gave an update on the summer block parties. The June and July ones were cancelled due to the COVID pandemic, however the August one is still up in the air. A decision will need to be made soon because it takes about a month and a half to book all the vendors, etc. He said they've also considered moving it to September just to be safe. Mr. Smith thought that seemed like a good idea and didn't want to see it cancelled.

**Adjournment:** Motion to adjourn made by Mr. Capone at 9:40am and seconded by Mr. Pierce. All in favor. Carried.