

**Watertown Industrial Center Local Development Corporation
Board of Directors' Annual Meeting
September 15, 2015
Minutes**

The Watertown Industrial Center Local Development Corporation held its monthly board meeting on Tuesday, September 15, 2015 in the Watertown Industrial Center board room, 800 Starbuck Avenue, Watertown, New York.

Present: Don Rutherford J. Paul Morgan, Kent Burto, Carolyn Fitzpatrick, Mark Bellinger

Excused: Nic Darling, Michelle Capone

Staff: Billy Soluri

Others Present: Keith Caughlin, Esq. (Schwerzmann & Wise, P.C.), Brianna Tousant Uhlinger, CPA. (Bowers & Company, CPA's, PLLC), Travis Corliss (Watertown Airsoft League), Craig Fox (Watertown Daily Times)

- I. Call to Order:** The meeting was called to order at 8:36 AM.
- II. Meeting Minutes:** On a motion by P. Morgan and second by M. Bellinger to approve the meeting minutes from the July 21, 2015 regular board meeting. All in favor; motion carried.
- III. Financial Report:** B. Soluri presented the financials for July 2015 and August 2015. He noted an operating profit of \$3,811.40 for the month of July and an operating profit of \$16,584.76 for the month of August. B. Soluri noted that the main difference between the two months had to do with the PILOT payment booked in July. B. Soluri noted that on the combined balance sheet the general checking and capital reserve accounts have increased, and the reason for the increase to the capital reserve relates to the monthly transfer of the CIR billed for the month. B. Soluri noted the amount under accounts payable is off by the amount of last year's Auditors adjusting entry, which overstates the payables. On a motion by P. Morgan and second by K. Burto the financial statements for July and August 2015 were accepted. All in favor; motion carried.
- IV. Correspondence:** B. Soluri presented a letter received from Central Insurance Company in regards to recommendation's they have after performing their loss control inspection. B. Soluri stated the two recommendation's they had related to uneven concrete near the Modern Moving and Storage leased space and temporary lights in the store area of Watertown Airsoft. B. Soluri stated he would have these two items corrected in the next couple of weeks.
- V. Committee Reports**
 - i. B. Soluri presented the six month cash flow projection which identified a few key expenditures, one being parking lot repairs along the side of bldg. A, and various other locations that have begun to separate. B. Soluri stated once he has a better understanding

of the cost to repair the blacktop he would send that information to the Facilities Committee for review and recommendation. B. Soluri noted the \$48,000 projected expense for the month of November relates to the replacement of windows in Bldg. A, B, and C. B. Soluri stated the window replacement project has not been approved and that we would be hearing more on the cost from Aubertine and Currier soon.

- ii. B. Soluri reviewed the tenant leases/prospects list. B. Soluri stated Fergusons corporate ownership has been looking at closing various locations that have not been performing well. B. Soluri stated that he had spoken with Ferguson during the preparation of the budget and there was no indication they would be leaving the facility, this has since changed. B. Soluri stated Ferguson Waterworks has elected to enter into a month-by-month lease at current rates for up to 12 months, at the end of their option period. B. Soluri noted that he offered to lock in the tenants rates for the next 12 months so they would not have an increase instead of having them enter into a month-by-month lease. B. Soluri stated the tenant wanted the month-by-month option even though it would be at our current rental rates. B. Soluri stated that he anticipates Ferguson leaving the facility within the next 30-90 days. B. Soluri noted that he has a prospect for the Ferguson space.

VI. Unfinished Business:

VII. New Business:

- i. B. Soluri introduced T. Corliss of Watertown Airsoft League and noted that Mr. Corliss has requested to extend the interest only payments on his LHI loan. T. Corliss distributed a Profit and Loss statement for the months of February 2015 – September 2015. D. Rutherford asked that Travis provide an update on the status of his business, his ability to increase sales, and where he stands in regards to training contracts with Ft. Drum. T. Corliss stated that the business has generated \$6,000.00 more in profit this year as compared to last year. T. Corliss noted he had an increase in business during the winter months, but the harsh winter and wet spring destroyed the outdoor play area.

T. Corliss stated that he has had pallets, and other building material stolen from the outside area, which has impacted his ability to open the outdoor play area. T. Corliss stated they had to delay opening the outside area because of the amount of damage the weather had on the material, and this has impacted their revenue.

D. Rutherford asked why the indoors was not being utilized during the spring. T. Corliss stated that once spring arrives many his customers prefer playing outdoors. T. Corliss stated he has begun to switch from pallets to tires for the outside area. He said that he is working with the DEC to allow this to happen and there is a limit to the amount of tires you can have on any giving property. T. Corliss feels this switch will happen soon, and he stated that as long as he has a plan to get rid of the tires should his business close then the DEC should not have any issues.

C. Fitzpatrick asked B. Soluri if he was aware of pallets coming up missing, or if other tenants had been having any issues. B. Soluri noted another tenant had a ladder stolen from their fenced in area as well. B. Soluri noted the play area is in really rough shape, and there

are a lot of pallets and now tires out there, so it appears to be trash to people driving around looking for pallets the tenants generally give away. B. Soluri stated that he had suggested previously to Travis that he should install signs or caution tape to inform people this area is the property of Watertown Airsoft. T. Corliss said he has done that, but has found the signs come up missing as well.

T. Corliss stated that he has had phone calls from Sergeant's at Ft. Drum that our interested in training at the Airsoft League, but soldiers are currently under a six week training program with the Army. T. Corliss stated it is out of his hands at this point in regards to getting the Army on board to train at the Airsoft Arena.

D. Rutherford stated that they would need to generate \$4,500.00 per month to pay the bills. T. Corliss stated they would like to average \$7,500.00 per month. T. Corliss noted that their monthly profit is much less when they have to restock the store. T. Corliss stated they are approximately \$3,000.00 per month shy of their target goal. D. Rutherford asked Travis how he plans to meet his monthly target. T. Corliss stated he believes there is not much more he can do, as they are constantly on the radio, passing out business cards, social media.

D. Rutherford asked how much of their sales is related to sale of product versus use of the facility. T. Corliss stated their rental gear is the top seller, but when new players purchase their own gear that takes away from the need to rent equipment. T. Corliss stated he would like to continue to offer equipment for sale instead of having players go to a big box store or shop online for the equipment. D. Rutherford suggested that Travis needs to better understand his margins on the equipment, the rates he is charging and learn how that correlates to his profitability. D. Rutherford stated that when you purchase product that is not moving it will negatively impact your cash flow. D. Rutherford suggested that Travis reach out to the Small Business Development Center to assist him with pricing model for items they offer for sale and rental, then decide if it makes sense to continue stocking the store. D. Rutherford said that his first priority has to be paying his rent, loans and operating cost. P. Morgan stated he should continue to stock the store so that he does not lose that sale or use of the rental of equipment.

P. Morgan noted that Travis needs to make sure he is pricing the use of the facility at the proper rate, so it should be relatively the same whether you are using your own equipment, or rented equipment. P. Morgan stated that most of his profit should come from use of the facility. P. Morgan asked Travis what he estimates to be tied up in current inventory. T. Corliss stated around \$9,000 - \$10,000, and that is a relatively constant amount, split between the optional and must have inventory. P. Morgan stated that Travis needs advice on how to price his goods and services. T. Corliss stated they also offer maintenance services on player's equipment. B. Soluri asked what is the demographic of the players. T. Corliss stated that with the deployments lately his clients have been mainly civilians. C. Fitzpatrick asked if they offer league play. T. Corliss stated they have considered it. D. Rutherford asked if that is something that could be done. T. Corliss stated not until there are at least 8 teams, and he is aware of 4 in the area. B. Soluri suggested that they have a signup sheet at the store for players that our interested in playing on a league. T. Corliss stated that it is hard to find players that will commit to a weekly league. C. Fitzpatrick

stated there has to be a way to make it work. C. Fitzpatrick stated she sees the passion in Travis and commends him on not giving up. D. Rutherford asked if Travis is working outside of the business. T. Corliss said that he does not have anyone to work at the arena, so he is unable to seek additional employment.

On a motion by K. Burto and second by M. Bellinger the board approved extending the interest only payments for Watertown Airsoft for a period of 4 months. All in favor; motion carried.

- iii. B. Tousant presented the 2014-2015 Audit. B. Tousant stated total assets were \$3,491,681 and a total liabilities are \$1,421,158. B. Tousant noted the accounts payable of \$63,000 is a large number when compared to aging. B. Tousant stated the reason for this has to do with journal entries that are made to a payable or receivable, and financial software such as Peachtree or QuickBooks are unable to identify that transaction on an aging report. B. Tousant stated the journal entry made at the end of last year's audit that had to do with the Bldg. B renovation project is what is throwing it off. B. Tousant noted an adjusting entry will be made to rectify this. B. Tousant noted the increase under the Leasehold Improvement liability had to do with the Bldg. B Renovation loan.

B. Tousant noted operating expenses are down by approximately \$130,000, and Cash and Cash equivalents are up by approximately \$20,000. B. Tousant noted the Independent Auditors Report on Internal Control identified two common internal control deficiencies for an organization the size of the WIC. B. Tousant stated the first deficiency is segregation of duties, and the second is preparation of Financial Statements. B. Tousant stated they had no issues with management while conducting the audit and found no issues with journal entries that had been made.

B. Tousant noted the need to adjust the financials to include the loan payment to the WLDC, although it is paid directly by the JCLDC. B. Tousant stated the new Servpro LHI Loan was not reconciled completely prior to rolling over. B. Tousant stated that amount can either be wrote off or the WIC could go back to the tenant and adjust the loan to include this amount. B. Tousant stated she will send the final copy of the 2014 – 2015 Budget to staff in the next few days.

- iv. B. Soluri stated the original LHI for ServPro was issued in 2008, for space they had renovated in Bldg. B. B. Soluri stated that in 2011 a Ferguson payment was credited to Servpro. B. Soluri noted instead of just reversing this transaction they created a new invoice for the amount of the credit and applied that to ServPro, this occurred in 2011. B. Soluri stated when he and Lyle Eaton rolled the new loan amount into their current loan this separate invoice was missed.

B. Soluri stated he had spoken with Brianna Tousant and Lyle Eaton regarding this transaction and it was determined the WIC could either forgive the \$2,374.21 or go back to the tenant and inform them of the mistake and adjust their loan accordingly. B. Soluri stated that the tenant is on their third space here at the facility and they have

invested heavily in each of their spaces and their work force. D. Rutherford stated he does not have an issue with forgiving the debt as they have been a good tenant, and employer assuming they wish to have the debt forgiven. P. Morgan stated the Servpro books should have identified this mistake as well. M. Bellinger stated we may have to provide a 1099 form to the tenant. B. Soluri stated he would ask Brianna Tousant if that was required. K. Burto stated the tenant may not want the WIC to forgive the debt if they have to show it as income. M. Bellinger stated he would authorize staff to forgive the debt if the tenant decided they would prefer it to be forgiven.

On a motion by C. Fitzpatrick and second by M. Bellinger the board approved staff to discuss the options with Servpro and forgive the debt in the amount of \$2,374.21 if needed. All in favor; motion carried.

VIII. Adjournment: On a motion by P. Morgan and second by M. Bellinger the meeting was adjourned at 9:50 AM.

The next regular meeting will be Tuesday, October 20, 2015 at 8:30 AM at the Watertown Industrial Center board room, 800 Starbuck Ave., Watertown, New York.