



DOWNTOWN ALBANY
Business Improvement District

**Downtown Albany Business Improvement District
Board of Directors' Meeting
September 14, 2021
Hampton Inn & Suites and Zoom**

21 Lodge Street
Albany, NY 12207
p 518.465.2143
f 518.465.0139
www.downtownalbany.org

Georgette Steffens
EXECUTIVE DIRECTOR

Frank O'Connor, III
PRESIDENT

Elizabeth Young Jojo
VICE-PRESIDENT

Lisa Reddy Farrell
TREASURER

David Sarraf
SECRETARY

ATTENDANCE IN PERSON:

Riley Ackley
Leyla Kiosse
Angelo Maddox
Neil McGreevy
Tracy Metzger
Frank Zeoli

STAFF PRESENT:

Georgette Steffens
Kate Medhus
Rebecca Hughes
Jason Bonafide
Don Wilson

ATTENDANCE ON ZOOM:

Frank O'Connor, III
Elizabeth Young Jojo
Lisa Reddy Farrell
David Sarraf
Ken Countermine
Lena Hart
Lucas Rogers
Hon. Darius Shahinfar

ABSENT:

Leola Edelin
Mohamed Hemmid
Pamela Nichols

ADDITIONAL ATTENDEES:

Bob Palermino, CPA

The meeting was called to order by Board President Frank O'Connor at 4:07 PM and Mr. O'Connor welcomed new Board members Ken Countermine, Leyla Kiosse and Neil McGreevy.

AUDIT REVIEW

Mr. O'Connor noted that Bob Palmerino, CPA, has previously reviewed the Draft 2020 Audit with the Audit Committee and there was nothing of concern. Any variances found were either timing issues or were related to COVID matters. Mr. O'Connor introduced Mr. Palmerino and asked him to review the Draft Audit for the Board.

Mr. Palmerino presented the 2020 draft Audit:

- The only thing belonging to Mr. Palmerino is the Auditor's Report. Everything else is Management's representation. The numbers come from the Organization.
- The Audit Report, in all material respects, is in accordance with generally accepted accounting principles.
- The Statement of Financial Position on page 2 is a result of analytical review and variance analysis.
 - In Accounts Receivable, the \$50,000 represents the donation received from CDPHP. Even though it wasn't used until 2021, it was pledged in 2020 so it's showed as a contribution receivable.
 - The Stabilization Grant started out as a receivable and was later forgiven. Many of the grants were awarded towards the end of the year and are therefore shown as Notes Receivable. Some of those will become grant expenses for this year.
 - Loan Receivable shows the loan given to Albany Center Gallery for their mural project.
 - Everything else is consistent with last year.
- The Statement of Activities is the income statement.
 - Other Income had a decrease of \$165,000 for a few reasons. The Main Street Grant paid out \$185,000 in 2019 and only \$90,000 in 2020 and there was no PearlPalooza or other events in 2020 that would normally make up that difference.
 - The PPP Loan was awarded in 2020, but not forgiven until 2021. All requirements were met in 2020 so it can be recorded as forgiven in this audit.
 - For the fourth quarter of 2020, the Organization was eligible for the Employee Retention Tax Credit and can be recorded as a receivable. Payroll will prepare the 941 and then that credit of \$25,000 will be received.
 - Expenses are broken down by programs. Management and General was 17% and Total Program Services were 83% in 2019 and in 2020 Management and General was 15% and Program Services was 85%, which is well within reasonability and is not a significant change.
 - Changes in Net Assets with Donor Restrictions shows the CDPHP donation.
- The Statement of Functional Expenses allocates expenses across the various programs. There are no issues with these numbers. Any variances have been discussed with Ms. Steffens.



- The Statement of Cash Flow shows the increase in net assets and converts it to cash. It's about the same as last year with a few minor differences.
 - The Stabilization Grant and the loan to Albany Center Gallery were uses of cash categorized as investing activities.
 - Overall, the cash decreased by about \$68,000 during the year.
- The remaining pages are Notes to the Financial Statements which add verbiage and descriptions to some of the amounts in the statements. A lot of these have been carried forward from last year and are required in accordance with generally accepted accounting principles.
- Accounting Standards are updated each year and any new pronouncements need to be adopted. Over the last few years these have not had a material effect on the financial statements, but we still need to go through the process and state that we've adopted them and that they haven't had a material effect.
 - Revenue from contracts with customers, which the Organization does not have, has been adopted and has been recorded as being immaterial.
 - A few pronouncements have been carried forward from previous years and will not need to be shown again next year.
- Page 13, note 8, Liquidity shows what is cash as of December 31, 2020, and what could become cash over the next year. It shows what will be available for general operating expenditures.
 - The \$50,000 donation from CDPHP with donor restrictions has been subtracted.
 - Almost \$1 million has been subtracted out because the Board has designated it to be used for future expenses.
 - Overall there is about \$38,000 going forward in 2020 versus \$47,000 in 2019.
 - Certain assets have been designated, but those can be undesignated at any time in the future.
- Page 14 shows the Stabilization Grants and shows the new lease signed with Capitalize Albany.
- Page 15, Note 11 outlines the accounting standard that allows us to record the PPP Loan as being forgiven in 2020 even though it wasn't physically forgiven until 2021. Board designated net assets are briefly described in Note 12.
- Page 16, note 14 is a footnote regarding COVID-19 which needs to be shown again for this year since it's still impossible to calculate what the adverse effects of the pandemic are.
- As part of the Audit there's a requirement to issue two letters.
 - One is a Governance Letter that outlines the aspect of the auditing process. It covers any difficulties encountered during the audit process, which there were none. It's a communication overall to the Board because it was discovered several years ago that there was an expectation gap between what we were doing as auditors and what the Board thought we were doing as auditors. It reviews corrected and uncorrected misstatements, any suggestions proposed that were approved and incorporated and shows there were no disagreements with management and it will be signed by both the Executive Director and Board Treasurer.
 - The other letter is a Management Letter. It shows the evaluation of internal controls by the Auditor. Any material weaknesses or significant deficiencies must be reported to the Board. None were found during this audit. Because segregation of duties is so important to internal controls, it is mentioned in this letter. The Board and the Staff should consistently be thinking of how to improve internal controls and segregation of duties without it being too burdensome.
- The 990 is due on November 15th and will need to be reviewed and approved before then.
- Mr. Palmerino thanked the Staff for their time and cooperation during the audit process.

Mr. O'Connor calls for a motion to adopt the 2020 Audit | Ms. Metzger motions | Ms. Jojo seconds | All Approve.

Mr. Palmerino left the meeting at 4:26 PM.

CONSENT AGENDA

Mr. O'Connor asks for objections to the Consent Agenda and hearing none adopts the Consent Agenda on behalf of the Board.

PRESIDENT'S REPORT

Annual Meeting

Mr. O'Connor went over the details for the Annual Meeting:

- The meeting will take place on Wednesday, September 29th from 3-5pm.
- If the weather is good it will be held on the Kenmore Rooftop. If it rains we'll move the event inside to the Kenmore Ballroom. Masks will be required indoors except for while eating or drinking. We are contemplating requiring proof of vaccination as well.
- Staff is working to keep the business portion of the meeting to 25 minutes, which is half of what it usually is. Visuals will be placed throughout the venue to highlight our accomplishments of 2020.
- The food businesses from within the Kenmore properties will be featured: Wizard Burger, Banh Mi 47, Boozy Moo! and Skinny Pancake will have tables and will provide samples for the attendees.
- There will be a cash bar and a DJ.
- Neil Murray of O'Connell and Aronowitz will be receiving the Jim DiNapoli award.
- A portion of the proceeds from ticket sales will go to the Joseph's House Outreach Van.

Committee Assignments

Mr. O'Connor stated that he has the privilege of assigning the committees for the Board and announced the following committee assignments:

- The Budget & Finance Committee will be chaired by Treasurer Lisa Reddy Farrell with members Elizabeth Young Jojo, David Sarraf, Mohamed Hemmid and Ken Countermine with Mr. O'Connor as an ex officio member.
- The Audit Committee members will remain the same: Tracy Metzger, Leola Edelin, Darius Shahinfar and Mr. O'Connor as ex officio, but will now be chaired by David Sarraf.
- The Governance Committee will be chaired by Elizabeth Young Jojo with Pam Nichols, Lena Hart and Angelo Maddox as members and Mr. O'Connor as ex officio.
- The three working committees; Day Life, Night Life and Good Life, will be reinstated after the strategic planning session in October.

Strategic Planning Session

Mr. O'Connor noted that instead of the regularly scheduled Board meeting in October, we will host a strategic planning session with the Board and Staff.

- The meeting will be Thursday, October 14th from 1 to 3pm in the outdoor garden at Olde English.
- Food will be provided.
- If it rains we will move inside to their upstairs room where we can spread out.
- The timing is right as we are entering budget season, a call for grant proposals for the City's COVID funds will be released late this fall, we're about to enter a new year and our businesses are still reeling from the effects of COVID, supply chain issues and employee shortages.
- A survey will go out to Board Members, Staff and Stakeholders in the coming weeks to help guide the discussions.
- Staff is looking to set a strategic plan for the next 3-5 years from this meeting.
- Ms. Medhus will send out calendar invitations.

EXECUTIVE DIRECTOR'S REPORT

2022 Budget Planning

Ms. Steffens noted that the budgeting process for 2022 has started internally:

- Staff has been concerned about the effects COVID would have on the budget, especially due to tenants, (office, retail and residential), not being able to pay rent, but thankfully that has not been an issue. Staff is still cautiously optimistic about SCOs and Assessments. They have yet to see the list of properties who are challenging from the City.
- The 2022 assessments show no change in values for office or commercial spaces in 2021-2022. Property owners are reporting that the majority of office and retail tenants have been paying rent.
- There have been changes in residential conversions. Beaver Lofts has decreased as a result of a course correction since they were one of the first residential conversions to happen. The remaining Redburn portfolio came online. There's been an increase of almost \$9.5 million in assessed value. On average, residential conversions increased by 185%.
- The BID special assessment revenues went up by almost \$11,000. Ms. Steffens is proposing that we keep the BID assessment tax rate the same. It has not increased since 2013 and has decreased in the last few years.
- There are 2 pilot payments we receive for state-owned properties: 10 North Pearl Street and the Hilton parking garage. The tenant is responsible for paying the special assessment tax per their lease in these properties. 10 North Pearl is currently vacant, meaning we are not able to collect a BID payment for that property, but the State is looking to sell the building. They will lease the building only if it is to a single tenant. If the building sells to a for-profit business or is rented out to a tenant, we will be able to start collecting the pilot payment again on that property. There is about \$12,000 in assessment revenue that we collect from that building. Even with that loss, we are still at a plus.
- Most hotels have challenged their assessed values and the City is working on a 3-year scalable plan since tourism isn't expected to pick up until 2023. Staff is working to find out what other properties in the District have challenged their values as well.
- A draft of the 2022 Budget will be presented at the November Board meeting.

With no further business to discuss, Mr. O'Connor asks for a motion to adjourn the meeting at 4:45 PM | Mr. Shahinfar motions | Ms. Farrell seconds | All approve.

Next Meeting

Wednesday, November 10, 2021, at 4:00 PM
Hampton Inn & Suites and Zoom