



Albany County Business Development Corporation

Board of Directors Meeting

111 Washington Ave, Albany NY

June 15, 2023

8:30 AM – 10:00 AM

AGENDA

1. Review of May 18, 2023, Meeting Minutes Allen Maikels

2. Review of May 2023 Financials Allen Maikels &
Amy Thompson

3. Loan Request Kevin Catalano
 - Moxie Owl, Inc

4. Loan Modification Kevin Catalano
 - Crisafulli Bros. Plumbing and Heating

5. Alliance CEO Report Kevin O'Connor

6. Other Business

7. Adjournment Allen Maikels

**Board of Directors Meeting Minutes
May 18, 2023**

DIRECTORS PRESENT	Alan Alexander, Al Maikels, Caitlin O’Brien, Diana Ostroff, George Penn, Marcus Pryor, Jeff Stone, and Sean Ward
COUNSEL PRESENT	Madeline Kauffman
AACA STAFF PRESENT	Kevin O’Connor, Amy Thompson, Kevin Catalano, Rosemary McHugh, and Antionette Hedge

Mr. Maikels called the meeting to order at 8:30 a.m.

Mr. Maikels presented the Minutes from the April 20, 2023, meeting. Mr. Stone made a motion to approve the April 20, 2023, Minutes, Mr. Pryor seconded; all were in favor.

Ms. Thompson presented the April 2023 Financial Statements. Ms. Thompson also presented the IRS Form 990 (“Return of Organization Exempt from Income Tax”).

Mr. Catalano presented the proposed terms for an extension of the maturity of the loan advanced to Davenport Real Estate, LLC? operating company is Schuyler Bakery, guaranteed by Cynthia Davenport and her brother Scott Davenport. (Current loan maturity date: 8.1.2023):

- Principal balance at time of renewal for \$75,658.44,
- 60-month term,
- Interest rate: 4%; and
- All guarantees and collateral remain in full force and effect.

Mr. Catalano presented a request for a loan modification received from CB25 Industrial Park, LLC. The Board upon a majority vote of all members, determined to conduct an executive session for the purpose of discussing non-public financial and credit matters of said entities. Following the conclusion of the executive session, the Board returned to the open meeting. No actions were taken in the Executive Session.

Mr. Catalano presented the proposed write-off of the outstanding balance of the Loan due and owing by Jeff Ryan Integrative Wellness Services, LLC (the Borrower), and Jeffrey Ryan Family Medicine, PLLC and Jeffrey S. Ryan (the Guarantors). It was noted that the business of Jeffrey Ryan Family Medicine, PLLC closed several years ago (in or about 2019) and the real property previously owned by the Borrower was sold and an amount was paid on account of the Loan.



Upon consideration thereof, it was determined to require the submission by Jeffrey S. Ryan of an Affidavit of Financial Condition prior to consideration of any write off of the outstanding balance of the Loan.

Mr. Catalano presented an opportunity for ACBDC to apply to participate in the New York State Small Business Credit Initiative (“SSBI”). If approved, ACBDC would be afforded an opportunity to enroll certain loans in the program and, among other things, participate in a loan loss reserve program. Mr. Alexander made a motion to approve ACBDC applying to participate in the SSBI; Mr. Stone seconded; all were in favor.

Mr. O’Connor presented the Alliance CEO Report. He reviewed the success of the Grand Opening, STAGE Act and ARPA.

Mr. Catalano presented updates on the loan pipeline.

Mr. Pryor made a motion to move to adjourn the meeting at 9:01 a.m., Mr. Alexander seconded; all were in favor.

Respectfully submitted,

Allen Maikels, Secretary/Treasurer

Date:

Albany County Business Development Corporation
Statement of Net Position
As of May 31, 2023

	Total
ASSETS	
Current Assets	
Bank Accounts	
Restricted Cash	
10220 - M&T MM 3324 ALTECH ACBDC	7,959,329.03
10250 - M&T 4113 AI Tech Operating	509,859.14
Total Restricted Cash	\$ 8,469,188.17
Unrestricted Cash	
10210 - M&T ACBDC Corp Checking 4105	23,465.98
10255 - M&T 3994 CRAF Operating	3.00
Total Unrestricted Cash	\$ 23,468.98
Total Bank Accounts	\$ 8,492,657.15
Accounts Receivable	
14615 - Loans Receivable-AI Tech LT	11,252,295.42
14620 - Bad Debt Allowance	-84,193.00
15150 - Accrued Loan Interest	32,262.00
Total Accounts Receivable	\$ 11,200,364.42
Total Current Assets	\$ 19,693,021.57
Fixed Assets	
16000 - Furniture & Fixtures	6,588.00
16999 - Accumulated Depreciation	-6,588.00
Total Fixed Assets	\$ 0.00
TOTAL ASSETS	\$ 19,693,021.57
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
20051 - Due to Advance Albany Co Alliance	42,941.76
Total Accounts Payable	\$ 42,941.76
Total Current Liabilities	\$ 42,941.76
Total Liabilities	\$ 42,941.76
Net Position	
28615 - Trust Assets	15,650,961.00
30000 - Net Assets	6,176,905.00
Retained Earnings	-2,254,907.40
Net Operating Revenues	77,121.21
Total Net Position	\$ 19,650,079.81
TOTAL LIABILITIES & NET POSITION	\$ 19,693,021.57

Albany County Business Development Corporation
Statement of Revenue, Expenses and Changes in Net Position
YTD May 2023

		Total
Operating Revenues		
41000 - Application Fees		500.00
44000 - Bank Interest		64,132.43
44050 - Loan Interest Earned		142,456.96
Total Operating Revenues	\$	207,089.39
 Operating Expenses		
50035 - Agency Fee	\$	129,968.18
Total Operating Expenses	\$	77,121.21
Change in Net Position	\$	77,121.21

Albany County Business Development Corporation
Budget vs. Actuals: 2022 Budget - FY22 P&L
YTD May 2023

	Actual	Budget	Budget Variance	% of Budget
Operating Revenues				
41000 - Application Fees	500.00	1,250.00	-750.00	40.00%
44000 - Bank Interest	64,132.43	533.31	63,599.12	12025.36%
44050 - Loan Interest Earned	142,456.96	163,525.81	-21,068.85	87.12%
Total Operating Revenues	\$ 207,089.39	\$ 165,309.12	\$ 41,780.27	125.27%
Operating Expenses				
50015 - Bank Fees		125.00	-125.00	0.00%
50035 - Agency Fee	129,968.18	96,250.00	33,718.18	135.03%
Bad Debt Writeoff		30,000.00	-30,000.00	0.00%
Total Operating Expenses	\$ 129,968.18	\$ 126,375.00	\$ 3,593.18	102.84%
Change in Net Position	\$ 77,121.21	\$ 38,934.12	\$ 38,187.09	198.08%

**Albany County Business Development Corp.
AI Tech Loan Fund
Loan Proposal
June 15, 2023**

BORROWER: Moxie Owl, Inc

REQUEST: One-Hundred and Eighty Thousand Dollars (\$180,000)

TERM: 5-year term – 10-year amortization

RATE: Lessor of 4% or Prime Rate minus 3%, Currently 4%

PROJECT: Mrs. Kiosse, 100% owner of Moxie Owl, Inc is looking to build out a commercial kitchen at 705 New Salem Road to increase production to keep up with growing consumer and wholesale demand.

The sources and uses of the proposed project financing are follows:

SOURCES		USES	
AI Tech Funds	\$180,000	Greco Construction	\$110,000
Owners Equity	40,000	Equipment	90,000
Bank Financing		Cost Overruns (@10%)	20,000
Total	\$220,000	Total	\$220,000

- ACBDC to fund up to 90% of the project, not to exceed \$180,000. Any cost overruns will be the responsibility of Mrs. Kiosse.
- Greco Construction provided an original quote of \$87,700, due to changes in the commercial kitchen and additional work added, the quote is expected to increase to approximately \$110,000.
- A quote for kitchen equipment has been provided to Ag and Markets and subject to change based on their review.

COLLATERAL: Collateral will be a blanket UCC Lien on all business assets of Moxie Owls, Inc, located at 17 Sheridan Ave, Albany and 705 New Salem Road, Voorheesville. An equipment list with any serial numbers or identifying information will be required from Borrower prior to closing.

GUARANTORS: Loan will require the personal guarantee of Mrs. Leyla Kiosse, 100% owner of the corporation. Mrs. Kiosse has a credit score of 755 with no derogatory information listed.

BACKGROUND: Mrs. Kiosse is seeking a loan to convert premises located at 705 New Salem Road, Voorheesville, NY into a commercial kitchen for the wholesale production of her ice cream brand - Boozy Moo!

705 New Salem Road is a commercial property consisting of approximately 7,700 sq.ft. of warehouse space and a detached residential/ office building consisting of approximately 3,300 sq.ft. Title to this property is held by Property Squad, LLC, which is an entity that was created with three other partners: Levi Steier (Spouse), Chad Southwick, and Karen Southwick. Each partner holds a separate 25% interest in the LLC and property. Property Squad, LLC closed on this property on or about April 6, 2023. The building is secured by a first mortgage in the amount of \$350,000 and a second mortgage of \$50,000 (for improvements to the front building) with Capital Bank, As Property Squad, LLC is the owner of the premises and the property is already mortgaged, the building itself is not available to be pledged as collateral.

The goal is to convert approximately 2500 sq.ft. of the 7,700 sq. ft. warehouse space into a functional commercial kitchen that is licensed by the New York State Department of Agriculture & Markets ("Ag & Markets") to wholesale the growing brand of alcohol-infused ice cream, Boozy Moo!

In 2016, Mrs. Kiosse began to contemplate her transition away from her successful 15-year career as a matrimonial attorney into more creative and entrepreneurial endeavors. Ultimately, she decided to wade into the hospitality industry and contemplated opening an entertainment facility in Downtown Albany, as a means of promoting Downtown revitalization and providing activities for residents, and tourists alike, particularly during the winter months. To that end, one night she read an article about the burgeoning sport of axe throwing and she felt that it was an interesting activity, new to the region and a business model that could bolster Downtown entertainment options. Her overall vision for what would ultimately become "The Yard Hatchet House and Bar" was a place for urban residents to gather to play games on their interior lawn, throw axes, enjoy a cocktail, and just relax in a curated indoor/outdoor space made to evoke childhood memories of backyard fun.

Not every building was suitable for her vision, and it took several months before she found a suitable location for The Yard, finally landing in the warehouse space adjacent to The Knick apartment building being refurbished by Redburn Development at the former Times Union building at 16 Sheridan Avenue. In 2019, conversion of the former newspaper distribution warehouse was

underway. As is inevitable, contractor delays and design hiccups delayed The Yard's opening further than had been anticipated. Meanwhile, by early 2020, stories began to emerge about a the COVID-19 virus.

After several years of planning, scouting multiple locations, and more than 6 months of construction delays, The Yard officially opened for business on Friday, March 13, 2020. On Monday, March 16, 2020, COVID closed The Yard for the foreseeable future, along with the rest of New York's bar and restaurant industry.

For the next several months, Mrs. Kiosse struggled like every other hospitality business owner to figure out a way to operate through restrictive access to in-person services, capacity restrictions, and a terrified customer base. Unlike most bars and restaurants, however, The Yard had a business model that depended upon in-person attendance. The Yard was never intended to be a restaurant, they offered limited food options that were not amenable to take out and delivery; take out cocktails offered some respite, but definitely not enough.

Mrs. Kiosse spent her time during the COVID lockdown making homemade ice cream. One day at home during those initial months of lockdown, she had an epiphany while churning a fresh batch of ice cream; “what if I could use some of the spirits and elixirs sitting unused in my bar to create an alcohol-infused ice cream?” and that is ultimately when Boozy Moo! was born!

Before long, Mrs. Kiosse was experimenting with alcoholic flavor profiles and honing her recipes. By the time New York began to reopen, she began to offer BoozyMoo! as a take-out and delivery option. In sum, it was BoozyMoo! that ultimately got The Yard reopened in early June 2020.

Boozy Moo' soon began to catch on. In-store scoops lead to delivery requests. Different flavor concoctions came to light, and word began to spread. Before long, Mrs. Kiosse was dragging coolers full of dry ice to farmer's markets to sell her ice cream. And, as COVID began to wane and The Yard began to become what she had envisioned, Boozy Moo! became another unique feature in Albany's one-of-a-kind establishment.

Demand for Boozy Moo! soon began to outpace production. The brand that started in a single home ice cream maker soon required commercial ice cream machines and assorted freezers, and soon after that, Boozy Moo! started appearing at pop-ups with other local collaborators like Nine Pin Cider, as well as multiple festivals and markets throughout the Capital Region. By mid-2022, Boozy Moo! had grown to include their self-branded Boozy Moobile and had become a featured option at events such as Capital Region Pride, Tulip Fest,

LarkFest and Pearlpalooza. Collaborations and festivals led to repeated requests from restaurants, bars, and retail shops to purchase the ice cream wholesale.

BoozyMoo! has bootstrapped their growth to remain relevant in the region, unfortunately its production remains a bareboned operation conducted out of the small kitchen space in downtown Albany. The current location (at the Yard) does not allow for manufacturing ice cream for wholesale services because of the wholesale licensing requirements imposed by Ag & Markets.

Mrs. Kiosse believes the brand has incredible potential offering more than 30 flavors of deliciousness with eye-catching packaging and a strong social media presence. Boozy Moo! has already gotten the attention of major beverage distributors looking to purchase wholesale for distribution throughout New York and beyond.

What the brand needs to take the next step forward is increased production capacity in a facility that can meet the health and safety requirements of Ag and Markets. Mrs. Kiosse and her partners in the property have determined that 705 New Salem Road provides the perfect venue for her creation of a dedicated ice cream production facility capable of producing a product for the wholesale and retail markets, not to mention there is room to grow within the footprint of the property as business builds. While Boozy Moo! has yet to formally sign a lease with Property Squad, LLC, Mrs. Kiosse expects the initial lease term to be five (5) years with two, five (5) year renewal periods. The initial rent will be approximately \$1500/ month.

Mrs. Kiosse is anticipating that once the commercial kitchen is completed and production capacity is increased, her established contacts in the industry, Boozy Moo! will be widely available in retail stores and other bars and restaurants throughout New York within 16 months, with a goal of establishing a reliable retail presence outside of New York in year two. As alcohol- infused ice cream is a burgeoning industry in NYS, it is anticipated that Boozy Moo! will have co-packing arrangements with smaller ice cream shops that wish to offer alcohol-infused ice cream under their own label but lack the resources and equipment to do so. Given the outreach she have received already from other ice cream shops, she anticipate that co-packing services will be in place within the first two – three years of production.

Given the requirements of Ag & Markets, the proposed kitchen build includes a separate kitchen space that is utilized for other food production associated with the ice cream - such as preparing baked goods for inclusions into the ice cream.

To offset operation expenses with this second kitchen, Mrs. Kiosse is considering making the secondary kitchen available for rent to other small food producers. Mrs. Kiosse has already received three inquiries from small businesses that need access to a clean and functional commercial kitchen to grow their own brands, and she anticipates being able to generate up to an extra \$1,000/month in income from the shared kitchen space concept.

There are also plans to attract another small business to the site to occupy the 5,200 sq ft remaining in the warehouse. They are working with New Scotland Spirits, as there could be some synergies between the two organizations.

Between the equipment needed and buildout expenses, the anticipated cost of the production facility will be approximately Two Hundred and Twenty-Two Thousand Dollars (\$222,000), plus \$20,000 for cost overruns. ACBDC will fund up to 90% of the project, up to \$200,000.

Without a loan, Mrs. Kiosse will continue to bootstrap her way to a production facility, which will take far more time and will hinder the brand's growth.

FINANCIALS:

See attached financial information:

- 2021 and 2021 Personal tax returns for Mrs. Kiosse and spouse
- Personal Financial Statement for Mrs. Kiosse and spouse
- 2021 and 2022 Corporate tax returns for Moxie Owl, Inc
- YTD P&L for Moxie Owl, Inc

ECONOMIC IMPACT: Al Tech will be providing a loan to a woman-owned business in the liquor infused ice cream space. The buildout will create a commercial kitchen that Mrs. Kiosse will use for wholesale and retail production. In addition, there is the possibility of co-packing other small batch ice cream manufacturers and rental of the commercial kitchen to other creators in the region.

Mrs. Kiosse currently has two employees and expects to increase employment to 7 employees over the next three years.

STRENGTHS

- Fits the mission of the fund to support MWBE's.
- Mrs. Kiosse and spouse earned \$86M in W-2 Income and another \$66M additional income consisting of IT consulting and side work as an Attorney.
- Mrs. Kiosse is an Attorney, admitted to the NY Bar in 2006 and the US District Court, NDNY in 2009.
- Commercial Kitchen will offer additional revenue streams, co-packaging and kitchen rental.

WEAKNESS:

- Financials for BoozyMoo! are comingled in with in the Yard financials, making it difficult to determine actual revenues and profitability of the Ice Cream business verse the Yard.
- Currently there is a short fall in available cash flow to cover the existing and proposed debt and the business is trending in the right direction, the owner and spouse have sufficient cash flow to cover the shortfall.

OTHER TERMS AND CONDITIONS

- Assignment of Life Insurance on the life of Mrs. Leyla Kiosse in the amount of the loan.
- ACBDC will fund upon CO, Mrs. Kiosse will work with her financial institution to secure a LOC to fund the build out with ACBDC paying off and close the credit facility at the ACBDC closing.

NOTE:

Mrs. Kiosse will be splitting the Yard and BoozyMoo! Into two different corporations, currently located under the umbrella of Moxie Owl, Inc. It would be best if the separation were to happen prior to closing. If prior to closing, ACBDC will have BoozyMoo! as the Borrower and Moxie Owl, Inc as a corporate guarantor.

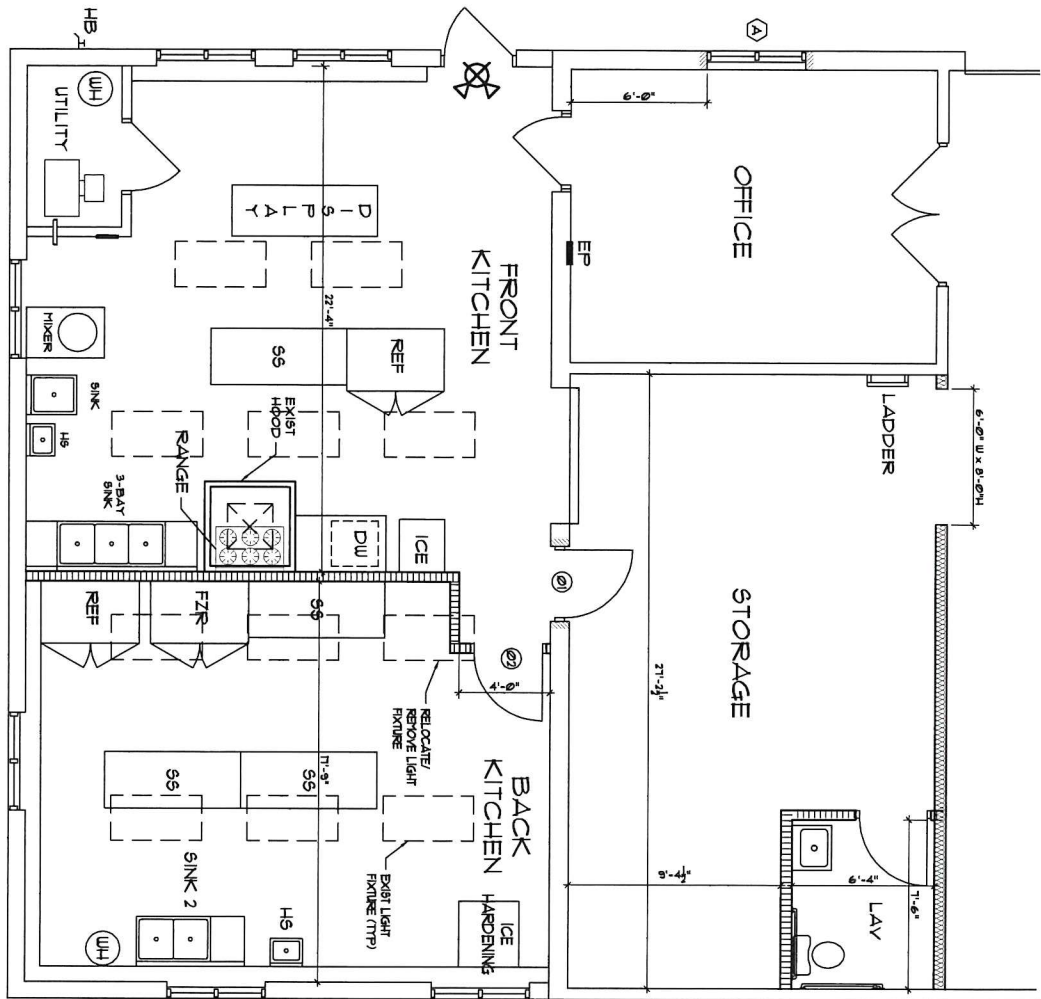
If unable to separate the companies prior to closing, in the future ACBDC will be asking ACBDC to modify the loan documents to make BoozyMoo! the Borrower and the Moxie Owl, Inc a corporate guarantor.

Balance Sheet	2022	2021
Cash	14,376	19,708
Accounts Receivable		
Inventory	5,681	5,374
other current assets		
Current Assets		
Loan to Shareholders		
Buildings / Equipment	219,864	162,903
Less Acc Depreciation	-70,585	-32,393
Total Fixed Assets	149,279	130,530
other asset	6,121	4,822
Total Assets	175,457	160,434
Liabilities and Owners Equity		
Accounts Payable		
Mortgages Less than 1 year	19,333	28,584
Other Current Liabilities	14,882	1,494
Loans from Shareholders	62,555	50,144
Mortgages more than 1 year	124,101	118,582
Other Liabilities		
Capital stock	100	100
Additional Paid-in Capital		
Retained Earnings	-45,423	
Total Liabilites and Shareholder Equity	175,457	160,424

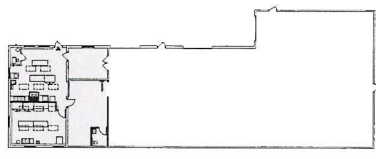
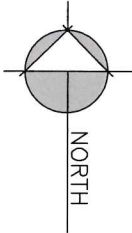
S-Corp form 1120-S	2022	2021
Sales	593,922	482,633
COGS	115,269	91,703
Gross Profit	478,653	390,930
Operating Expenses		
Officer Comp	14,000	13,904
Salaries and Wages	151,397	90,312
Repairs and Maintenance	8188	8,260
Bad Debts		
Rents	69430	38,426
Taxes / Licenses	15440	11,412
Interest	12500	8,168
Depreciation	24442	18,951
Advertising	47210	39,652
Pension		
Employee Benefits		
Other Deductions	139,248	159,065
Total Operating Expenses	481,855	388,150
Net Profit	9,607	2,780

The tax returns are for Moxie Owl, Inc, DBA The Yard. Boozy Moo! Ice cream is a product (menu item) sold at The Yard, therefore there are no separate tax returns. Owner suggested sales of Boozy Moo! Represented \$90K in YTYD sales.

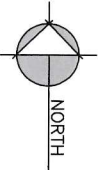
	2022	2021		Yearly	Monthly	Maturity
Cash Flow						
Net Income	9,607	2,780	Debt Service			
Depreciation	24,442	18,951	SBA EIDL	768.00	64.00	5.25.2050
Interest	12,500	8,168	SBA Express LOC	9,600.00	800.00	10.21.2029
Amortization			Redburn Dev (build out)	17,520.00	1,460.00	9.1.25
Total Cash Flow	46,549	29,899	Total Debt Service	27,888.00	2,324.00	
Debt Service	49,757	49,757				
DSCR	0.94	0.60				
Excess / (shortfall)	-3,208.00	-19,858.00				
			Proposed Debt			
			AI Tech - \$180K @ 4% - 10 yr am	21,868.92	1822.41	
			Total New Proposed Debt	21,868.92	1,822.41	
			Existing plus Proposed Debt	49,756.92	1,822.41	



PARTIAL FLOOR PLAN
SCALE: 3/16" = 1'-0"



KEY PLAN
SCALE: 1" = 50'-0"

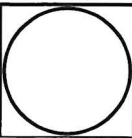


DATE: 05/17/23
DESIGNED BY:
DRAWN BY:
CHECKED BY:
SCALE: AS NOTED
NOTES:

PARTIAL FLOOR PLAN

HARRIS A. SANDERS
ARCHITECTS, P.C.
252 WASHINGTON AVENUE, ALBANY, NEW YORK 12210
BOOZY MOO KITCHEN
705 NEW SALEM RD
VOORHEESVILLE, NEW YORK

A1



LEYLA A. KIOSSE

2 Shephard Ave., Albany, NY 12203 • (518) 810-9738 • Lkiosse@gmail.com

PROFESSIONAL EXPERIENCE

Moxie Owl, Inc., d/b/a The Yard Hatchet House & Bar, Albany, NY

Sole Proprietor, 2019 – Present

Boozy Moo! Ice Cream, Albany, NY

Founder/Sole Proprietor, 2020-Present

Law Office of Leyla A. Kiosse, Guilderland, NY

Solo Practitioner, 2019 – Present

Tabak & Kiosse, LLP, Guilderland, NY

Partner, 2011 – 2019

Associate Attorney (Law Office of Margaret C. Tabak), 2006 – 2007 & 2008 – 2010

NYS Office of Information Technology, Albany, NY

Senior Attorney, 2007 – 2008

Boies, Schiller & Flexner, LLP, Albany, NY

Staff Attorney, 2006

State of Minnesota, Fifth Judicial District Pipestone, MN

Judicial Law Clerk to the Hon. David E. Christensen, 2005 – 2006

BAR ADMISSIONS

New York (Third Judicial Dept.) – 2006; **United States District Court, NDNY** – 2009

EDUCATION

Albany Law School, Albany, NY

Juris Doctor, *cum laude*, 2005

Union College, Schenectady, NY

B.A., Philosophy, Minor in Spanish, 2000

PROFESSIONAL ACTIVITIES/ACCOMPLISHMENTS

Bar Associations

Capital District Women's Bar Association – *President*, 2019 – 2020; *Board Member*, 2010 – 2020

Women's Bar Association of the State of NY – *Vice President*, 2017 – 2019; *Treasurer*, 2015 – 2016

Awards

CDWBA Kimberly A. Troisi-Paton Leadership Award, 2017

CDWBA Carol S. Knox Family Friendly Employer Award, 2013

CDWBA Outstanding New Lawyer Award, 2010

Community Involvement

Downtown Albany B.I.D. – *Director*, 2021-Present

North American Ice Cream Association – *Member*, 2021 – Present

Committee on Character & Fitness for the Third Judicial District – *Member*, 2018 – Present

The Legal Project Clinics: *Volunteer Attorney*, 2006 – Present; *Clinic Coordinator*, 2001 – 2004

Honest Weight Food Co-Op – *Member-Owner*, 2010 – Present

MEMORANDUM

To: Albany County Business Development Corp. Board of Directors

From: Kevin Catalano – Director of Commercial Lending

Re: Crisafulli Bros. Plumbing and Heating Contractors, Inc

Date: June 15, 2023

Mrs. Crisafulli is selling a majority share of Crisafulli Bros. Plumbing and Heating Contractors, Inc, co-borrower on the loan to CB25 Industrial Park Road.

Mrs. Crisafulli is requesting ACBDC to modify certain loan documents from Crisafulli Bros. Plumbing and Heating Contractors, Inc (Home Services Division) to Crisafulli Mechanical, Inc (the Commercial Division). Mrs. Crisafulli is the sole shareholder of Crisafulli Mechanical, Inc.

Current Loan Balance: \$657,092.93 (as of 5/1/23)

Co-Borrowers: CB25 Industrial Park, LLC and Crisafulli Bros. Plumbing and Heating Contractors, Inc

Guarantees: Personal Guarantee of Mrs. Andrea Crisafulli
Crisafulli Bros. Plumbing and Heating Contractors is a co-borrower, which is similar to a guarantor, this is typically done at the recommendation of ACBDC's closing counsel.

Collateral: Second Mortgage lien on real property located at 25 Industrial Park Road, Albany NY, behind Community Bank, formerly Kinderhook Bank. It was a one-time transaction with no other relationship at this time

Second Lien on All Business Assets of Crisafulli Bros. Plumbing and Heating Contractors behind Key Bank, their main financial institution.

Community Bank's Actions for this transaction: (writer was in contact with Ken Counterline, SVP)

Community Bank has a first mortgage on the subject property and are releasing the Guarantee of Crisafulli Bros. Plumbing and Heating Contractors, Inc., they are requiring no financial consideration for the change in guarantors. Community Bank:

- Is not requiring any financial consideration to release the guarantee of Crisafulli Bros. Plumbing and Heating Contractors, Inc.
- Will be securing the corporate guarantee from Crisafulli Mechanical, Inc;
- Is focusing on the building continuing to be occupied and will be perfecting two Assignments of Leases and Rents for the two companies occupying the subject property post transaction;
- Has recognized that their LTV on the subject property is at or below 15% LTV;
- Perfecting the continuance of Mrs. Crisafulli's personal guarantee being sufficient to maintain the credit as-is post transaction.

Key Bank Actions for this transaction: (Writer was in contact with Kevin Hunziker SVP)

Key Bank has the first UCC lien on all business assets and liens on specific pieces of equipment funded by the Bank. There are also some UCC filings for specific pieces of equipment and vehicles, depending on if the vendor or Key Bank had the best option at the time of purchase.

Key Bank:

- Shifting 12 of the existing term loans (11 vehicles and one piece of equipment), currently in the name of Crisafulli Bros. Plumbing & Heating Contractors, Inc. into Crisafulli Mechanical, LLC (Andrea is the sole member of this LLC). All of the terms and conditions of these 12 loans will remain the same (i.e. existing principal balance, interest rate, monthly payment and maturity date). The principal balance of these 12 loans is approximately \$430,000 and the annual debt service is approximately \$179,000. There are various maturity dates ranging from 8/20/2023 to 3/29/2027
- All other Key Bank loans and credit facilities in the name of Crisafulli Bros. Plumbing & Heating Contractors, Inc. (including existing term loans {other than the 12 referenced above}, an equipment line of a credit and a working capital line of credit) will be paid in full on or before the acquisition date and closed.
- Once Key Bank receives the CPA prepared financial statements for 12/31/2022, (ACBDC Received 6/7/2023) Mr. Hunziker will be presenting a request for an equipment line of credit and a working capital line of credit in the name of Crisafulli Mechanical, LLC. The amount of these credit line lines has yet to be determined.
- Undetermined at the present time if there will be any new credit requests from Crisafulli Bros. Plumbing & Heating Contractors, Inc.
- Key Bank is not requiring any additional financial consideration as part of this transaction and / or changes to the credit facilities.

In an effort to determine the value of ACBDC's main collateral, property located at 25 Industrial Park Road, Albany NY, writer spoke with 2 Commercial Real Estate Brokers, a Commercial Real Estate Developer, and a Certified Appraiser to develop an estimated value of the Real Estate Collateral:

Commercial Real Estate Broker 1. (CBRE) Suggested the building would be listed at between \$90 - \$125 per square foot, depending on the ratio of warehouse to office space. Mr. O'Connor and the writer have toured the facility and the office space looks nothing like a plumbing and heating contractor. Finishes are high-end as Mrs. Crisafulli wanted to and succeeded in creating a beautiful, comfortable work environment for her employees.

Estimated Value: \$7.2Million - \$10 Million.

Commercial Real Estate Broker 2. (NAI Platform) Suggested the building would be listed in the \$70 - \$90 per square foot. He suggested the higher school and property taxes in Albany tend to lead to lower purchase prices on real estate located within the City. He

also suggested that the large office area may be underutilized for future users as the building is zoned industrial and that is the highest and best use for the property.
 Estimated Value: \$5.6 Million - \$7.2 Million.

Commercial Real Estate Developer:

Suggested the cost to build the property today would be approximately \$100 a square foot for the warehouse space and up to \$150 a square foot for the Office space. The building consists of approximately 25,000 sq ft of office space, and 55,000 sq ft of warehouse space suggesting the cost to construct this building would be in the range of \$9,250,000.

Real Estate Appraiser:

Suggested the building would be valued at \$75 - \$85 a square foot, but with low inventory, buyers are willing to pay up to secure a site even if the site isn't optimal for their operations. With that disclaimer in place, they could see the building selling for more than their estimated value strictly due to low inventory and high demand in the market.

According to the most recent CBRE 2022 Industrial Market Report, demand surges against limited supply with the Albany Market vacancy rate at 1.97%. The regional industrial market continues to outperform other market sections, mirroring national trends.

Estimated Value: \$6 Million – 6.8 Million.

Estimated LTV for ACBDC Second Mortgage:

Writer spoke with 4 different parties in an attempt to understand the value of the real property located at 25 Industrial Park Road, Albany NY, based on the discussions, writer has determined an estimated value between \$5.6MM and \$10MM. being conservative in my estimates, Writer provided the estimated LTV on the property at the lower end of the estimates.

Lender	Loan Balance 5.1.2023	Estimated LTV based on Value
Community Bank	\$806,031	
ACBDC	657,093	
Total Debt on Property	\$1,463,124	\$6 Million 24.3%
	\$1,463,124	\$7.2 Million 20.3%
	\$1,463,124	\$8 Million 18.3%

Breakdown of building:

25,000 sq ft of office space

55,000 sq ft of warehouse space.

Lot is 4 acres.

Taxes (school and property) are \$92,936.

Financials:

Statements of Income and Retained Earnings:

Statement of Income	2015	2022	Difference
Contract and Service Income	\$21,048,726	\$45,512,714	\$24,463,988
Cost of Contracts	13,567,007	26,444,530	12,877,523
Gross Profit before Indirect costs	7,481,719	19,068,184	11,586,465
Indirect Contract Costs	2,891,853	9,743,531	6,851,678
GP from Contract and Service Income	4,589,866	9,324,653	4,734,787
Operating Expenses	3,111,985	6,980,327	3,868,342
Operating Profit before Other Operating Income		2,344,326	2344,326
Other Operating Income		51,989	51,989
Operating Income	1,477,881	2,396,315	918,434
Other Income	(4,998)	(583,396)	582,871
Net Income	1,472,883	1,812,919	340,036
Retained Earnings	2015	2022	Difference
Retained Earnings – Beginning	2,706,176	8,898,631	6,192,455
Stockholder’s Distributions	(481,700)	(581,411)	99,711
Retained Earnings - Ending	3,697,359	10,130,139	6,432,780

- Other Income of (\$583,396) on the 2022 Financials represents a bonus to Officer, In addition to the Stockholder Distribution of \$581,411 for a total of \$1,164,807 to Mrs. Crisafulli in 2022.
- Net Income in 2022 was \$1,812,919, adding back Depreciation of \$999,837 and Interest expense of \$176,589 providing an operating cash flow of \$2,989,345 for full year 2022 operations.
- Net Income in 2015 was \$1,472,883, adding back depreciation of \$419,787 and Interest expense of \$46,431 providing an operating cash flow of \$1,939,101 for full year 2015, the financial information used when the loan was first approved.
- Since purchasing the subject property, Mrs. Crisafulli purchased a sheet metal company, allowing her to better compete in the Mechanical and large residential space, she utilizes the finished materials for themselves and sell products to other Mechanical Contractors.
- Mrs. Crisafulli also added home generators to her suite of products. They offer both Kohler and Generac home generators. The home generator business will be part of the transaction and remain part of Crisafulli Bros. Plumbing and Heating.

- The Sheet Metal Shop and the Generator business accounted for over \$5MM in revenue and almost \$1MM in GP before indirect costs. The Sheet Metal Shop will be part of Crisafulli Mechanical.
- Since ACBDC provided the mortgage, the operating company has increased Assets on the Balance Sheet by over \$16MM to \$23,405,166.
- Since ACBDC provided the mortgage, the operating company increased their Liabilities on their Balance Sheet by almost \$10MM to \$13,524,225.
- Retained Earnings increased \$6,432,780 since 2015, when ACBDC first approved the loan. Retained earnings are currently over \$10 Million, a significant increase over the 2015 numbers.
- Mechanical will have more than \$1.1MM in assets, more than \$11M in WIP and more than \$1.6MM in A/R
- According to Crisafulli Bros counsel, both Crisafulli Bros. Plumbing and Heating Contractors, and Crisafulli Mechanical will both lease their respective parts of the property. The lease payments will be in excess of the debt service of both mortgage loans.

CRISAFULLI BROS. PLUMBING & HEATING CONTRACTORS, INC.

Schedules Of Revenues, Costs, And Gross Profit By Department

For The Years Ended December 31

	<u>2022</u>	<u>%</u>	<u>2021</u>	<u>%</u>	
<u>Commercial Construction</u>					
Mechanical	Contract revenue	\$ 11,445,709	\$ 12,331,809		
	Costs of contracts	<u>9,134,707</u>	<u>10,771,073</u>		
	Gross profit	<u>2,311,002</u>	<u>1,560,736</u>	<u>12.7</u>	
	Indirect costs	1,649,658	916,905		
	Gross profit after indirect costs	<u>661,344</u>	<u>5.8</u>	<u>643,831</u>	<u>5.2</u>
	<u>Service</u>				
	Service revenue	12,473,780		12,498,824	
	Costs of services	<u>6,084,479</u>		<u>5,638,980</u>	
	Gross profit	<u>6,389,301</u>	<u>51.2</u>	<u>6,859,844</u>	<u>54.9</u>
	Indirect costs	2,897,084		2,490,609	
Gross profit after indirect costs	<u>3,492,217</u>	<u>28.0</u>	<u>4,369,235</u>	<u>35.0</u>	
<u>Heating Install</u>					
Heating install revenue	13,934,346		10,977,179		
Costs of heating install	<u>6,457,072</u>		<u>5,613,814</u>		
Gross profit	<u>7,477,274</u>	<u>53.7</u>	<u>5,363,365</u>	<u>48.9</u>	
Indirect costs	3,547,061		2,897,270		
Gross profit after indirect costs	<u>3,930,213</u>	<u>28.2</u>	<u>2,466,095</u>	<u>22.5</u>	
<u>Plumbing Install</u>					
Plumbing install revenue	2,640,373		2,549,925		
Costs of plumbing install	<u>1,429,083</u>		<u>1,141,916</u>		
Gross profit	<u>1,211,290</u>	<u>45.9</u>	<u>1,408,009</u>	<u>55.2</u>	
Indirect costs	875,327		1,130,418		
Gross profit after indirect costs	<u>335,963</u>	<u>12.7</u>	<u>277,591</u>	<u>10.9</u>	
<u>Sheet Metal</u>					
Mechanical	Sheet metal contract revenue	2,312,556	2,997,204		
	Costs of contracts	<u>1,753,229</u>	<u>2,569,961</u>		
	Gross profit	<u>559,327</u>	<u>427,243</u>	<u>14.3</u>	
	Indirect costs	274,807	142,872		
	Gross profit after indirect costs	<u>284,520</u>	<u>12.3</u>	<u>284,371</u>	<u>9.5</u>

See independent accountants' review report

Schedule V (Continued)

CRISAFULLI BROS. PLUMBING & HEATING CONTRACTORS, INC.

Schedules Of Revenues, Costs, And Gross Profit By Department

For The Years Ended December 31

	<u>2022</u>	<u>%</u>	<u>2021</u>	<u>%</u>
<u>Generator Install</u>				
Generator install revenue	2,705,950		2,557,153	
Costs of generator install	<u>1,585,960</u>		<u>1,454,824</u>	
Gross profit	<u>1,119,990</u>	41.4	<u>1,102,329</u>	43.1
Indirect costs	499,594		326,507	
Gross profit after indirect costs	<u>620,396</u>	22.9	<u>775,822</u>	30.3
<u>Company Total</u>				
Contract and service revenue	45,512,714		43,194,731	
Costs of contracts and service	<u>26,444,530</u>		<u>26,473,205</u>	
Gross profit	<u>19,068,184</u>	41.9	<u>16,721,526</u>	38.7
Indirect costs	<u>9,743,531</u>	21.4	<u>7,904,581</u>	18.3
Gross Profit After Indirect Costs	<u>\$ 9,324,653</u>	<u>20.5</u>	<u>\$ 8,816,945</u>	<u>20.4</u>

See independent accountants' review report