Wilmington Trust/M&T Bank

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V2 Producer: Ladies and gentlemen, welcome to today's webinar, Managing Through Challenging Times: Save our Stages Grant vs PPP Loan. Before we get started, I'd like to mention that today's webinar is being recorded and you are currently in a listen-only mode. Now I'd like to acquaint you with some of the ways that you can participate during today's presentation. The ON24 webinar that you are logged into today allows you to individually adjust and resize all panels that appear on your screen. We will have a question and answer at the end of the today's presentation and you may type into the Q&A panel that is available for you on the lower left portion of your screen. Just type your questions into the text field and then click on Submit to get your questions into the queue. Finally, if you experience any technical difficulties during today's webinar, please enter a question into the Q&A panel stating your technical issue and we'll be happy to assist you.

At this time let's begin today's webinar, Managing Through Challenging Times: Save our Stages Grants vs PPP Loan. It is my pleasure to hand it over to your first speaker, Janet Farrell, Group Vice President, Education and Not-for-Profit Banking Group, M&T Bank. Janet, you have the floor.

Janet Farrell: Thank you, Jessica. Good morning, everyone. For anyone who might not know M&T Bank, we are a top 20 Bank with a presence primarily in the mid-Atlantic and the Northeast, and soon to get much larger with our proposed acquisition of People's United. We're also the parent to Wilmington Trust Company. I have been with the bank over 40 years and over 25 heading up our Education and Not-for-Profit sector within the bank. We're so excited to welcome you this morning to our third session, focused on cultural organizations, in our Managing Through Challenging Times. This time focusing on the Save our Stages Grant program compared to the Payroll Protection Program, which is of course a loan.

Certainly, the pandemic and related required closures or diminished ability to host visitors or audience has been a significant challenge for cultural organizations. Performing arts venues as well as museums, zoos, botanical gardens and any number of other venues. While the federal government has come out with programs to assist, at the current time, cultural organizations need to choose between the Save our Stages grant and a PPP loan. We'd like to spend our time this morning looking at those two, the provisions of those two programs, and then we'll hear from two organizations who have chosen two different tracks with regard to what they will utilize.

Our first speaker will be on the Payroll Protection Program. That is Jack Lewin, who is a Group Vice President with M&T Bank. Jack joined the back after receiving his MBA from the University of Virginia - Darden. He's worked in our Commercial Group as a group manager in the healthcare sector and has worked with many non-for-profits on accessing funding, both taxable and tax exempt. For approximately the past 368 days, Jack has been involved in what we call our PPP factory, helping to stand up our whole journey of taking applications and approving over 35,000 loans in round 1 for just under $6.8 billion in PPP funding. He and his group are back at it with round 2 of the PPP program and he will talk with you about how that is working. Jack's volunteer and stewardship commitments though extend deep in the arts as well as in healthcare and economic development. He's a trustee at the Baltimore Office of Promotion & Tourism which manages Baltimore City's Arts & Promotion activities and he is also a trustee with the Healthcare Council, the American -- has been as the American Heart Association and the TEDCO, the Technology and Economic Development Corporation. He is also an adjunct faculty at Maryland Institute College of Arts in their accredited Master's program in Arts Entrepreneurship.

Our second speaker will be Rob Katz, Managing Director in the financial advisory services section of EisnerAmper, a top tax and accounting firm, receiving numerous accolades including recently being named one of Forbes' Top Recommended Firms. With over 25 years of experience, Rob works with both public and private companies in the middle market and not-for-profit sector, including at times as interim management to help turn around organizations that are fiscally or operationally challenged. Rob is also an adviser or a board member for numerous public companies, private family-owned foundations and not for profit organizations.

Then we'll turn to our cultural organizations and hear first from Jim Farkas, Vice President and Chief Financial Officer for New York City Center. New York City Center was founded in 1943 by Mayor Fiorello La Guardia with a mission to bring the best in performing arts to all. Jim has been supervising their financial operations for the last 15 years. Prior to that, he was CFO at the School of American Ballet Theater and then at Lincoln Center, and then prior to that, managed professional baseball and hockey teams. Over 30 years of experience in executive management, strategic planning and finance informs his decisions.

Finally, we'll hear from Aidan Connolly, Executive Director of the Irish Arts Center also in New York City. Aidan has led the transformation of the Irish Arts Center into one of New York's most exciting multidisciplinary cultural institutions. He's recently overseen a $60 million capital project to expand both the performing stages, the performance spaces and the classroom spaces at Irish Arts. And he as well brings a background in finance, in this case in finance communications, leadership and political campaigns, as well as having begun his career as a theater and concert artist. He has a BA in English and Theater from Providence College and an MBA in Strategic Management from Wharton. So I think -- and as well is a guest lecturer in a Master's Program in Arts Administration at Columbia.

I think you'll find all of our speakers bringing great depth of knowledge and unique perspective to this conversation. So let me ask Jack Lewin to start off with a review of the PPP program and any particular provisions that performing arts or cultural organizations should keep in mind. Jack?

Jack Lewin: Thank you, Janet. Wow, I don't envy you. You did such a great job reading everybody's bios. You're quite a pro. First of all, I want to thank everybody for allowing us into your schedule. And I also don't envy you. You have got in front of you what seems to be a challenging decision in challenging times. As Janet mentioned, I have been with our PPP Operations Team helping our bank manage what has been at times a chaotic, but throughout the journey an incredible privilege in serving over 50,000 clients both in terms of the original PPP loan, and then again, helping them to achieve the loan forgiveness piece where the loan is essentially converted into something more like a grant.

What I'm going to do, if I'm successful in the next five minutes, is give you a snapshot and an overview of what the program is, why it may apply to you and appeal to you, and then secondly, perhaps open up some ideas for you to consider as you're preparing for an application. Before I start, I'm going to go off script a little bit on this presentation because most of this is available at mpb.com/cares where you can find this checklist and other very useful information if you're looking forward to applying.

Without further ado, let's go into the highlights. The PPP is an SBA governed program that is administered by banks and FinTechs and others to help defray the costs of payroll. The large sort of big 50,000-foot view is that the program sizes loans based on the payroll, generally W-2 payroll, for each of your employees and it allows you up to 2.5 months of payroll or 2.5x what that payroll is. Getting more complicated, we can sort of narrow in and say what is payroll and why does it apply to me? Some of this may become very keenly interesting for you as you're looking at how you're navigating the difference between 1099 employees and W-2, and the SVOG program that Rob will talk about and PPP. So, as you're considering each of these programs, that might be something worth considering.

So the PPP program allows you to borrow up to 2.5x payroll and it's forgivable so long as you spend this loan on covered expenses. We're going to get into that in a little bit, but the general nature is it's a bridge towards companies to help defray the payroll costs and provide a source of liquidity when they need it most. I'm going to stop right there. There's no one that needs it more right now than venues such as yourselves. At M&T Bank, I just want to give a quick commercial, over the last five years, I think M&T Charitable Foundation has provided something like $28 million to arts and arts-based organizations. We do this because it's really important to the communities we live in and we're deeply committed to those communities and yourselves, so thank you. I know a difficult choice is ahead of you.

The key eligibility criteria for the initial PPP loan essentially are pretty simple. You need to have employees or you can be a sole proprietorship. One of the items here that I have highlighted is, has not nor plans to receive a shuttered venue grant. This is up for discussion, and your organizations, Arts for America and others, have done a tremendous job lobbying. The Senate recently passed this weekend their bill which does include the ability to receive a shuttered grant and -- shuttered venue grant and a PPP. Essentially, it would net one against the other. However, that isn't law yet, so stay tuned in the wild roller coaster ride which is SBA funding.

What I'll say about the difference between SBA and for example gathering a loan, you can -- if you're not -- if you find that the negotiations with your bank have not been performing well, you can get a benefit. M&T has enjoyed that for a while. But if you are receiving funding from a federal government, it's very difficult to choose a new government. What that means is, and the way I'm framing it is, that in each of these cases, these are very generous programs with very low rates and some incredibly generous terms. However, they're quite inflexible, so know that going in. You're going to measure twice to cut once. The eligibility for a second draw PPP as it reopened includes limiting features such as revenue reduction of 25% and it decreases the number of employees from 500 to 300 per location. And again, has not or plans to receive a shuttered venue grant is in that law. So we'll be keenly interested to see whether that survives the new law as it's coming out this week hopefully to be signed by our president.

As I mentioned before, you can only get one loan per tax identification number. There's no prepayment penalties or premiums, no collateral, no personal guarantees. It's a 1%

loan for 60 months. If you do it right and you're able to provide that you have spent funds that are eligible covered expenses, of which there are a lot, this loan will be forgiven at the forgiveness application portion.

Now, on to the meat. What documentation do I need? Instead of listing over all of this, I do encourage you both to look at our website at mpb.com/cares as well as work with your advisers. But what I will say right now is the calendar is quickly approaching March 31, which is when this law sunsets. So double-check. We've got checklists for you on our site and there's others that are available for your advisers and others just to make sure that you have got all of the items necessary in order to complete a successful application. You might be surprised to know that of the 16,781 applications that we received and over the 2,000 this last week, about 80% of those were incomplete. As we continue to work towards our deadlines and making sure that we can leave no client behind in our pipeline, we want to make sure that when you're looking to apply, you have got everything tidied up. So please, take a look at our checklist and others' checklists and make it easy so that you have a straight through process. It will be a lot less stressful that way for you.

Again, we can go through this on our website. It's fairly simple. But one of the reasons that I bring it up here is the difference between the Shuttered Venue Operations Grant and the PPP is that the Shuttered Venues Operation Grant allows you to use contractors, whereas the PPP, you can only count the W-2 employees. So as you are putting pencil to work, that might be something worth considering.

Loan forgiveness, we have already received and processed about 80% of our loans that have come in to be forgiven with the exception of certain loans over $2 million from round 1 where the SBA has been waiting to get back to us on some of those. But essentially, as I mentioned before, these are the covered expenses that you can -- that you would submit to the bank as evidence of the application. And in general, over that longer period of time, suffice to say you use 60% for payroll costs, you'll have this forgiven, which is a beautiful thing.

Janet, I'm looking at the clock. I think I went over by a minute. I can't believe I did this in 8 minutes and 34 seconds. But in this case, thank you all for staying with me and I'll be around for Q&A. I'm going to pass it over to my friend Rob at EisnerAmper who can take it from here. Thanks, Janet. Rob, just make sure that you are clicking on the microphone below your picture to unmute.

Robert Katz: Got it. It would help greatly if I had turned it on. Good morning, everybody. Thank you for having me. I hope you and your families are staying healthy. And Jack, thanks for the great transition. My name is Rob Katz and I'm with the accounting firm EisnerAmper. I'm in their Financial Advisory Services Group. Somebody said it best, we're the largest firm that few people have heard of. We have 1,800 people worldwide and have performed analysis on over 250 of the SBA PPP loans, anything from as small as $20,000 up to the cap of $10 million.

So what is the Shuttered Venue program? It's really also, it's Save Our Stages. $15 billion has been established for SBA grants to be eligible. These are the categories. Live venues, producers, performing arts, museum operators, motion pictures to individually. It drills down into talent representatives. Grants are up to $10 million per organization for certain covered permitted expenses beginning March 2020. And the last slide, or the last bullet is hopefully under the new law, this may change. The interesting thing is, you know, as large as our government is, they try to be flexible so with the sunset approaching on March 31, and they're not having the applications out until April 1, it's hard to say you can't do both. So that is what the new law is focusing towards. And when people talk about the cumbersome, just drifting back to the PPP for a moment, on a lighter note, I've said that when people talk about the paperwork and the volume of it, but I've said, where in your life have you been able to get free money where you don't have to pay it back? If somebody is giving you something free, they're entitled to ask whatever questions they want. It's just a concern about being patient.

So what does it take for the qualifications for the current grants? You have to be or your organization has to have been in operation at the end of February 2020, not 2021. You must demonstrate a 25% reduction in revenue for the same quarter, which unfortunately will not be a problem in most cases. And you must plan on resuming operations and had a paid ticket cover charge and generally that artists are compensated fairly and traditionally and don't pay for free or for tips. And you need the good faith certification which is really important. Understanding that if you have large, large endowments, you may have to address questions as to why you tapped into the shuttered venue program. It doesn't mean you shouldn't apply. It means you just have to address the issues, concerns similar to those loans for PPP that are over $2 million where a new form, a 3509, and for non-for-profits, 3510 was created, and a new affiliate Form 3511. So again, the need certification is important and you just need to be prepared.

So what exactly are the permitted expenses? These again parallel the PPP program. It's for payroll, rent, utilities and you'll also see certain interest and principle debt obligations. And then past February 15, again, there are additional other expenses. Covered workers protection, maintenance, insurance and other specific examples. So again, what are some of the considerations? There's an SOS grant or a PPP 2. You have to consider the alternatives and determine what is the best for your organization. Again, be prepared because right now things are in flux, and you have till March 31 before the PPP provision sunsets, so from a pragmatic perspective, right, because that's all we have, is what does a reasonable person do. You apply for the PPP I believe, right? This is not a firm recommendation, but if you're being pragmatic, and if the law isn't passed by the end of March, then -- the new law that is, you apply for a PPP 2. And then if the shuttered venue allows, you can talk to your banker about managing it. As Jack said, the banks are interested, they're attentive, they're open, so give them the consideration.

Finally, if there's one other thing, too, and I have no influence in this organization, but I'm fortunate to be on everybody's distribution list for information. There's a law firm called Troutman Sanders that provides one of the best summaries of the SOS program that I have seen. It's simple, it's complete, it's thorough and most important, it's in every day speak. If you Google SOS or Shuttered Venue Program, you'll be able to see that.

So I appreciate the time. I think I am generally on time target. If you have any questions, this is where you can reach me. Again, we've done and I've personally been involved with over 200 programs. I spend a significant amount of my practice in the not-for-profit venues and in the performing arts and the performing venues stages. So with that, I will turn it over to James.

Jim Farkas: Thanks, Rob. Hi, I'm Jim Farkas. I am the CFO at New York City Center. I would like to start out by just first saying hello, and I would like to provide an unsolicited, key word unsolicited, shout-out to the folks at M&T Bank. I want to thank you, Janet, for inviting me to participate in this event. I just want to say that M&T Bank has been City Center's bank and central business partner for the last 11 years. They have been an amazing bank to deal with. They financed our $58 million renovation of our main stage theater, which you can see a picture of on the screen. And in doing so, they employed very innovative and out of the box funding mechanism to allow us to get this project done. They have been stalwart supporters of City Center providing amazing banking services since 2010, and they were absolutely heroic in assisting us in expediting the process to allow us to get the first round of PPP without which I don't know how we would have gotten through the early part of the pandemic. So I thank you M&T from the bottom of my heart. They're also fabulous people to work with, delightful human beings.

Onward. With respect to SVOG vs PPP, City Center has gone through the process and decided to apply for SVOG as opposed to the second round of PPP. Let me say that the decision-making process has been a complicated one, anything but straightforward. This is largely due to the fact of the challenges of being able to accurately evaluate the SVOG opportunity. While PPP guidelines are now, have over time been quantifiable and concrete, SVOG information has been disseminated in dribs and drabs and is continuing to be disseminated over time. And as such, our decision-making process has been informed some speculation as well as a liberal application of common sense, which does not necessarily work well when you're trying to anticipate emerging SBA guidelines. In fact, the process has been fairly reminiscent of the first round of PPP loans wherein we had a situation where guidelines were delivered over time, and that also created an air of uncertainty. The main difference that I see is that with the PPP loans, we had the banks in the middle and the banks were able to supply a degree of structure. But with the SVOG, the SBAs administering this program solely, and to some extent, that has created a further degree of uncertainty as information emerges slowly over time.

That said, our primary assumption in making this decision has been since day one the either/or scenario. By that I mean you can't apply for both PPP and SVOG at the same time. So whatever information you have, you have to make a decision one or the other. As both Jack and Rob have alluded to, there is one substantial development that has happened recently that could mitigate our prime assumption. That is that Senator Schumer has introduced an amendment to the SVOG bill which would allow entities to apply for both PPP and SVOG simultaneously. And in the event an entity received a PPP loan, they would simply net out that amount from any award they got from SVOG. So we still don't have clarify as to whether that will pass or has passed, but if it does, it will, for City Center at least, it will change our thinking quite dramatically in that we will likely apply for PPP and the SVOG simultaneously.

But to go further into our decision-making process on the assumption of either/or, a few of the reasons why we ultimately choose SVOG over PPP is, one, SVOG is a grant as opposed to PPP being a loan. After a substantial amount of analysis, we felt comfortable as a producing performing arts venue that we would be -- we were fully eligible for the SVOG. While we felt that had we gone for PPP round 2 so to speak that we would have, we would be eligible for a substantial portion of loan forgiveness, you just never know about loan forgiveness. So the fact that the SVOG is a grant as opposed to a loan was one factor that led us in the direction of SVOG.

Now, probably the largest, most impactful factor for us in choosing SVOG was eligibility amount. So in terms of what we were capable of applying for, for SVOG, based on our calculation of what portion of PPP round 2 would be available for forgiveness, we figured that we had about 4x more funding eligibility using SVOG. That material difference in funding weighed very, very heavily into our decision. We also felt that given the uses of funds for SVOG which went beyond just payroll and rent costs and included costs of administration, insurance, advertising, production costs, which for us institutionally is very, very high given our theater and our union contracts, we felt confident that we would be able to earn out an SVOG grant fully.

We also very much liked the timeframe wherein we can earn out the grant with SVOG. SVOG expenses can be -- you can use expenses beginning March 1, 2020 with the

SVOG. Once you receive the grant, you have one full year with which to expend. So let's say you get funded for a SVOG on May 1, 2021. You can apply expenses beginning March 11, 2020 all the way to May 1, 2022 to earn out the grant. We felt that that was an important piece when you consider that PPP, you have basically 24 weeks from the time that you receive the grant in order to expend vis-a-vis forgiveness.

So based on those elements and with a fairly high degree of confidence that we could meet all eligibility requirements of SVOG and that we could certify City Center's need for this grant, it was our recommendation to apply for SVOG. And I'll say this for the last time, using the either/or scenario. In other words, that you couldn't apply for both. So given all of that -- how am I doing for time? Am I almost out of time?

Janet Farrell: Yes, actually. So if you can make a concluding comment and then we'll move over to Aidan.

Jim Farkas: Okay. My concluding comment is simply that in terms of our internal process of how we were able to come to this decision, it was a five-step process of getting consensus beginning with our finance team, going to our president and CEO, our internal management team and then leading to our finance committee and board to get to that financial decision. And on that note, I will turn things over to Aidan Connolly.

Aidan Connolly: Thanks, Jim. Thanks, everybody.

Janet Farrell: Aidan, we have that same feedback problem.

V2 Producer: Can you refresh, Aidan? Refresh your browser please.

Aidan Connolly: Is that better?

Janet Farrell: Yes, that's much better. Thank you.

Aidan Connolly: Sorry about that. Hello, everybody. I guess just a few things. It's been great to hear everybody's presentation. The thing that I kept coming back to as I listened to my other fellow panelists, is kind of the broader question about how do we do with uncertainty at a time when the ground just keeps shifting? I think even when we first all signed up for this panel, we were carrying a certain set of assumptions around PPP vs SVOG. And today of course, with the completion of this Biden American Rescue Plan, it is shifting yet again in a way that I think is really positive for the environment of decision-making around this.

So in fact, I envy all of the folks out there who are still in the process of making this decision because you're making the decision with more perfect information than Jim and his colleagues and I and my colleagues have had. So I guess that brings me to the question of how do we deal with that uncertainty at Irish Arts Center with respect to making the decision about the second PPP loan. We had had success with the first at a time when we just weren't sure where we would stack up in terms of SVOG because the rules were uncertain. We didn't know how contributed revenue was going to be treated. That has been quite a moving target and you can listen to the previous panelists about sort of the latest on all of that, the relationship between earned revenue and contributed revenue and how much of contributed revenue on the SVOG side relates to the fair market value of benefits provided, etc. So there's quite a lot of shifting data in that landscape. I'll talk a little bit in a second about how we made the decision to go with PPP. But ultimately, I guess I would say the greatest lesson of the entire pandemic era has been about working with your board to establish guiding principles against which you can respond amid constantly changing circumstances. Whether it's public health, whether it's the economic environment as a function of public health, or whether it's the regulatory environment as these aid programs are coming together. So for us, our guiding principles were very much animated by a sense of -- and we documented these. We were doing weekly executive committee calls. I'm a relatively small organization compared to Jim. 16 fulltime employees, several dozen parttime employees and of course lots and lots of independent contractors, artists, etc. But our executive committee and I met every Friday at noon just about every Friday in 2020 from March. Through that process of bringing the board in and bringing the staff in, we established guiding principles to take care of our people, focusing on the well-being of our people, our artists, our audiences, our staff. We were keenly focused on what our financial position was going to be at the end of the next fiscal year. How could we look at June 31, 2021 -- this is going back to March and this has sort of guided our entire 18-month -- or our 14 months since the start of the pandemic, where are we going to be at the turn of the fiscal year from 2021 to 2022? Which for us, as Janet mentioned, would also mark the beginning of opening and operating this $60 million new facility that we were in the middle of construction on when the pandemic hit.

So honing in on those guiding principles was really key for us, communicating with our stakeholders, focusing on the well-being of our people, sustaining our mission because we're a multidisciplinary, because we have already established some digital capability, we were able to really continue to deliver on our mission. So as we looked ahead to navigate all of the challenges of the pandemic, we really tried to sort of stick to those guiding principles in our decision making, especially with uncertain information.

So as relates to considering PPP, of course as Jim did, we wanted to look at what's the amount of aid we qualified for and then what's our probability of success of getting it? Because we had been through the process the first time, I know I'm sucking up to my bank a little bit here, but M&T did such a great job shepherding us through, we had some certainty there. We felt just about 100% that we were going to get a second PPP loan. That was very, very compelling when we measured it up against SOS. Because for us, we were -- we had a bad year like everybody had a bad year, but it wasn't a catastrophically terrible year because we were able to really rely on contributed revenues. So we were going to be, based on the first set of SBA rules, sort of down the list. We were going to be in the third round I think at the earliest in terms of SVOG. So for the reasons that have been described by my previous panelists, a number of questions of uncertainty around SVOG that led us to a place where we felt we were in a better position with PPP. We have a large percentage of our revenues that are contributed revenues. A relatively smaller percentage, but an important and growing percentage, that are earned revenues. Box office, class fees. We were able to pivot our classes from in-person to online. So we actually grew our class revenues over the last year which is a real tribute to our teachers and our education programing team and of course the students who have been so intrepid in engaging in that virtually. And because we were able to deliver a lot of digital programming, we were able to sort of sustain activity to our audiences, to our donors. And fortunately, because we had built a robust base of support, we were able to sort of sustain that through.

However, we still were facing enormous uncertainty. As Jim said, we needed to get to a place where we felt comfortable, the board felt comfortable availing of these aid funds. So for us, just a few of the consideration that we undertook were of course, substantial losses in box office and special events revenues. We were dealing with massive construction delays on the front end of the COVID crisis, and even now on hopefully the backend of it, we're still facing some uncertainties in the construction environment. You can see the nice rendering our soon-to-be-completed new building there. We had issues around -- we did a great virtual gala in year one, but no guarantees that that virtual gala in year two would perform at the same level. And of course, we have exposure to COVID hit industries in our fundraising overall. So as relates to the question around certification, I guess what I've learned, for the benefit of folks who are out there is, just as you want to document your guiding principles, document your uncertainty. Document how you are thinking about how your board, how your committees, how your teams arrived at the criteria for the certifications. Because the uncertainty out there in the performing arts sector, even though it feels like things are getting better, is still quite monumental. We haven't been through anything like this before. Even though I think we're all hopeful, and we're right to be hopeful, we have to be respectful of the uncertainty that endures. And that's what these government aid programs are for. I tried to roll through that fairly quickly, Janet. But I might just leave it there and defer to Q&A for any further questions.

Janet Farrell: Great. I think this -- I personally found this to be just a fascinating discussion of the different factors that these organizations looked at. So that question of certainty versus uncertainty and the level of certainty that your organization feels comfortable with, the question of the absolute amount of funding that would be available in one program versus the other program, and differences such as one program covering employees only, the other one also covering contract employees, independent contractors and some slight differences between the expenses that are covered, and as Jim pointed out, the differences in the length of time that the funds can be used and qualified expenses incurred. All of those are factors that each individual organization will need to consider for itself. And then as Jim pointed out, that necessity, and really as Aidan echoed with his weekly meetings with his executive committee, working that through both your financial model but then also the various stakeholders that you have in terms of both internal employees, management and your boards. So not really easy answers, but hopefully we have provided some information that will be helpful.

There is a Q&A section in your -- on your screen. You should find the chat there. And I'll note that I think we have sent out the link to the Troutman website. If not, we will get it and we will send you that link as a follow up.

Robert Katz: Janet, this is Rob. May I make just a final comment to what Aidan and Jim said?

Janet Farrell: Absolutely.

Robert Katz: So the thing about the shuttered venue program when you're trying to frame your pitch for the uncertainty, that program, the advantageous about that program is its designed solely for a lot of the constituencies here where the venue was shuttered. There's not a lot of justification needed. So these organizations fit like right into that box and consideration. And even those with large endowments, because that is always an issue, doesn't mean that you shouldn't apply because of the uncertainty. It's a once in a lifetime event. And so as both said, making sure your board is aware and maybe even a board resolution so that helps also manage the uncertainty and the concerns of the two.

Janet Farrell: Excellent point. I know that there is concern expressed by a number of the questions that have been submitted that with roughly 30,000 organizations potentially eligible for the SVOG and up to $10 million per organization, that in fact those funds could run out quickly. Or if you're in the third realm, because it is a phased program based on the perceived need, that there might not be funds available. And I think, Rob, you had a comment earlier when we were in the prep sessions talking about just a -- I guess kind of your theory as to whether it was likely that additional funding could be provided if the program were oversubscribed. What are your thoughts on that?

Robert Katz: Yeah, I had said that if you, and again, somebody had mentioned this about a pragmatic and practical standpoint, because that's what we have to go with. If you think back to PPP where the first round of funding was sold out, for lack of a better term, in a span of two weeks, our government immediately came through with a second round of funding. If you look at this as a parallel, that one of the worst things for the new administration or any administration is to develop a program, have it oversubscribed, and then say, well, we're not going to fit the demand. So if you follow what's been in place, the likelihood is if it's oversubscribed, that pragmatically a second round of funding will be put in place. Because unlike for-profit where there are shareholders and dividends and things like that, the non-for-profit world serves the community. So if you're going to make funds available, you want to support the entire community that you originally designated those funds for.

Jack Lewin: Hey, Rob, this is Jack. I'm going to jump in real quick. $15 billion is a very large number. To sort of put this into context -- and it may not be enough or it might be enough, and I think that is the real question in terms of the uncertainty of whether it is enough to satisfy the demand out there. The Americans for the Arts put out some information this July on not-for-profit art organizations who had received about $1.8 billion of PPP loans. Out of the total arts entertainment including for-profit sectors, that was $11.9 billion. So using that as a proxy and even if you double it, that would be kind of the estimated losses I think were somewhere around $13.7 billion. If you double that and took 40% of it, it's pretty close in terms of everyone getting an SOS loan. I think that is how essentially it was sized up by the Congressional Budget Office in order to create a very important funding vehicle for an incredibly important sector of our economy. I think Rob, your comments, and I know Jim, you were going to jump in as well, that there's a lot of interest in this sector of the economy and there's a lot of lobbying and advocacy power behind it that has created and will continue to create this as a topic of relevancy for our elected officials.

Robert Katz: Yeah, one other thought, because this came as a question before, right? Again, if somebody said or somebody raised the question, why is it taking so long? But if you think about it like the PPP round one, which was a brand-new program, right? It was never a spin-off of another program. Same thing with this. It's a brand-new program. I think the goal is to make sure the paperwork and the process is in place to try and minimize the changes that come out later. I think that's, again, patience is something that in this world it's hard to have. But thinking about it, when you start something from nothing, imagine or remember what that is like. And nothing is going to go quicker than it's going to move anyway, so it's just having patience just because we have to.

Janet Farrell: There was an interesting question posed for Aidan and for Jim. As you were going through your decision-making process and obviously continue in that mode, did you feel that you were operating a bit within a vacuum or a self-contained little unit, i.e., just New York City Center, just the Irish Arts Center? Or did you have a way to connect with fellow organizations going through the same considerations, either just one-on-one networking or were there arts organizations, arts leagues that you might be a part of that had helpful venues that you found helpful and that perhaps some of our participants might find helpful? Why don't I put that to Aidan first and then Jim?

Aidan Connolly: Yeah, sure. I think it's been incredibly -- it's been an incredible testament to the collegiality of our sector. I'd say all since COVID relating and we all talk to each other I think all the time about projections of when we think full audiences will be viable again, etc. So there's been an enormous amount of connectivity I think in the sector. I've been fortunate to be plugged in to some of the conversations that are happening among the National Performing Arts Centers Group. There's a wonderful daily call at 3:00 here in

New York City among the New York City cultural institutions. The New York City Department of Cultural Affairs Commissioner Casals has done a wonderful job, sharing information on list serves. And then anecdotally, I've been in frequent contact with a lot of our peers. So I think that, and I imagine I'm sure this is the same with Jim and hopefully our folks in the industry who are out there on the call, don't hesitate. Pick up the phone. Obviously, you want to be discrete about sharing your own internal information, but I have found folks to be very, very receptive to outreach.

Janet Farrell: Jim, how about you?

Jim Farkas: Yeah, sure, I agree entirely with Aidan. We are -- the pandemic world has enhanced our interaction with other like-minded cultural institutions tremendously. So we are constantly doing webinars and City Center is a CIG, is a city-owned building, and so we are very, very interactive with all of the other similar cultural institutions. We talk with the NISCA Group and the Department of Cultural Affairs Group in New York City and the PAC Group. We are constantly interacting with other groups. We cannot afford to be operating in a vacuum during this time because of the uncertainty and we need the insight from all of our brethren institutions to the extent that we can avail ourselves of that.

Janet Farrell: Great. That is really helpful. So for our audience, I will work with Jim and with Aidan just to make sure that we put together some references to these organizations that they have mentioned that have resources. Whether it is on their website or some sort of a committee process so that that information is available to folks on the line. I'll also remind you that this is being recorded. It will be available on M&T Bank's micro site, Managing Through Challenging Times, and everyone who has registered for the presentation today will receive a link so that they can access that website. There will be both a recording and then there will be a written summary transcript of the presentation. So there will be plenty of resources available for folks.

So I think -- we do have a number of other questions. Some of them are really quite technical as to what happens if you are a multi-arts organization. So perhaps you're doing films historically four times a week, but then you are also doing other types of arts presentations that perhaps don't qualify because you don't have fixed seats under the SVOG. You have to have fixed seats in the particular venue for which you are applying for this grant money. And I think it is difficult for us in this forum to respond to very detailed questions like that. I will note that on the SBA's site, under the Shuttered Venues Organizational Grant, Operators Grant, they have FAQs quite detailed and which they update with regularity. I think there are about 23 pages currently, so it can be a bit cumbersome to go through all of those. But they do provide a great deal of information on what can be considered, what cannot be considered. And I think as you work with your advisers, whether those be your accounting firm or if you have legal counsel, you should be leaning on them as well to be reviewing those guidelines with you so that you can really have a good assessment of what are -- what is the revenue that counts, because that definition has been changing to include contributed as well as earned. So it is very much that question of uncertainty. Will the definition change again and perhaps change your calculus? I know we wish we could resolve that for people, but that is just not quite in our power as yet.

Aidan Connolly: Janet, may I just jump in on that briefly for a quick second?

Janet Farrell: Absolutely.

Aidan Connolly: I think that -- and again, I'm coming from -- we were a small organization that has grown quite a lot over the last decade, but I can feel and imagine that particularly there is going to be a lot of small organizations out there without a lot of internal infrastructure to grapple with these types of things. But also, very well qualified for these grant opportunities. So if you don't have like a paid legal counsel or you feel like you're not sure where to go, call your local constituent services of your local legislator or your local congress member. I have found just in our own experience, anytime things were confusing, we reached out to Senator Schumer's office and they were really great just in saying look, here's the intent, here's what we're trying to achieve. Again, it's not perfect information, but at least it gives you a sense of sort of directionally where things are heading. But don't hesitate to ask questions. There's none of us out there with perfect information, and people who have information, I have found are very eager to share it. Because we shouldn't all climb the same learning curve. We should benefit from each other's learning curve.

Robert Katz: This is Rob. I just want to echo that, because in this environment, don't be afraid to ever ask a question. I have found competitors and everybody in various industries are willing to help and provide resources at levels that I've rarely seen. Because everybody at some level is going through it, so if they have a resource that can be helpful, I've just found that most are interested in helping and supporting.

Jim Farkas: I will also add if I can specifically with respect to this question about fixed seating, that that's -- there's a lot of gray area there. I'm aware of two substantial New York culturals that have flexible spaces and thought that they were not eligible for the SVOG. When they did some research and got counsel involved, they found that in fact that they were. So I would encourage the institution who is concerned about that fixed seating piece to really explore that. You may be eligible.

Aidan Connolly: That's really important. We went through the same thing, Jim. We ultimately decided against SVOG for the reasons I said. But we saw that clause and we were like hang on a second. Because we've built a new flexible theater that we're going to be opening as soon as it's safe. That's the thing. That's actually when I called Senator Schumer's office and I got a good sense of like here's what the intent is, here's what we're trying to achieve. And that's playing out in different ways in these iterations of rules. So yeah, don't assume you're out until you're sure.

Jim Farkas: Agreed.

Janet Farrell: Great. Well, we hope that this has been very helpful to everyone who has listened in. We all do welcome feedback. I know you have a number of the contact information, so we do hope to get feedback. We will review all of the questions that have been submitted and there are a number of them. To the extent that we can group a few of them in particular areas and get back with a reasonably succinct e-mail, we will do that and we will provide just some ideas on resources that are available. And we do have a survey at the end and perhaps Jessica or Christine can come on in one second here to kind of show you and tell you how you will get that or ask you to stay on and complete that. But again, I just wanted to extend my thanks to each of the presenters and to all of you who have dialed in to listen in. I know what we call it on a computer, who have Zoomed in to participate with us today. We promise to keep you informed on this and other topics as we move forward. Thank you all.

V2 Producer: Thank you, Janet. Thanks to all of our speakers. This does conclude our webinar. Once we close the webcast here in just a moment, you will see a survey pop up on your browser. So if you could take a moment to fill that out before you log off today, we would appreciate your feedback. Thanks again, everybody, and have a great rest of your day.