

City of Albany Capital Resource Corporation

21 Lodge Street
Albany, New York 12207
Telephone: (518) 434-2532
Fax: (518) 434-9846

To: Anthony J. Ferrara Mike Yevoli **Date:** February 14, 2011
Willard A. Bruce Joe Scott
Kathy Sheehan Jeff Sullivan
Susan Pedo John Reilly
Gary Simpson Erik Smith
Prairie Wells Maria Pidgeon
Martin Daley City Clerk
Megan Daly

*** PLEASE NOTE THAT A PUBLIC HEARING CONCERNING THE COLLEGE OF ST. ROSE PROJECT WILL BE HELD AT 12 NOON on Thursday, February 17, 2011 at the offices of the Capitalize Albany Corporation, 21 Lodge Street, Albany, NY 12207**

AGENDA

The regular meeting of the City of Albany Capital Resource Corporation will be held on **Thursday, February 17, 2011 at 1:00 p.m. or immediately following the Regular Monthly Meeting of the AIDA** at the offices of the Capitalize Albany Corporation, 21 Lodge Street, Albany, NY 12207.

Roll Call

Reading of Minutes of the Regular Meeting & Annual Meeting of January 20, 2011

Approval of Minutes of the Regular Meeting & Annual Meeting of January 20, 2011

Reports of Committees

Report of Chief Executive Officer

Report of Chief Financial Office

- o Financial Report

Communications

Unfinished Business

- o Brighter Choice Projects Presentation
- o Charter Facilities Fund – Project Synopsis
- o Charter Facilities Fund – SEQR Resolution
- o Charter Facilities Fund – Resolution of the Finance Committee
- o Charter Facilities Fund – Bond Resolution

New Business

Other Business

*The next regularly scheduled meeting is Thursday, March 17, 2011 at the offices of the Capitalize Albany Corporation, 21 Lodge Street, Albany, NY 12207

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Anthony J. Ferrara, *Chairman*
Willard A. Bruce, *Vice-Chairman*
Susan Pedo, *Secretary*
Kathy Sheehan, *Treasurer*
Prairie Wells
Gary Simpson
Martin Daley

Michael Yevoli, *Chief Executive Officer*
Erik J. Smith, *Chief Financial Officer*
John Reilly, *Agency Counsel*

CRC MINUTES OF REGULAR MEETING Thursday, January 20, 2011

Attending: Anthony Ferrara, Bill Bruce, Kathy Sheehan, Prairie Wells, Martin Daley & Susan Pedo

Absent: Gary Simpson

Also Present: Joe Scott, Maria Pidgeon, Erik Smith, John Reilly, Mike Yevoli, Jeff Sullivan & Josh Poupore

Chairman Ferrara called the regular meeting of the CRC to order at 1:00 PM.

Roll Call

Chairman Ferrara reported that all Board Members were present with the exception of Gary Simpson.

Reading of Minutes of the Regular Meeting of December 16, 2010

Since the minutes of the previous meeting had been distributed to Board members in advance for review, Chairman Ferrara made a proposal to dispense with the reading of the minutes.

Approval of Minutes of the Regular Meeting of December 16, 2010

Chairman Ferrara made a proposal to approve the minutes of the Regular Board Meeting as presented. A motion to accept the minutes, as presented, was made by Kathy Sheehan and seconded by Bill Bruce. A vote being taken, the minutes were accepted unanimously.

Chairman Ferrara recommended the agenda be modified to address New Business. No objection was rendered and the agenda was so modified.

New Business

The College of St. Rose – Public Hearing Resolution

Marcus Buckley, Vice President for Finance & Administration/Treasurer, reviewed the application with the Board. He explained that the project would consist of the construction of student housing unit with approximately 225 beds, a small convenience store and administrative office space. The project will also include the renovation of Alumni Hall and upgrading of a facility at 366A Western Avenue. The project cost is estimated at \$17,950,000. The college is seeking bond funding estimated at \$21 million. During construction there will be approximately 75 construction jobs created and 2 new jobs after construction is completed.

Chairman Ferrara presented *The College of St. Rose – Public Hearing Resolution Project* to the Board. A motion to adopt the Resolution was made by Kathy Sheehan and seconded by Susan Pedo. A vote being taken, the Resolution passed unanimously.

Unfinished Business

Report – Brighter Choice School Projects

Maria Pidgeon reviewed the report with the Board noting each of the several responses and memos that were submitted in an attempt to answer questions raised by the Board at previous meetings. Joe Scott reviewed the memos that he had submitted. Some discussion followed.

Susan Pedo noted that the question regarding the number of jobs lost in the school district and number of vacant school buildings in the City were not answered. Mike Yevoli asked for a clarification of what job data was being asked for. Ms. Pedo proposed that the job information requested was the ratio of students to teacher/administrative positions in the City school district as it compared to the Charter schools for the most current year. Some further discussion followed.

Joe Scott advised the Board that the working group for this project had asked him to begin the process of preparing documents. He stated that he had explained to this working group that he was reluctant to do this without the Boards permission and that even if he received their permission it would done at the risk of the project applicant. The Board indicated that no action should be taken until the February meeting.

Annual Housekeeping Resolution 2011

Joe Scott reviewed the Resolution with the Board. Each of the administrative items is listed in Schedule A.

Chairman Ferrara presented the *Annual Housekeeping Resolution 2011* to the Board. A motion to adopt the Resolution was made by Kathy Sheehan and seconded by Susan Pedo. A vote being taken, the Resolution passed unanimously.

Reports of Committees

None

Report of Chief Executive Officer

None

Report of Chief Financial Officer

Erik Smith noted that the only activity during the month of December was the payment of the Directors & Officers Insurance premium. We will end the year with a cash balance of approximately \$3,100.

Communications

None

Other Business

None

There being no further business, Chairman Ferrara adjourned the meeting at 1:28PM

Respectfully submitted,

Susan Pedo, Secretary

G:\CRC\CRC Minutes\CRC Regular Meeting Minutes\CRC Minutes 2011

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Prairie Wells
Gary Simpson
Martin Daley

Michael Yevoli, *Chief Executive Officer*
Erik J. Smith, *Chief Financial Officer*
John Reilly, *Agency Counsel*

CRC MINUTES OF THE ANNUAL MEETING Thursday, January 20, 2011

Attending: Anthony Ferrara, Kathy Sheehan, Bill Bruce, Prairie Wells, Martin Daley
& Susan Pedo

Absent: Gary Simpson

Also Present: John Reilly, Jeff Sullivan, Mike Yevoli, Joe Scott, Maria Pidgeon, Erik Smith,
Josh Poupore.

Chairman Ferrara called the Annual Meeting of the CRC to order at 12:54 p.m.

Election of Officers

Martin Daley nominated the following Board members to serve as the 2011 Officers of the City of Albany Capital Resource Corporation:

Chairman – Anthony J. Ferrara
Vice Chairman – Willard A. Bruce
Treasurer – Kathy Sheehan
Secretary – Susan Pedo

Chairman Ferrara presented the Board with a Resolution electing the nominated members to serve as 2011 Officers for the City of Albany Capital Resource Corporation. A motion to accept the Resolution as presented was made by Martin Daley and seconded by Prairie Wells. A vote being taken, the Officers were elected unanimously.

Other Business

None

There being no further business. Mr. Ferrara adjourned the annual meeting at 1:00 P.M...

Respectfully submitted,

Susan Pedo, Secretary

City of Albany CRC
 2011 Monthly Cash Position
 January 2011

	ACTUAL	PROJECTED											
	January	February	March	April	May	June	July	August	September	October	November	December	YTD Total
Beginning Balance	\$ 3,101	\$ 4,601	\$ 260,859	\$ 199,918	\$ 195,059	\$ 190,201	\$ 131,293	\$ 126,434	\$ 121,576	\$ 70,467	\$ 65,451	\$ 60,592	\$ 3,101
Revenue													
Fee Revenue													
Application Fee	\$ 1,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500
Agency Fee	-	256,200	-	-	-	-	-	-	-	-	-	-	256,200
Administrative Fee	-	-	-	-	-	-	-	-	-	-	-	-	-
Modification Fee	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal - Fee Revenue	\$ 1,500	\$ 256,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 257,700
Other Revenue													
Interest Income	\$ 0	\$ 58	\$ 58	\$ 58	\$ 58	\$ 58	\$ 58	\$ 58	\$ 58	\$ 58	\$ 58	\$ 58	642
NYS BIC	-	-	-	-	-	-	-	-	-	-	-	-	-
Misc	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal - Other Revenue	\$ 0	\$ 58	\$ 58	\$ 58	\$ 58	\$ 58	\$ 58	\$ 58	\$ 58	\$ 58	\$ 58	\$ 58	\$ 642
Total - Revenue	\$ 1,500	\$ 256,258	\$ 58	\$ 58	\$ 58	\$ 58	\$ 58	\$ 58	\$ 58	\$ 58	\$ 58	\$ 58	\$ 258,342
Expenditures													
Management Contract	\$ -	\$ -	\$ 14,750	\$ 4,917	\$ 4,917	\$ 4,917	\$ 4,917	\$ 4,917	\$ 4,917	\$ 4,917	\$ 4,917	\$ 4,917	\$ 59,001
Audits	-	-	-	-	-	6,600	-	-	-	-	-	-	6,600
Agency Counsel	-	-	-	-	-	-	-	-	-	-	-	17,219	17,219
ED Support	-	-	46,250	-	-	46,250	-	-	46,250	-	-	46,250	185,000
NYS BIC	-	-	-	-	-	-	-	-	-	-	-	-	-
D & O Insurance	-	-	-	-	-	1,200	-	-	-	-	-	1,242	2,442
Misc.	-	-	-	-	-	-	-	-	-	158	-	-	158
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total - Expenditures	\$ -	\$ -	\$ 61,000	\$ 4,917	\$ 4,917	\$ 58,967	\$ 4,917	\$ 4,917	\$ 51,167	\$ 5,075	\$ 4,917	\$ 69,628	\$ 270,420
Ending Balance	\$ 4,601	\$ 260,859	\$ 199,918	\$ 195,059	\$ 190,201	\$ 131,293	\$ 126,434	\$ 121,576	\$ 70,467	\$ 65,451	\$ 60,592	\$ (8,977)	\$ (8,977)

City of Albany CRC

Fee Detail by Month

January 2011

	Name	Application Fee	Agency Fee	Administration Fee	Modification Fee	TOTAL FEE
<i>January</i>	The College of St. Rose	\$ 1,500	\$ -	\$ -	\$ -	\$ 1,500
		-	-	-	-	-
	TOTAL	\$ 1,500	\$ -	\$ -	\$ -	\$ 1,500
<i>February</i>	St. Peter's Hospital of the City of Albany	\$ -	\$ 256,200	\$ -	\$ -	\$ 256,200
		-	-	-	-	-
	TOTAL	\$ -	\$ 256,200	\$ -	\$ -	\$ 256,200
<i>March</i>		\$ -	\$ -	\$ -	\$ -	\$ -
		-	-	-	-	-
	TOTAL	\$ -	\$ -	\$ -	\$ -	\$ -
<i>April</i>		\$ -	\$ -	\$ -	\$ -	\$ -
		-	-	-	-	-
	TOTAL	\$ -	\$ -	\$ -	\$ -	\$ -
<i>May</i>		\$ -	\$ -	\$ -	\$ -	\$ -
		-	-	-	-	-
	TOTAL	\$ -	\$ -	\$ -	\$ -	\$ -
<i>June</i>		\$ -	\$ -	\$ -	\$ -	\$ -
		-	-	-	-	-
	TOTAL	\$ -	\$ -	\$ -	\$ -	\$ -

City of Albany CRC

Fee Detail by Month

January 2011

	Name	Application Fee	Agency Fee	Administration Fee	Modification Fee	TOTAL FEE
<i>July</i>		\$ -	\$ -	-	-	-
	TOTAL	\$ -	\$ -	\$ -	\$ -	\$ -
<i>August</i>		\$ -	\$ -	-	-	-
	TOTAL	\$ -	\$ -	\$ -	\$ -	\$ -
<i>September</i>		\$ -	\$ -	\$ -	\$ -	\$ -
	TOTAL	\$ -	\$ -	\$ -	\$ -	\$ -
<i>October</i>		\$ -	\$ -	\$ -	\$ -	\$ -
	TOTAL	\$ -	\$ -	\$ -	\$ -	\$ -
<i>November</i>		\$ -	\$ -	\$ -	\$ -	\$ -
	TOTAL	\$ -	\$ -	\$ -	\$ -	\$ -
<i>December</i>		\$ -	\$ -	\$ -	\$ -	\$ -
	TOTAL	\$ -	\$ -	\$ -	\$ -	\$ -
	2010 TOTAL	\$ 1,500 <i>Application Fee</i>	\$ 256,200 <i>Agency Fee</i>	\$ - <i>Administration Fee</i>	\$ - <i>Modification Fee</i>	\$ 257,700 <i>TOTAL FEE</i>



February 9, 2011

Mr. Anthony Ferrara
Chairman
City of Albany Capital Resource Corporation
21 Lodge Street
Albany, NY 12207

Dear Mr. Ferrara:

Thank you for this opportunity to provide requested data and additional background information as the Capital Resource Corporation (CRC) considers the Brighter Choice Foundation's request for approximately \$34 million in tax-free financing. We appreciate the careful consideration the CRC has given to this important matter and its potential impact on our entire community.

We have included in this report the five-year data on employment and enrollment trends in the City School District of Albany, as requested by Capitalize Albany Corporation Senior Economic Developer Maria Pidgeon. We also have provided background information about charter schools and their impact in Albany, including:

- Information highlighting the increasingly heavy burden charter schools are putting on Albany taxpayers, including facts about taxpayer dollars already provided directly to charter schools;
- Excess capacity at district and charter schools combined, highlighting the fact that our city does not need and cannot afford new school buildings; and
- Our opinion that building these new schools will have no real employment or educational benefits for our children or our community.

Our school district recognizes the valuable and powerful role of parental involvement in choosing a school. However, the proliferation of charter schools in Albany for many years has been beyond the bounds of demonstrated need, both in terms of academic benefit for all students and our community's ability to afford this experiment in taxpayer-funded education.

We urge the CRC to use its statutory authority to enact a policy that precludes charter schools – in this case and all future cases – from taking advantage of this tax-free financing. We also ask that the CRC not be swayed by the implication that the City of Albany will lose out not only on revenue from this transaction but also on revenue from similar charter-school financing applications planned for the future.

Approving this application would set a dangerous precedent and perpetuate the continued destabilization of public education in our city. In our opinion, the long-term harm to the city's educational system far outweighs any short-term financial gain from this and other future transactions that Brighter Choice has indicated may be forthcoming. CRC assistance is meant to benefit non-profit entities that truly need support to provide valuable and necessary community services. Albany's charter schools do not fit that profile.

The financial burden of charter schools on Albany taxpayers

Since the first charter school opened in Albany in 1999 – the now-defunct New Covenant Charter School – the City School District of Albany has sent more than \$163 million to charter schools. Over the same period of time, the state has provided just over \$19 million in transition aid to help the district manage the prolific and almost unprecedented growth of these new schools. The balance – \$142 million – has been absorbed by Albany's taxpayers for schools they did not ask for and did not approve, and over which they have no oversight or input on how their tax dollars are spent in the education of our city's children.

The state's inequitable method of funding charter schools has been especially damaging to our district and our taxpayers this school year. Based on agreement from the governor and both houses of the Legislature last year on a charter-school tuition freeze for 2010-11, the district presented Albany voters with a \$202.8 million budget proposal that included about \$26 million in charter payments, or 13 percent of the total budget. The budget proposal included a \$6.7 million cut in state aid (8 percent) and the elimination of 100 jobs. Albany's voters approved the budget with a 60 percent majority. However, the tuition freeze became an unintended casualty of Gov. Paterson's budget disagreement with the Legislature; he vetoed a bill that included the freeze in July. The result? **An unintended windfall for charter schools.**

Charter tuition remains unfrozen and the district now is forced to send an additional \$5 million to Albany's charter schools this school year – an unfunded mid-year mandate that amounts to a **20 percent increase in per-pupil funding for charters.** Now the district's total payments to charter schools in the 2010-11 school year will amount to approximately \$31 million – 15.3 percent of the district's total budget. Considering that the district will raise approximately \$107 million of its budget funds for the current school year via the annual property-tax levy, more than 1 in 4 local tax dollars (29 percent) will go to schools over which the taxpayers who are footing the bill have no authority.

Employment and enrollment trends

The Brighter Choice application for tax-free financing indicates that the \$15 million it is requesting for the Albany Leadership Charter High School for Girls – a building that cost \$10 million to construct – will support 50.5 new jobs by the time it is fully operational in 2014. **This equates to an investment of \$297,030 per new position if that target is met.**

The application also indicates that the \$18.5 million in tax-free financing it is requesting for the Brighter Choice middle schools for boys and girls will create a total of 52 new positions by the

time those schools are fully operational in 2014. **This equates to an investment of more than \$355,000 per new position if that target is met.**

We also note that in 2007 the City of Albany IDA provided Brighter Choice with \$18.5 million in tax-free financing to support the renovation of one Brighter Choice elementary school and the construction of a new one. No new Brighter Choice elementary school was constructed.

Under the applications currently before the CRC, no new jobs would be created in Albany. The City School District of Albany has cut 210 positions over the past three years (Table A), and may have to cut up to 120 more for 2011-12 to close a budget deficit that currently stands at about \$10 million. Education jobs are declining in Albany due to the proliferation of charter schools, with these new Brighter Choice projects simply shifting a portion of those jobs from the public system to the charter system.

Table A. City School District of Albany employment, 2006-07 through 2010-11.

	2006-07	2007-08	2008-09	2009-10	2010-11	Five-year decline
Overall district staffing	1,605	1,647	1,586	1,517	1,437	210*
• Teachers	894	875	864	836	777	117
• Teaching assistants/aides	239	249	220	210	205	44*
• Administrators	54	54	56	51	47	9**
• Support staff	418	469	446	420	408	61*

**The decline in overall staffing, teaching assistants/aides and support staff is measured from the five-year high points of 2007-08 in each category.*

*** The decline in administrators is measured from the five-year high point of 2008-09.*

Meanwhile, there is no demonstrated need for the continued proliferation of charter schools in Albany. Enrollment of Albany students in charter schools has stagnated (Table C), declining slightly in the current school year. At the same time, the district's enrollment has shown a net increase of 451 students over the past two years (Table B). We note that **more than 650 students have left charter schools** to return to district schools since the start of the 2008-09 school year (through Jan. 1, 2011).

Table B. City School District of Albany enrollment, 2006-07 through 2010-11.

School year	Overall district enrollment	Change
2006-07	8,603	
2007-08	8,436	- 167
2008-09	8,170	- 266
2009-10	8,328	+ 158
2010-11	8,621	+ 293

Table C. Total charter school enrollment in Albany, 2006-07 through 2010-11.

School year	Charter schools in Albany	Total enrollment of Albany students *	Change
2006-07	7	1,258	
2007-08	8	1,468	+ 210
2008-09	9	1,802	+ 334
2009-10	9	2,016	+ 214
2010-11	11	2,007	- 9

* As of Jan. 1 each school year.

All of Albany’s charter schools are underenrolled (Table D). New York state’s charter-school law requires charter schools to make seats available first to students from the local district. In Albany, every charter school has room to enroll more students from our city, bringing into question the continued need to build new school buildings – and for whose benefit. This is especially true at the middle-school level, where Achievement Academy, Albany Prep and KIPP have enough combined excess capacity for Albany students to absorb students that will attend the new school building Brighter Choice proposes to finance via its CRC application.

We also note with surprise the contention put forward by Charter Facilities Finance Fund Executive Director Wendy Berry in defense of the charter schools’ underenrollment. Ms. Berry notes that charter schools have no motivation to enroll students beyond their state-approved cap because they do not get paid for those students. Setting aside the facts that many of the schools cannot even reach their state-approved enrollment cap in spite of significant marketing activities and outreach to other school districts, and that state law allows charter schools to enroll a percentage of students beyond the state-approved cap, Ms. Berry underscores the district’s contention that the **charter schools are focused first on being paid for every student rather than on educating every student.**

Table D. Available seats for Albany students in charter schools.

School	Approved enrollment cap	Actual Albany students *	Seats available for Albany students
New Covenant Charter School (vacant)	900	0	900
Brighter Choice Charter School for Boys	232	216	16
Brighter Choice Charter School for Girls	232	228	4
Brighter Choice Middle School for Boys	54	41	13
Brighter Choice Middle School for Girls	54	34	20
KIPP Tech Valley Charter	300	245	55

School			
Achievement Academy Charter School	260	181	79
Albany Preparatory Charter School	230	177	53
Albany Community Charter School	375	256	119
Henry Johnson Charter School	387	276	111
Green Tech High Charter School	275	224	51
Albany Leadership Charter High School for Girls	150	129	21
Totals	3,449	2,007	1,442

** As of Jan. 1, 2011.*

The now-vacant New Covenant Charter School building is anticipated to be home to Albany Preparatory Charter School in 2011-12. This follows the recent decision by the City of Albany Board of Zoning Appeals to deny Brighter Choice’s application to build yet another new school (the Bradford Street proposal). This still will leave the New Covenant building with room for 650 or more Albany students next year.

District schools, meanwhile, also have excess capacity at all levels. **The combined available capacity for Albany students in the city’s public and charter schools shows very clearly that there is not a need for additional taxpayer-funded schools in the city.** Furthermore, the Brighter Choice “district” includes three struggling middle schools – Albany Prep, Achievement Academy and KIPP. The State University of New York Board of Trustees denied Albany Prep and Achievement Academy full five-year charter renewals last year because of their marked shortcomings academically and financially. SUNY’s Charter Schools Institute also has described KIPP’s financial status as precarious due to its heavy debt load, a similar situation facing Achievement Academy. Albany Prep has avoided these financial problems to date only because it operates in a pre-existing school building and does not have the same construction obligations at this time.

Each of these three middle schools also has struggled to serve the students it enrolls. The following examples are based on enrollment data the charter schools provide to the district:

- Of the 88 students who enrolled at KIPP as fifth-graders in 2005-06, only 27 (31 percent) remained in the class when the cohort graduated 2009.
- Of the 32 students who enrolled at Achievement Academy as fifth-graders in 2005-06, only seven remained in the class when the cohort graduated in 2009 (22 percent).
- Of the 41 students who enrolled at Albany Prep as fifth-graders in 2006-07, only 12 remained in the class when the cohort graduated in 2010 (29 percent).

The financial pressure these schools face from their struggle to enroll and retain Albany students is due to their business-first educational model and the pressure to meet obligations to investors from outside the city who financed the school's construction through the federal New Markets Tax Credit. These same financial constraints also face Albany Community Charter School, Henry Johnson Charter School and Green Tech High Charter School. Each will be heading toward a fate similar as New Covenant if it cannot meet its enrollment targets. As you can see from Table D above, each currently is struggling to do so.

If charter schools cannot afford to build new schools, they should not be building them, especially in a community where there not only is no demonstrated need, but clearly demonstrated evidence that the supply already has outstripped demand.

Once again, we appreciate the thoughtful deliberation the CRC has given to this matter. We ask the CRC to use its statutory authority to enact a policy that precludes charter schools from taking advantage of this tax-free financing.

Please contact me anytime if I can provide any additional information or be of assistance in any way.

Sincerely,

A handwritten signature in black ink, appearing to read "Raymond Colucciello". The signature is fluid and cursive, with the first name being the most prominent.

Raymond Colucciello, Ed.D.
Superintendent of Schools

Mr. Anthony Ferrara
Chairman
City of Albany Capital Resources Corporation
21 Lodge Street,
Albany, New York, 12207

January 11, 2011

Dear Mr. Ferrara,

Based on the questions that arose at the December 16th meeting of the Capital Resource Corporation, I would like to take the opportunity to provide additional information to the CRC's Board members and staff on certain matters pertaining to the two Brighter Choice Foundation (BCF) charter school projects that are currently before the Corporation for consideration of tax-exempt financing on behalf of the applicant, the Charter Facilities Finance Fund.

Affordable long-term financing is critically important to the success of the public charter schools that will benefit from occupying these two projects - the Brighter Choice Charter Middle School for Boys/the Brighter Choice Charter Middle School for Girls, as well as the Albany Leadership Charter High School for Girls. These projects are not only crucial to their long-term success, they are a vital part of providing high quality public education to students of the City of Albany – particularly high poverty and at-risk children.

While I am not privy to the contents of Joe Scott's letter to the Board that was referenced a number of times during the meeting, based on public discussion from Board members and staff, the comments below may address some of the questions and issues that arose at that time. Before delving into the particulars of the two applications, perhaps the following global comments might add some insight on the general question of public benefit.

I urge you to fully consider the following information before you make your final decision on these applications.

QUESTION OF PUBLIC BENEFIT

QUALITY OF EDUCATION: Of all of the comments of the Board, staff, and particularly the public, there was surprisingly very little discussion of the quality of education these schools offer Albany students. The Albany City School District (ACSD) has some very high performing schools with extraordinary teachers

and diverse program offerings. As is the case in many school districts across New York State and the nation, however, this strength is not uniform across all schools, particularly those in high poverty neighborhoods. Albany High School's recent designation by the New York State Education Department as "a persistently lowest achieving" school shows that consistency is difficult to achieve even within a single, large high school.

In contrast, a fundamental aspect of BCF's mission is to serve the very high poverty families who live in those Albany neighborhoods that have a long history of persistently low performing schools. BCF is very proud of its track record of offering strong academic programs to Albany's school children and sees itself as part of the solution to provide high quality education to all of the students of the City of Albany. Indeed, over the past few years, BCF network schools have ranked high among Albany public schools on state standardized examinations. Here is a sampling of the performance of the Brighter Choice Foundation's network of schools as ranked within the City of Albany:

- #1 in English Language Arts in 2010
 - ✓ Brighter Choice Elementary – Boys 3rd Grade
 - ✓ Albany Community – 4th Grade
 - ✓ KIPP Tech Valley – 6th and 8th grades
- #1 in Mathematics in 2010
 - ✓ Albany Community – 3rd and 4th grades
 - ✓ KIPP Tech Valley – 7th and 8th grades
- #1 in English Language Arts in 2009
 - ✓ Brighter Choice Elementary – Boys 3rd Grade
 - ✓ Albany Prep – 6th Grade
 - ✓ KIPP Tech Valley – 7th Grade
- #1 in Mathematics in 2009
 - ✓ Albany Community (tied) – 3rd Grade
 - ✓ Brighter Choice Elementary (tied) – Girls 3rd Grade
 - ✓ Brighter Choice Elementary – Girls 4th Grade
 - ✓ KIPP Tech Valley – 6th Grade
 - ✓ Albany Prep – 7th and (tied) 8th grades
 - ✓ KIPP Tech Valley (tied) – 8th Grade
- #1 in English Language Arts in 2008
 - ✓ Brighter Choice Elementary – Girls 4th Grade
 - ✓ KIPP Tech Valley – 7th Grade
- #1 in Mathematics in 2008
 - ✓ Brighter Choice Elementary – Boys 3rd and 4th grades
 - ✓ KIPP Tech Valley – 5th, 6th, and 7th grades
- #1 in Mathematics in 2007
 - ✓ Brighter Choice Elementary – Boys 3rd and 4th grades
- #1 in English Language Arts in 2006

- ✓ Brighter Choice Elementary – Girls 3rd Grade
- ✓ Brighter Choice Elementary (tied)– Boys KIPP 4th Grade
- #1 in Mathematics in 2006
 - ✓ Brighter Choice Elementary – Boys 3rd and 4th grades

While a number of public comments appeared to dismiss out-of-hand the existence of these high performance indicators for the Brighter Choice network of charter schools, these rankings are based on readily available, publicly posted New York State Department of Education data and we encourage the CRC staff to research the rankings within Albany’s public schools and perform the due diligence on this important issue.

JOB CREATION: Although some would consider the expansion of high quality academic programs a sufficient public benefit to the City of Albany, I would also like to highlight the dramatic improvements BCF has made in some of the poorest neighborhoods across the City. The Foundation’s eight completed projects—along with the ninth currently under construction—represent a significant investment in the City of almost \$90 million. In addition, these projects have provided jobs to hundreds of skilled construction and trade workers. Moreover, these schools employ 309 professionals—and more than 100 of them are City residents—and have a combined payroll of almost \$16 million. Highlighting just the two projects currently under consideration, these three schools employ 42 persons with an annual payroll of more than \$2.2 million—and more than 50% of these dollars go to residents of the City of Albany.

UTILIZATION OF OTHER CITY SCHOOL FACILITIES: A number of comments centered around why BCF chooses to build new facilities when there are a number of empty schools scattered throughout the City, including ACSD, parochial schools, and the recently shuttered New Covenant Charter School. The reason new construction and substantial rehabilitation have been the preferred choices of BCF is that each of the facilities is designed specifically for the tenant school given its size, the age of the students it serves, its curriculum, and preferred neighborhood. While some of BCF schools have leased—or are currently leasing—what would otherwise be empty school facilities, most of the available space is significantly larger than what is necessary for the size of our typical student body. For example, one of the BCF schools is considering renting the shuttered New Covenant facility. The space is more than twice the school’s optimal size and has a very inefficient heating system. Based on fiscal year 2008 audited financials, the annual utility bill paid by New Covenant was 4.5 times the amount the network school currently pays and represents more than twice the rent it is currently paying to the Albany diocese. Moreover, the Brighter Choice Foundation has made repeated inquiries to the ACSD about purchasing and/or renting old school district buildings and no one has ever responded to that outreach.

CLOSURE OF ADDITIONAL SCHOOL DISTRICT FACILITIES: While no one can accurately predict the future, we are very confident that the approval of CRC bond financing for these two projects would not cause any of the school district’s facilities to close. Hundreds of Albany families have chosen to place their children in charter schools and both the middle schools and the high school were established and approved by SUNY, in part, to answer the question of “where do my children go now”? It is assumed that these

families will continue to choose a charter school education for their children. While open to any student in the City, it is expected that virtually all of the rising 5th grade Brighter Choice elementary school children will opt to apply to enroll in the Brighter Choice middle schools and it is expected that the vast majority of rising 8th grade girls currently in Brighter Choice network middle schools will apply for a spot at the Albany Leadership High School for Girls. It is therefore, unlikely that these two projects will have a material effect on ACSD student enrollment.

CHARTER SCHOOL ENROLLMENT: Many comments were made that the City's charter schools are "under enrolled". The fact is that New York State charter school authorizers, including SUNY, require a gradual ramp-up to full enrollment—typically four years—in order to best position these schools for success. So, while it is true that recently authorized network schools may be at less than full enrollment, anything more than state authorized enrollment maximums would be a direct breach of the charter. As an example, Albany Leadership High School (ALHS) charter was authorized for a total of 375 students with 125 students in its first year (the current year of 2010-2011), 225 students in its second year, 325 students in its third year, and 375 in its fourth year. Because of a very healthy wait list, and the fact that state statute allows the approved number to be exceeded by 20% at any given time, the current legal maximum for ALHS is 150 students which is where the school's enrollment stands today. Despite many more students on its wait list, the ALHS could not enroll even one more student as it would be a breach of its charter. Further, the School is precluded from billing the school district for that additional student, thereby eliminating any motivation for exceeding the maximum.

One school in particular, Albany Prep, has had its authorized enrollment number lowered due to the fact that it does not have a permanent home and its last move was to a facility that could not accommodate the higher full enrollment number.

FINANCIAL IMPACT ON THE DISTRICT: Finally, a word on finances. Representatives from the Albany City School District, including Ron Lesko and Lisa Angerame, have attempted to leave the impression that the expansion in the number of charter schools in Albany has deeply impaired its finances, leaving the District in a precarious position. An objective review of these claims finds them to be unsupported by the facts.

Below is an excerpt from the May 21, 2009 credit report—the last available report on bonds issued by the Albany City School District—from Moody's Investors Service.

"SOLID AND IMPROVING FINANCIAL POSITION WITH SATISFACTORY RESERVE LEVELS

Moody's expects the district's financial position to remain solid given the positive fiscal practices of a new management team, including the continuation of conservative budgeting, implementation of staffing and scheduling efficiencies, and ongoing expenditure monitoring. Fiscal 2008 ended with a \$7.7 million operating surplus after fully replenished the \$4.7 million of appropriated fund balance, which increased total General Fund balance to \$17 million or a satisfactory 9.3% of General Fund revenues, while unreserved, undesignated General Fund balance increased to \$7.7 million or 4.2% of General Fund balance, in line with the state's 4% limitation on this portion of reserves. The Debt Service Fund balance, which provides the district with additional financial flexibility, increased by \$1.9 million to \$3.9 million. The \$12.4 million positive variance to budget was entirely due to \$14.7 million of expenditure savings from conservative budgeting of salaries and employee benefits, the impact of a mid-year hiring freeze, and the prudent practice of budgeting for tax certiorari claim settlements, which were below the budgeted amount. These

significant savings offset \$1.8 million of underperforming revenues, primarily due to lower than anticipated property taxes and interest earnings. In addition, the fiscal 2007 ending General Fund balance was revised downward by \$3.9 million to reflect an accounting adjustment related to receivable accruals, but this has been accounted for in the fiscal 2008 fiscal year-end results.

The new management team inherited the fiscal 2009 budget and is projecting another significant surplus of approximately \$6 million, after replenishing the \$5.7 million reserve appropriation, which is expected to increase the total General Fund balance to \$23 million or still-satisfactory 11.5% of projected total General Fund revenues. The unreserved, undesignated General Fund balance is expected to remain at the maximum 4% allowed by the state and the Debt Service Fund balance is also projected to increase by \$1.1 million to \$5 million at fiscal year-end (June 30, 2009). Fiscal 2009 results are similar to those of fiscal 2008 and 2007, with substantial expenditure savings accounting for the entire \$12 million positive variance due to conservative budgeting and revenues falling slightly below budget (\$500,000). Structurally, the surplus was a still healthy \$4 million, net of a one-time approximate \$2 million retroactive payment of a utility tax.”

Since Brighter Choice opened its first charter school in 2002, the School District’s budget has risen from \$129.5 million to well over \$200 million, or more than 60%. Even net of total aid payments to charter schools over that time period, the District’s budget still has risen by more than \$60 million or almost 50%. Indeed, while the District certainly has had to send money to the charter schools, the cost of education a student in a charter school is significantly lower than in the District. Specifically, in fiscal year 2010, charter schools received \$11,712 per child to education their students while the School District spent more than \$22,300 per student in that same year. While the statewide charter school freeze was lifted earlier this year, the higher figure of \$14,072 is still well below the School District’s expenses.

Below, please find more specific public benefit references to the individual projects.

ALBANY LEADERSHIP CHARTER HIGH SCHOOL FOR GIRLS PROJECT

As delineated in the application, the mission of the Albany Leadership Charter High School for Girls (ALHS) is to prepare young women to graduate from high school with the academic and leadership skills necessary to succeed in college and the career of their choosing. The school will provide educational benefits to girls from the Albany City School District by providing a high quality, college preparatory education in a safe, small-school setting with an extended school day, a longer school year, extensive literary instruction, and programs that emphasize leadership, environmental awareness, and technological proficiency. ALHS is an all girl’s school with a social mission to serve students from economically disadvantaged families. Extensive research shows that single-sex schools benefit students that are the most educationally at-risk and results are particularly strong for girl’s schools as data show that girls thrive in environments where they build deep, intimate connections with those around them.

Highlights of the community benefits include:

HIGHER QUALITY EDUCATIONAL OPPORTUNITIES AND HIGHER GRADUATION RATES PARTICULARLY FOR MINORITY STUDENTS: ALHS will give families the opportunity to experience the Brighter Choice curriculum at the only all girls tuition-free public high school in Albany. While ALHS is still in its inaugural year, it is expected that its students will show above average academic progress and serve as a compelling option

for many families who do not wish to send their children to Albany High School—designated by the New York State Education Department in its June 18, 2010 report as a “persistently lowest achieving” school with an overall graduation rate of 54%. Moreover, the graduation rate was materially lower for minority students—the overwhelming majority of ALHS students—at 47% for black students and 45% for Hispanic students. ALHS is confident that its graduation rate will be significantly higher than those at Albany High School. Having materially more college bound and ultimately, college educated city residents and fewer high school drop-outs is a community benefit that is incalculable.

LESS OPPORTUNITY FOR TEENAGE CRIME: The school also offers a longer school day (from 8:00 to 4:45) and a 200 day school year. This extra academic time also serves a broader purpose: a report released by the statewide anti-crime organization *Fight Crime: Invest in Kids New York* examined youth violence and crime data in five areas of New York State (including Albany) and found that the hours from 3:00 to 6:00 p.m. “are the peak time for youngsters to commit crime and become victims of crime; to experiment with smoking, illegal drugs and alcohol; and for 16 and 17 year olds to be injured in car accidents.”

MORE COMMUNITY SERVICE: Each ALHS student will be required to participate in community service as part of the school’s Leadership Development Program. The Program will facilitate summer learning and leadership development outside the classroom by placing students in internship programs, jobs, academic camps, and community service opportunities.

MORE HIGH PAYING JOBS: The current budget for ALHS totals over \$2.6 million, and it is expected to increase to almost \$6 million over the next five years. Much of this expense growth will be to support new teachers expected to be hired to complement the planned expansion of the school to include 11th and 12th grades. Currently, ALHS employs 18.5 full time equivalent (FTE) persons with projections to hire more than 30 more professionals for a total of 50.5 FTEs. In addition, the average compensation is just over \$50,000. Moreover, more than half of these employees are tax-paying residents of the City of Albany and many are homeowners.

BRIGHTER CHOICE CHARTER MIDDLE SCHOOLS PROJECT:

The mission of the Brighter Choice middle schools is to provide a high quality public education for at-risk students in the City of Albany. These schools offer the only public, single gender education for students in grades 5-8 in the City, are designed as year-round schools, and are a natural step for those families who wish to build on their children’s success as they move up from the Brighter Choice Boys and Girls elementary schools. In addition, these schools complement the public single gender options available at the high school level allowing students to have a single gender education throughout their K-12 studies. Indeed, extensive research shows that single-sex schools benefit students that are the most educationally at-risk, particularly boys and minority students. Other community benefits include:

HIGH QUALITY EDUCATIONAL OPPORTUNITIES: The presence of the Brighter Choice middle schools gives families the opportunity to experience the Brighter Choice curriculum at the only year-round middle school in New York State. According to an independent 2005 evaluation of Brighter Choice elementary schools prepared at the request of the New York State Education Department, the two schools have offered “significant and compelling evidence” of academic progress. Brighter Choice offers a public educational setting offering a mix of the following features: a small-school setting, a longer school day, a

longer school year, separate instruction of boys and girls; traditional math and English instruction, the use of original source materials to teach American history, and extensive visual arts and performing arts curriculum, and school uniforms.

The schools also offer a longer school day and school year and combining these two factors results in approximately 65 days of additional days of instruction per year. Upon graduating in 8th grade, each Brighter Choice middle school student will have spent the equivalent of an extra year-and-a-half in class compared to a district school student.

MORE HIGH PAYING JOBS: The current budget for ALHS totals over \$1 million, and it is expected to increase to over \$8 million over the next five years. Much of this expense growth will be to support new teachers expected to be hired to complement the planned expansion of the school to include 6th, 7th, and 8th grades. Currently, the combined middle schools employ 18.5 persons with projections to hire more than 30 more professionals for a total of 50.5. In addition, the average compensation is just over \$50,000 and approximately half of these employees are tax-paying residents of the City of Albany.

SUMMARY

In summary, affordable permanent financing is a critical component to the success of these schools and more importantly, to the goal of providing high quality education to a broader group of our young citizens. Without approval from the CRC for tax-exempt financing, these not-for-profit schools will have to find taxable financing at substantially higher rates resulting in more dollars spent on debt service and far fewer dollars on core educational programs. While this situation is not expected to affect enrollment, it will likely mean layoffs for a number of teachers and other professionals in order to reduce expenses to compensate for the higher debt service costs.

If the CRC chooses to deny one or both of the applications, it will set what we consider to be a very dangerous precedent for not-for-profits under the CRC's jurisdiction. The Charter Facilities Finance Fund and the Brighter Choice Foundation have five other projects in the application pipeline for CRC tax-exempt financing once their individual interim financing matures. (These schools were in their infancy as was BCF and therefore, did not have the ability to access the bond market at the time the interim financing was put in place.) These five potential CRC refunding transactions total approximately \$75 million. We assume the denial of one of these applications will mean the others will not have the ability to access CRC financing.

Finally, as part of your due diligence on these applications, I would like to extend an invitation to all of the CRC Board members and staff to a tour of the Albany Leadership High School for Girls facility to learn more about BCF network schools in order to get a more comprehensive understanding of their educational programs and the community-wide benefits associated with these projects. We encourage you to find out more about these schools and look forward to finding a date that will work for you.

On behalf of the Brighter Choice Foundation, the Albany Leadership High School for Girls, the Brighter Choice Middle School for Boys, and the Brighter Choice Middle School for Girls, we thank you for your

time and consideration of these projects. We look forward to a positive outcome so that we can continue to deliver high quality education to Albany students. Thank you.

Wendy Berry
Executive Director
Charter Facilities Finance Fund

cc: Michael Yevoli



CITY OF ALBANY
COMMON COUNCIL

Council Member 11th Ward

Anton Konev
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Albany, New York 12203

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VICE CHAIR

PARKS, RECREATION AND FAMILY
SERVICES

MEMBER

AD HOC COMMITTEE ON CABLE
ACCESS

HUMAN RESOURCES AND HUMAN
RIGHTS

PUBLIC SAFETY

February 11, 2011

Anthony J. Ferrara
Chairman
City of Albany Capital Resource Corporation
21 Lodge Street
Albany, New York 12207

Dear Chairman Ferrara and Members of the Capital Resource Corporation:

I write to strongly urge you to approve the bond financing proposal before the Capital Resource Corporation proposed by the Charter Facilities Financing Fund (CFFF).

This \$34 million proposal will enable this non-profit entity to finance two charter middle schools, to be housed in one edifice on Elk Street; and the only public high school in the area serving girls. The fees paid to the CRC would be a great resource that can be used to improve our communities.

These three charter schools were approved by the state of New York using a rigorous review process pursuant to state Education law that considered all aspects of the schools, including academic program soundness and community need and support. Those schools provide for a choice for parents – a concept I long supported and cause our other public schools to think creatively to be able to compete. Clearly there is a continuous need for these schools as more and more families some from 11th ward choose to send their young people to these schools. These construction projects also employ many City of Albany residents, include MWBE participation, and mostly use union labor.

The CFFF application for bond financing clearly meets the eligibility criteria and technical requirements set forth by the Corporation, including the provision of new jobs and serving community needs. Accordingly, the professional staff of the CRC has recommended Corporation approval of this application based on the merits of the proposal and the mission and purpose of CRC.

As the CRC's bar for approval has been met by this proposal, I wholeheartedly believe it would be both inappropriate and counterproductive to inject extraneous issue not of the purview of the Corporation. The debate over the virtues or necessity of charter schools is for other venues by other public entities and distracts from the issues at hand.

Thank you for your consideration and please do not hesitate to contact me to discuss this matter.

Sincerely,

Anton Konev
Member, 11th Ward, Albany Common Council

Table A. City School District of Albany Employment, 2006-07 through 2010-11.

*Information provided by the City of Albany School District – see letter dated 02/09/11

	2006-07	2007-08	2008-09	2009-10	2010-11	Five-year decline
Overall district staffing	1,605	1,647	1,586	1,517	1,437	210*
• Teachers	894	875	864	836	777	117
• Teaching assistants/aides	239	249	220	210	205	44*
• Administrators	54	54	56	51	47	9**
• Support staff	418	469	446	420	408	61*

*The decline in overall staffing, teaching assistants/aides and support staff is measured from the five-year high points of 2007-08 in each category.

** The decline in administrators is measured from the five-year high point of 2008-09.

Table B. City School District of Albany Enrollment, 2006-07 through 2010-11.

*Information provided by the City of Albany School District – see letter dated 02/09/11

School year	Overall district enrollment	Change
2006-07	8,603	
2007-08	8,436	- 167
2008-09	8,170	- 266
2009-10	8,328	+ 158
2010-11	8,621	+ 293

Table C. Brighter Choice Employment, 2006-07 through 2010-11. *Information provided by

Wendy Berry – Charter Facilities Fund

FULL TIME EQUIVALENT EMPLOYEES PER SCHOOL	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
Brighter Choice Charter School for Boys	23	20	31	30	32
Brighter Choice Charter School for Girls	23	21	26	29	34
KIPP Tech Valley Charter School	13	19	25	29	29
Achievement Academy Charter School	17	33	27	29	27.5
Albany Preparatory Charter School	15	19	25	28	30
Albany Community Charter School	16	15	21	26	28.5
Henry Johnson Charter School	NA	15	17	37	30
Green Tech High School (for Boys)	NA	NA	12	23	32
Albany Leadership Charter High School for Girls	NA	NA	NA	NA	21
Brighter Choice Charter Middle School for Boys	NA	NA	NA	NA	8
Brighter Choice Charter Middle School for Girls	NA	NA	NA	NA	9.5

Table D. Brighter Choice Enrollment, 2006-07 through 2010-11.

STUDENTS PER SCHOOL	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
Brighter Choice Charter School for Boys	141	178	217	234	255
Brighter Choice Charter School for Girls	144	191	226	233	247
KIPP Tech Valley Charter School	166	213	295	303	286
Achievement Academy Charter School	146	117	173	237	252
Albany Preparatory Charter School	113	145	173	193	214
Albany Community Charter School	103	167	232	302	296
Henry Johnson Charter School	NA	117	201	278	357
Green Tech High School (for Boys)	NA	NA	80	156	272
Albany Leadership Charter High School for Girls	NA	NA	NA	NA	150
Brighter Choice Charter Middle School for Boys	NA	NA	NA	NA	50
Brighter Choice Charter Middle School for Girls	NA	NA	NA	NA	42

**CITY OF ALBANY CAPITAL RESOURCE CORPORATION
TAX-EXEMPT REVENUE BONDS
(CHARTER FACILITIES FINANCE FUND PROJECT), SERIES 2011A
IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$42,000,000**

I. PROJECT IDENTIFICATION.

- 1. Project Applicant:** Charter Facilities Finance Fund, a not-for-profit corporation (the “Institution”).
- 2. Bond Issuer:** The City of Albany Capital Resource Corporation, a not-for-profit corporation organized and existing under the laws of the State of New York (the “Issuer”).
- 3. The Project:**
 - (A) Acquisition of the Land and the Facility: The Institution intends to acquire an interest in the following parcels of land: (i) a 1.6 acre parcel of land located at 395 Elk Street (the “Elk Street Parcel”), and (ii) a 1.7 acre parcel of land located at 19 Hackett Boulevard (the “Hackett Boulevard Parcel” and together with the Elk Street Parcel, being collectively referred to as the “Initial Land”), together with the following buildings: (a) the existing, newly constructed, two-story building containing approximately 51,000 square feet located on the Hackett Boulevard Parcel (the “Hackett Boulevard Facility”) and (b) an existing building on the Elk Street Parcel (the “Elk Street Facility”).
 - (B) Construction: The Institution intends to demolish the Elk Street Facility, and, in place of the Elk Street Facility, construct a three-story, 54,087 square foot building on the Elk Street Parcel (the “New Elk Street Facility,” and, together with the Hackett Boulevard Facility, being collectively referred to as the “Facility”).
 - (C) Equipment: The acquisition and installation in the Facility of certain machinery and equipment (the “Equipment”), all of the foregoing to be owned by the Institution and to constitute educational facilities (the Initial Land, the Facility and the Equipment hereinafter collectively referred to as the “Project Facility”).
 - (D) Sources and Uses of Bond Proceeds: The acquisition, construction, and installation of the Project Facility will be financed through the issuance of the City of Albany Capital Resource Corporation’s Tax –Exempt Revenue Bonds (Charter Facilities Finance Fund Project), Series 2011A in a principal amount not to exceed \$42,000,000 (the “Bonds”).

II. PRIOR ACTION ON PROJECT:

- 4. Inducement Proceedings:**
 - (A) Public Hearing Resolution: adopted on October 21, 2010.

- (B) Public Hearing:
 - (1) Date Notice Published: November, 2010.
 - (2) Date Notice Mailed to Affected Tax Jurisdictions: November, 2010.
 - (3) Bond Amount Advertised: Not to exceed \$42,000,000.
 - (4) Date of Public Hearing: November 18, 2011.

III. PROPOSED ISSUER ACTION FOR FEBRUARY 17, 2011 MEETING.

- 5. SEQR Resolution**
- 6. Bond Resolution**
- 7. Public Approval by the Mayor: March, 2011**

IV. DETAILS OF PROPOSED BOND TRANSACTION:

- 8. Amount of proposed Bond Issue:** An amount presently estimated to not exceed \$35,000,000.
- 9. Business Terms:**
 - (A) The Bonds will be repaid through payments received by the Issuer under the Loan Agreement with the Institution.
 - (B) Issuer fee: 262,500. ($\frac{3}{4}$ of 1% of the Actual Bond Amount)
- 10. Details of the Bonds:**
 - (A) Amount of the Bonds: Approximately \$35,000,000, but will not exceed the maximum amount permitted by the bond resolution adopted by the Issuer. The Bonds will be issued under a trust indenture dated as of March 1, 2011 (the "Indenture") between the Issuer and Manufacturers and Traders trust Company, as trustee (the "Trustee").
 - (B) Bond Purchaser: The Bonds will be purchased in a public underwriting arranged by Jefferies & Company, Inc., as underwriter (the "Underwriter"), pursuant to a bond purchase agreement (the "Bond Purchase Agreement") by and among the Issuer, the Underwriter and the Institution.
 - (C) Will the Bonds be Resold? Yes.
 - (D) Interest rate applicable to the Bonds: The Bonds will bear interest at a fixed rate.
- 11. Security for the Bonds:**
 - (A) A pledge and assignment dated as of March 1, 2011 (the "Pledge and Assignment") of certain of the Issuer's rights under the Loan Agreement (except the Unassigned Rights, as defined therein).

- (B) A mortgage dated as of March 1, 2011 (the “Mortgage”) from the Institution to the Trustee.
- (C) A guaranty dated as of March 1, 2011 (the “Guaranty”) from the Institution to the Trustee.

12. Financing Documents:

- (A) Indenture by and between the Issuer and the Trustee.
- (B) Loan Agreement by and between the Issuer and the Institution.
- (C) Pledge and Assignment of Loan Agreement by and between the Issuer and the Trustee, with consent from the Institution.
- (D) Mortgage from the Institution.
- (E) Guaranty from the Institution to the Trustee.

13. Proposed Pre-Closing Date: March, 2011.

14. Bond Counsel: Hodgson Russ LLP, Albany, New York.

**RESOLUTION CONFIRMING SEQR DETERMINATION
CHARTER FACILITIES FINANCE FUND PROJECT**

A regular meeting of City of Albany Capital Resource Corporation (the "Issuer") was convened in public session at the offices of the Issuer located at 21 Lodge Street in the City of Albany, Albany County, New York on February 17, 2011 at 12:15 p.m., local time.

The meeting was called to order by the Chairman of the Issuer and, upon roll being called, the following Directors of the Issuer were:

PRESENT:

Anthony J. Ferrara	Chairman
Willard A. Bruce	Vice Chairman
Susan Pedo	Secretary
Hon. Kathy Sheehan	Treasurer
Martin Daley	Director
Gary Simpson	Director
Prairie Wells	Director

ABSENT:

AGENCY STAFF PRESENT INCLUDED THE FOLLOWING:

Michael J. Yevoli	CEO – City of Albany CRC
Erik Smith	CFO – City of Albany CRC
Maria Pidgeon	Senior Economic Developer - Capitalize Albany Corporation
Jeffrey Sullivan	Department of Development and Planning
A. Joseph Scott, III, Esq.	Special Issuer Counsel

The following resolution was offered by _____, seconded by _____, to wit:

Resolution No. ____

**RESOLUTION CONCURRING IN THE DETERMINATION BY THE CITY OF
ALBANY PLANNING BOARD, AS LEAD AGENCY FOR A CERTAIN PROJECT
FOR CHARTER FACILITIES FINANCE FUND.**

WHEREAS, the Issuer is authorized and empowered by the provisions of Section 1411 of the Not-for-Profit Corporation Law (the "Enabling Act") to relieve and reduce unemployment, promote and provide for additional and maximum employment, better and maintain job opportunities, and lessen the burdens of government and act in the public interest, and in carrying out the aforesaid purposes and in exercising the powers conferred in the Enabling Act, the Enabling Act declares that the Issuer will be performing essential governmental functions; and

WHEREAS, to accomplish its stated purposes, the Issuer is authorized and empowered under the Enabling Act to acquire real and personal property; to borrow money and issue negotiable bonds, notes

and other obligations therefore; to lease, sell, mortgage or otherwise dispose of or encumber any of its real or personal property upon such terms as it may determine; and otherwise to carry out its corporate purposes in the territory in which the operations of the Issuer are principally to be conducted; and

WHEREAS, Charter Facilities Finance Fund, (the “Institution”), a not-for-profit entity formed under the laws of the State of Delaware, presented an application (the “Application”) to the Issuer, which Application requested that the Issuer consider undertaking a project (the “Initial Project”) for the benefit of the Institution, said Initial Project to consist of the following: (A) (1) the acquisition of an interest in the following parcels of land: (i) a 1.6 acre parcel of land located at 395 Elk Street (the “Elk Street Parcel”), and (ii) a 1.7 acre parcel of land located at 19 Hackett Boulevard (the “Hackett Boulevard Parcel” and together with the Elk Street Parcel, being collectively referred to as the “Initial Land”), together with the following buildings: (i) the existing, newly constructed, two-story building containing approximately 51,000 square feet located on the Hackett Boulevard Parcel (the “Hackett Boulevard Facility”) and (ii) an existing building on the Elk Street Parcel (the “Elk Street Facility”), (2) the demolition of the Elk Street Facility, (3) the construction on the Elk Street Parcel of a three-story, 54,087 square foot building (the “New Elk Street Facility,” and together with the Elk Street Facility, being collectively referred to as the “Initial Facility”), and (4) the acquisition and installation thereon and therein of various machinery and equipment (collectively, the “Initial Equipment”) (the Initial Land, the Initial Facility and the Initial Equipment hereinafter collectively referred to as the “Initial Project Facility”), all of the foregoing to constitute educational facilities that will house the Brighter Choice Middle School for Boys, the Brighter Choice Middle School for Girls, and the Albany Leadership Charter High School for Girls, and other directly and indirectly related activities; (B) the financing of all or a portion of the costs of the foregoing by the issuance of revenue bonds of the Issuer in one or more issues or series in an aggregate principal amount sufficient to pay all or a portion of the cost of undertaking the Initial Project, together with necessary incidental costs in connection therewith, presently estimated to be approximately \$35,000,000 and in any event not to exceed \$42,000,000 (the “Obligations”); (C) paying a portion of the costs incidental to the issuance of the Obligations, including issuance costs of the Obligations and any reserve funds as may be necessary to secure the Obligations; and (D) the granting of potential exemptions from mortgage recording taxes; and

WHEREAS, pursuant to Article 8 of the Environmental Conservation Law, Chapter 43 B of the Consolidated Laws of New York, as amended (the “SEQR Act”), and the regulations (the “Regulations”) adopted pursuant thereto by the Department of Environmental Conservation of the State of New York (collectively with the SEQR Act, “SEQRA”), the Issuer has been informed that (1) the City of Albany Planning Board (the “Planning Board”) was designated to act as “lead agency” with respect to the Project, and (2) the Planning Board issued a Determination of Non Significance on June 17, 2010 (the “Negative Declaration,” a copy of which is attached hereto as **Exhibit A**), determining that the acquisition, construction and installation of the Project Facility will not have a “significant effect on the environment”; and

WHEREAS, the Issuer is an “involved agency” with respect to the Project and the Issuer now desires to concur in the determination by the Planning Board, as “lead agency” with respect to the Project, to acknowledge receipt of a copy of the Negative Declaration and to indicate whether the Issuer has any information to suggest that the Planning Board was incorrect in determining that the Project will not have a “significant effect on the environment” pursuant to SEQRA and, therefore, that no environmental impact statement need be prepared with respect to the Project;

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF CITY OF ALBANY CAPITAL RESOURCE CORPORATION AS FOLLOWS:

Section 1. The Issuer has received copies of, and has reviewed, the Application and the Negative Declaration (collectively the “Reviewed Documents”) and, based upon said Reviewed Documents, the Issuer hereby ratifies and concurs in the designation of the Planning Board as “lead agency” with respect to the Project under SEQRA (as such quoted term is defined in SEQRA).

Section 2. The Issuer hereby determines that the Issuer has no information to suggest that the Planning Board was incorrect in determining that the Project will not have a “significant effect on the environment” pursuant to the SEQRA and, therefore, that no environmental impact statement need be prepared with respect to the Project (as such quoted phrase is used in SEQRA).

Section 3. The Chief Executive Officer of the Issuer is hereby directed to notify the Planning Board of the concurrence by the Issuer that the Planning Board shall be the “lead agency” with respect to the Project, and to further indicate to the Planning Board that the Issuer has no information to suggest that the Planning Board was incorrect in its determinations contained in the Negative Declaration.

Section 4. This Resolution shall take effect immediately.

The question of the adoption of the foregoing Resolution was duly put to a vote on roll call, which resulted as follows:

Anthony J. Ferrara	VOTING	_____
Willard A. Bruce	VOTING	_____
Susan Pedo	VOTING	_____
Kathy Sheehan	VOTING	_____
Martin Daley	VOTING	_____
Gary Simpson	VOTING	_____
Prairie Wells	VOTING	_____

The foregoing Resolution was thereupon declared duly adopted.

STATE OF NEW YORK

) SS.:

COUNTY OF ALBANY

)

I, the undersigned (Assistant) Secretary of City of Albany Capital Resource Corporation (the "Issuer"), DO HEREBY CERTIFY that I have compared the foregoing extract of the minutes of the meeting of the members of the Issuer, including the resolution contained therein, held on February 17, 2011, with the original thereof on file in my office, and that the same is a true and correct copy of such proceedings of the Issuer and of such resolution set forth therein and of the whole of said original so far as the same relates to the subject matters therein referred to.

I FURTHER CERTIFY that (A) all members of the Issuer had due notice of said meeting; (B) said meeting was in all respect duly held; (C) pursuant to Article 7 of the Public Officers Law (the "Open Meetings Law"), said meeting was open to the general public, and due notice of the time and place of said meeting was given in accordance with such Open Meetings Law; and (D) there was a quorum of the members of the Issuer present through said meeting.

I FURTHER CERTIFY that, as of the date hereof, the attached resolution is in full force and effect and has not been amended, repealed or rescinded.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Issuer this 17th day of February, 2011.

(Assistant) Secretary

(SEAL)

EXHIBIT A
NEGATIVE DECLARATION

---SEE ATTACHED---

**RESOLUTION TO RECOMMEND BOND RESOLUTION TO THE FULL BOARD
CHARTER FACILITIES FINANCE FUND PROJECT**

A meeting of the of City of Albany Capital Resource Corporation’s Finance Committee (the “Committee”) convened at the offices of the City of Albany Capital Resource Corporation (the “Issuer”) located at 21 Lodge Street in the City of Albany, Albany County, New York on February 17, 2011 at 12:00 p.m., local time.

The meeting was called to order by the Chairman of the Committee and, upon roll being called, the following members of the Committee were:

PRESENT:

Willard A. Bruce
Susan Pedo
Hon. Kathy Sheehan
Martin Daley
Prairie Wells

ABSENT:

AGENCY STAFF PRESENT INCLUDED THE FOLLOWING:

Michael J. Yevoli	CEO – City of Albany CRC
Erik Smith	CFO – City of Albany CRC
Maria Pidgeon	Senior Economic Developer - Capitalize Albany Corporation
Jeffrey Sullivan	Department of Development and Planning
A. Joseph Scott, III, Esq.	Special Issuer Counsel

The following resolution was offered by _____, seconded by _____, to wit:

Resolution No. ____

RESOLUTION RECOMMENDING THE BOARD OF DIRECTORS OF THE CITY OF ALBANY CAPITAL RESOURCE CORPORATION CONSIDER ADOPTING A BOND RESOLUTION TO AUTHORIZE THE ISSUANCE BY CITY OF ALBANY CAPITAL RESOURCE CORPORATION OF ITS TAX-EXEMPT REVENUE BONDS (CHARTER FACILITIES FINANCE FUND PROJECT), SERIES 2011A IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$42,000,000 AND THE EXECUTION OF RELATED DOCUMENTS.

WHEREAS, pursuant to a requirement under Chapter 506 of the 2009 Laws of the State of New York (the “Public Authorities Reform Act”) the Committee was formed to review proposals for the issuance of debt by the Issuer and its subsidiaries and to make recommendations on such issuances; and

WHEREAS, Charter Facilities Finance Fund, (the “Institution”), a not-for-profit entity formed under the laws of the State of Delaware, presented an application (the “Application”) to the Issuer, which Application requested that the Issuer consider undertaking a project (the “Initial Project”) for the benefit of the Institution, said Initial Project to consist of the following: (A) (1) the acquisition of an interest in the following parcels of land: (i) a 1.6 acre parcel of land located at 395 Elk Street (the “Elk Street Parcel”), and (ii) a 1.7 acre parcel of land located at 19 Hackett Boulevard (the “Hackett Boulevard Parcel” and together with the Elk Street Parcel, being collectively referred to as the “Initial Land”), together with the following buildings: (i) the existing, newly constructed, two-story building containing approximately 51,000 square feet located on the Hackett Boulevard Parcel (the “Hackett Boulevard Facility”) and (ii) an existing building on the Elk Street Parcel (the “Elk Street Facility”), (2) the demolition of the Elk Street Facility, (3) the construction on the Elk Street Parcel of a three-story, 54,087 square foot building (the “New Elk Street Facility,” and together with the Elk Street Facility, being collectively referred to as the “Initial Facility”), and (4) the acquisition and installation thereon and therein of various machinery and equipment (collectively, the “Initial Equipment”) (the Initial Land, the Initial Facility and the Initial Equipment hereinafter collectively referred to as the “Initial Project Facility”), all of the foregoing to constitute educational facilities that will house the Brighter Choice Middle School for Boys, the Brighter Choice Middle School for Girls, and the Albany Leadership Charter High School for Girls, and other directly and indirectly related activities; (B) the financing of all or a portion of the costs of the foregoing by the issuance of revenue bonds of the Issuer in one or more issues or series in an aggregate principal amount sufficient to pay all or a portion of the cost of undertaking the Initial Project, together with necessary incidental costs in connection therewith, presently estimated to be approximately \$35,000,000 and in any event not to exceed \$42,000,000 (the “Obligations”); (C) paying a portion of the costs incidental to the issuance of the Obligations, including issuance costs of the Obligations and any reserve funds as may be necessary to secure the Obligations; and (D) the granting of potential exemptions from mortgage recording taxes; and

WHEREAS, Special Issuer Counsel has prepared a project synopsis (the “Synopsis”) that provides an overview of the Project and the Obligations; and

WHEREAS, the members of the Committee have received and reviewed the Synopsis and discussed the contents thereof;

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE COMMITTEE AS FOLLOWS:

Section 1. The Committee hereby finds and determines that neither the members, directors or officers of the Issuer, nor any person executing the Obligations, shall be liable thereon or be subject to any personal liability or accountability by reason of the execution, issuance or delivery thereof. The Obligations and the interest thereon are not and shall never be a debt of the Corporation, the State of New York, or the City of Albany, New York or any political subdivision thereof, and neither the State of New York, or the City of Albany, New York nor any political subdivision thereof shall be liable thereon.

Section 2. Based on the foregoing, the members of the Committee would like to recommend that the Issuer’s Board of Directors consider adopting a bond resolution that would authorize the issuance of the Obligations.

Section 3. This Resolution shall take effect immediately.

The question of the adoption of the foregoing Resolution was duly put to a vote on roll call, which resulted as follows:

Willard A. Bruce	VOTING	_____
Susan Pedo	VOTING	_____
Kathy Sheehan	VOTING	_____
Martin Daley	VOTING	_____
Prairie Wells	VOTING	_____

The foregoing Resolution was thereupon declared duly adopted.

STATE OF NEW YORK)
) SS.:
COUNTY OF ALBANY)

I, the undersigned, a member of City of Albany Capital Resource Corporation’s Finance Committee (the “Committee”), DO HEREBY CERTIFY that I have compared the foregoing extract of the minutes of the meeting of the members of the Issuer, including the Resolution contained therein, held on February 17, 2011 with the original thereof on file in my office, and that the same is a true and correct copy of such proceedings of the Committee and of such resolution set forth therein and of the whole of said original so far as the same relates to the subject matters therein referred to.

I FURTHER CERTIFY that (A) all members of the Committee had due notice of said meeting; (B) said meeting was in all respect duly held; (C) pursuant to Article 7 of the Public Officers Law (the “Open Meetings Law”), said meeting was open to the general public, and due notice of the time and place of said meeting was given in accordance with such Open Meetings Law; and (D) there was a quorum of the members of the Committee present through said meeting.

I FURTHER CERTIFY that, as of the date hereof, the attached resolution is in full force and effect and has not been amended, repealed or rescinded.

IN WITNESS WHEREOF, I have hereunto set my hand this 17th day of February, 2011.

Member

(SEAL)

**BOND RESOLUTION
CHARTER FACILITIES FINANCE FUND PROJECT**

A regular meeting of City of Albany Capital Resource Corporation (the "Issuer") was convened in public session at the offices of the Issuer located at 21 Lodge Street in the City of Albany, Albany County, New York on February 17, 2011 at 12:15 p.m., local time.

The meeting was called to order by the Chairman of the Issuer and, upon roll being called, the following Directors of the Issuer were:

PRESENT:

Anthony J. Ferrara	Chairman
Willard A. Bruce	Vice Chairman
Susan Pedo	Secretary
Hon. Kathy Sheehan	Treasurer
Martin Daley	Director
Gary Simpson	Director
Prairie Wells	Director

ABSENT:

AGENCY STAFF PRESENT INCLUDED THE FOLLOWING:

Michael J. Yevoli	CEO – City of Albany CRC
Erik Smith	CFO – City of Albany CRC
Maria Pidgeon	Senior Economic Developer - Capitalize Albany Corporation
Jeffrey Sullivan	Department of Development and Planning
A. Joseph Scott, III, Esq.	Special Issuer Counsel

The following resolution was offered by _____, seconded by _____, to wit:

Resolution No. ____

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE BY CITY OF ALBANY CAPITAL RESOURCE CORPORATION OF ITS TAX-EXEMPT REVENUE BONDS (CHARTER FACILITIES FINANCE FUND PROJECT), SERIES 2011A IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$42,000,000 AND THE EXECUTION OF RELATED DOCUMENTS.

WHEREAS, the Issuer was created pursuant to Section 1411 of the Not-For-Profit Corporation Law of the State of New York, as amended (the "Enabling Act"), and pursuant to the provisions of the Enabling Act, Revenue Ruling 57-187, Private Letter Ruling 200936012, the Common Council of the City of Albany, New York (the "City") adopted a resolution on March 15, 2010 (the "Sponsor Resolution") (A) authorizing the incorporation of the Issuer under the Enabling Act and (B) appointing the initial members of the board of directors of the Issuer. In April, 2010, a certificate of incorporation

was filed with the New York Secretary of State's Office (the "Certificate of Incorporation") creating the Issuer as a public instrumentality of the City; and

WHEREAS, the Issuer is authorized and empowered by the provisions of the Enabling Act to relieve and reduce unemployment, promote and provide for additional and maximum employment, better and maintain job opportunities, and lessen the burdens of government and act in the public interest, and in carrying out the aforesaid purposes and in exercising the powers conferred in the Enabling Act, the Enabling Act declares that the Issuer will be performing essential governmental functions; and

WHEREAS, to accomplish its stated purposes, the Issuer is authorized and empowered under the Enabling Act to acquire real and personal property; to borrow money and issue negotiable bonds, notes and other obligations therefore; to lease, sell, mortgage or otherwise dispose of or encumber any of its real or personal property upon such terms as it may determine; and otherwise to carry out its corporate purposes in the territory in which the operations of the Issuer are principally to be conducted; and

WHEREAS, Charter Facilities Finance Fund, (the "Institution"), a not-for-profit entity formed under the laws of the State of Delaware, presented an application (the "Application") to the Issuer, which Application requested that the Issuer consider undertaking a project (the "Initial Project") for the benefit of the Institution, said Initial Project to consist of the following: (A) (1) the acquisition of an interest in the following parcels of land: (i) a 1.6 acre parcel of land located at 395 Elk Street (the "Elk Street Parcel"), and (ii) a 1.7 acre parcel of land located at 19 Hackett Boulevard (the "Hackett Boulevard Parcel" and together with the Elk Street Parcel, being collectively referred to as the "Initial Land"), together with the following buildings: (i) the existing, newly constructed, two-story building containing approximately 51,000 square feet located on the Hackett Boulevard Parcel (the "Hackett Boulevard Facility") and (ii) an existing building on the Elk Street Parcel (the "Elk Street Facility"), (2) the demolition of the Elk Street Facility, (3) the construction on the Elk Street Parcel of a three-story, 54,087 square foot building (the "New Elk Street Facility," and together with the Elk Street Facility, being collectively referred to as the "Initial Facility"), and (4) the acquisition and installation thereon and therein of various machinery and equipment (collectively, the "Initial Equipment") (the Initial Land, the Initial Facility and the Initial Equipment hereinafter collectively referred to as the "Initial Project Facility"), all of the foregoing to constitute educational facilities that will house the Brighter Choice Middle School for Boys, the Brighter Choice Middle School for Girls, and the Albany Leadership Charter High School for Girls, and other directly and indirectly related activities; (B) the financing of all or a portion of the costs of the foregoing by the issuance of revenue bonds of the Issuer in one or more issues or series in an aggregate principal amount sufficient to pay all or a portion of the cost of undertaking the Initial Project, together with necessary incidental costs in connection therewith, presently estimated to be approximately \$35,000,000 and in any event not to exceed \$42,000,000 (the "Obligations"); (C) paying a portion of the costs incidental to the issuance of the Obligations, including issuance costs of the Obligations and any reserve funds as may be necessary to secure the Obligations; and (D) the granting of potential exemptions from mortgage recording taxes; and

WHEREAS, pursuant to a resolution adopted by the Issuer on October 21, 2010, (the "Public Hearing Resolution"), the Chief Executive Officer of the Issuer (A) caused notice of public hearing of the Issuer (the "Public Hearing") pursuant to Section 859-a of the General Municipal Law and Section 147(f) of the Code, to hear all persons interested in the Initial Project and the Financial Assistance being contemplated by the Issuer with respect to the Initial Project, to be mailed to the chief executive officers of each city, town, village and school district in which the Initial Project is or is to be located, (B) caused notice of the public hearing to be posted on bulletin boards in on a bulletin board located at the City Hall Rotunda located at 24 Eagle Street, in the City of Albany, Albany County, New York, (C) caused notice of the Public Hearing to be published in the Albany Times Union, a newspaper of general circulation available to the residents of City of Albany, Albany County, New York, (D) conducted the Public

Hearing on November 18, 2010 at 12:00 o'clock p.m., local time at the Albany Community Development Agency located at 200 Henry Johnson Boulevard in the City of Albany, Albany County, New York, and (E) prepared a report of the Public Hearing (the "Hearing Report") which fairly summarized the views presented at said Public Hearing and distributed same to the directors of the Issuer and to the Mayor of the City of Albany, New York (the "Mayor"); and

WHEREAS, pursuant to Article 8 of the Environmental Conservation Law, Chapter 43-B of the Consolidated Laws of New York, as amended (the "SEQR Act") and the regulations adopted pursuant thereto by the Department of Environmental Conservation of the State of New York, being 6NYCRR Part 617, as amended (the "Regulations" and collectively with the SEQR Act, "SEQRA"), by resolution adopted by the members of the Issuer on February 17, 2011 (the "SEQR Resolution"), the Issuer determined that all the requirements of SEQRA that relate to the Initial Project have been satisfied; and

WHEREAS, the Issuer will issue its Tax-Exempt Revenue Bonds (Charter Facilities Finance Fund Project), Series 2011A in a principal amount not to exceed \$42,000,000 (the "Initial Bonds") under this resolution (the "Initial Bond Resolution"), a certificate of determination (the "Certificate of Determination") that will be executed by an authorized officer of the Issuer and a trust indenture dated as of March 1, 2011 (the "Indenture") by and between the Issuer and Manufacturers and Traders Trust Company, as trustee (the "Trustee") for the holders of the Initial Bonds and any additional bonds issued by the Issuer under the Indenture (the "Additional Bonds," and collectively with the Initial Bonds, the "Bonds"); and

WHEREAS, prior to or simultaneously with the issuance of the Initial Bonds, the Issuer and the Institution will execute and deliver a loan agreement dated as of March 1, 2011 (the "Loan Agreement", and together with the Indenture, being collectively referred to as the "Financing Documents") by and between the Issuer, as lender, and the Institution, as borrower, pursuant to the terms of which Loan Agreement (A) the Issuer will agree (1) to issue the Initial Bonds, and (2) to make a loan to the Institution of the proceeds of the Initial Bonds (the "Loan") for the purpose of assisting in financing the Initial Project, and (B) in consideration of the Loan, the Institution will agree (1) to cause the Initial Project to be undertaken and completed, (2) to use the proceeds of the Loan disbursed under the Indenture to pay (or reimburse the Institution for the payment of) the costs of the Initial Project, and (3) to make payments sufficient in amount to pay when due all amounts due with respect to the Initial Bonds (the "Loan Payments") to or upon the order of the Issuer in repayment of the Loan, which Loan Payments shall include amounts equal to the Debt Service Payments due on the Initial Bonds; and

WHEREAS, as security for the Initial Bonds, the Issuer will execute and deliver to the Trustee a pledge and assignment dated as of March 1, 2011 (the "Pledge and Assignment") from the Issuer to the Trustee, and acknowledged by the Institution, which Pledge and Assignment will assign to the Trustee certain of the Issuer's rights under the Loan Agreement; and

WHEREAS, (A) the Initial Bonds will be initially purchased by Jefferies & Company, Inc., acting as underwriter for the Initial Bonds (the "Underwriter") pursuant to a bond purchase agreement (the "Initial Bond Purchase Agreement") by and among the Underwriter, the Issuer and the Institution, (B) the Institution will provide indemnification to the Issuer and the Underwriter relating to the issuance and sale of the Initial Bonds pursuant to a letter of representation (the "Initial Letter of Representation") by and among the Institution, the Issuer and the Underwriter, (C) the Underwriter will utilize a preliminary official statement (the "Initial Preliminary Official Statement") and a final official statement (the "Initial Official Statement," and, together with the Initial Preliminary Official Statement, being collectively referred to as the "Official Statements") in connection with the initial offering of the Initial Bonds, and (D) the Underwriter also intends to obtain a rating of the Initial Bonds from one or more

securities rating agencies (each such rating agency that provides a rating of the Initial Bonds, a “Rating Agency”); and

WHEREAS, the Initial Bonds will be issued as “book-entry-only” obligations to be held by The Depository Trust Company, as depository (the “Depository”) for the Initial Bonds, and, to comply with the requirements of the Depository, the Issuer and the Trustee will execute and deliver to the Depository a letter of representations (the “Initial Depository Letter”) relating to the Initial Bonds; and

WHEREAS, to demonstrate compliance with the provisions of the Code relating to the issuance of tax-exempt obligations, (A) the Issuer will (1) execute an arbitrage certificate dated the date of delivery of the Initial Bonds (the “Initial Arbitrage Certificate”) relating to certain requirements set forth in Section 148 of the Code relating thereto, (2) execute a completed Internal Revenue Service Form 8038 (Information Return for Private Activity Bonds) relating to the Initial Bonds (the “Initial Information Return”) pursuant to Section 149(e) of the Code, and (3) file the Initial Information Return with the Internal Revenue Service, (B) the Institution will execute a tax regulatory agreement dated the date of delivery of the Initial Bonds (the “Initial Tax Regulatory Agreement”) relating to the requirements in Sections 145, 146, 147, 148 and 149 of the Code and (C) the Underwriter will execute a letter (the “Issue Price Letter”) confirming the issue price of the Initial Bonds for purposes of Section 148 of the Code; and

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF CITY OF ALBANY CAPITAL RESOURCE CORPORATION AS FOLLOWS:

Section 1. The Issuer hereby finds and determines that:

(A) By virtue of the Certificate of Incorporation and the Enabling Act, the Issuer has been vested with all powers necessary and convenient to carry out and effectuate the purposes and provisions of the Enabling Act and to exercise all powers granted to it under the Enabling Act; and

(B) The acquisition, construction, and installation of the Initial Project Facility and the financing thereof with the proceeds of the Loan to the Institution will relieve and reduce unemployment, promote and provide for additional and maximum employment and better and maintain job opportunities, and thereby lessen the burdens of government; and

(C) It is desirable and in the public interest for the Issuer to issue and sell its Initial Bonds upon the terms and conditions determined by the Chairman, Vice Chairman or Chief Executive Officer of the Issuer once the marketing of the Initial Bonds is completed and the Institution has agreed to the terms of such issuance and sale.

Section 2. In consequence of the foregoing, the Issuer hereby determines to: (A) issue the Initial Bonds on the terms and conditions set forth in the Certificate of Determination, Indenture, and the Initial Bond Purchase Agreement, (B) sell the Initial Bonds to the initial purchasers thereof pursuant to the terms set forth in the Indenture and the Initial Bond Purchase Agreement, (C) use the proceeds of the Initial Bonds to make the Loan to the Institution for the purpose of financing portion of the costs of issuance of the Initial Bonds and a portion of the costs of the Initial Project, (D) secure the Initial Bonds by assigning to the Trustee, pursuant to the Pledge and Assignment, certain of the Issuer’s rights under the Loan Agreement, including the right to collect and receive certain amounts payable thereunder, (E) further secure the Initial Obligated Group Note and certain additional obligations under the Master Trust Indenture by granting to the Master Trustee a first priority lien on the Initial Project Facility pursuant to the Mortgage, (F) execute the Initial Arbitrage Certificate and the Information Return with respect to the

Initial Bonds, (G) file the Information Return with the IRS and (H) authorize the use of the Official Statements in connection with the sale of the Initial Bonds.

Section 3. The form and substance of the Loan Agreement, the Indenture, the Initial Bonds, the Pledge and Assignment, the Initial Bond Purchase Agreement, the Initial Arbitrage Certificate, the Initial Information Return, the Depository Letter and any documents necessary and incidental thereto including, but not limited to, any documents approved by counsel to the Issuer (collectively, the “Issuer Documents”) are hereby approved.

Section 4. The Issuer is hereby authorized to issue, execute, sell and deliver to the Trustee for authentication its Initial Bonds in a principal amount not to exceed \$42,000,000 in the form heretofore approved in Section 4 of this Initial Bond Resolution or so much as necessary to finance the Costs of the Initial Project, in the form and in the amount and containing the other provisions determined by the Chairman, Vice Chairman or Chief Executive Officer of the Issuer in the Certificate of Determination, and upon authentication thereof the Trustee is hereby authorized to deliver said Initial Bonds to the Underwriter against receipt of the purchase price thereof, all pursuant to the Enabling Act and in accordance with the provisions of the Indenture, this Initial Bond Resolution, the Certificate of Determination and the Initial Bond Purchase Agreement, provided that:

(A) The Initial Bonds authorized to be issued, executed, sold and delivered pursuant to this Section 4 shall (1) be issued, executed and delivered at such time as the Chairman, Vice Chairman or Chief Executive Officer of the Issuer shall determine, and (2) bear interest at the rate or rates, be issued in such form, be subject to redemption prior to maturity and have such other terms and provisions and be issued in such manner and on such conditions as are set forth in the Initial Bonds, the Indenture and the Certificate of Determination, or as are hereinafter approved by the Chairman, Vice Chairman or Chief Executive Officer of the Issuer in accordance with Section 5 hereof, which terms are specifically incorporated herein by reference with the same force and effect as if fully set forth in this Bond Resolution.

(B) The Initial Bonds shall be issued solely for the purpose of providing funds to finance (1) the costs of making the Loan for the purpose of financing a portion of the costs of the Initial Project as described in the Issuer Documents, and (2) a portion of the administrative, legal, financial and other expenses of the Issuer in connection with the Loan and the Initial Project and incidental to the issuance of the Initial Bonds.

(C) Neither the member, directors nor officers of the Issuer, nor any person executing the Initial Bonds or any of the Issuer Documents on behalf of the Issuer, shall be liable thereon or be subject to any personal liability or accountability by reason of the execution, issuance or delivery thereof. The Initial Bonds and the interest thereon are not and shall never be a debt of the State of New York, or the City of Albany, New York or any political subdivision thereof, and neither the State of New York, or the City of Albany, New York nor any political subdivision thereof shall be liable thereon.

(D) The Initial Bonds, together with interest payable thereon, shall be special obligations of the Issuer payable solely from certain of the revenues and receipts derived from repayment of the Loan or from the enforcement of the security provided by the Financing Documents and the other security pledged to the payment thereof.

(E) Notwithstanding any other provision of this Initial Bond Resolution, the Issuer covenants that it will make no use of the proceeds of the Initial Bonds or of any other funds of the Issuer (other than the Issuer’s administrative fees) which, if said use had been reasonably

expected on the date of issuance of the Initial Bonds, would have caused any of the Initial Bonds to be an “arbitrage bond” within the meaning of Section 148 of the Code.

Section 5. (A) The Chairman (or Vice Chairman) of the Issuer is hereby authorized, on behalf of the Issuer, to execute and deliver the Issuer Documents and, where appropriate, the Secretary (or Assistant Secretary) of the Issuer is hereby authorized to affix the seal of the Issuer thereto and to attest the same, all in substantially the forms thereof presented to this meeting, with such changes, variations, omissions and insertions as the Chairman (or Vice Chairman) shall approve, the execution thereof by the Chairman (or Vice Chairman) to constitute conclusive evidence of such approval.

(B) The Chairman (or Vice Chairman) of the Issuer is hereby further authorized, on behalf of the Issuer, to designate any additional Authorized Representatives of the Issuer (as defined in and pursuant to the Loan Agreement).

(C) The Chairman (or Vice Chairman) of the Issuer is hereby further authorized to execute any documentation requested by the Underwriter to indicate the Issuer’s approval of the Official Statements.

Section 6. The officers, employees and agents of the Issuer are hereby authorized and directed for and in the name and on behalf of the Issuer to do all acts and things required or provided for by the provisions of the Issuer Documents, and to execute and deliver all such additional certificates, instruments and documents, to pay all such fees, charges and expenses and to do all such further acts and things as may be necessary or, in the opinion of the officer, employee or agent acting, desirable and proper to effect the purposes of this Initial Bond Resolution and to cause compliance by the Issuer with all of the terms, covenants and provisions of the Issuer Documents binding upon the Issuer.

Section 7. This Initial Bond Resolution shall take effect immediately and the Initial Bonds are hereby ordered to be issued in accordance with this Initial Bond Resolution.

The question of the adoption of the foregoing Initial Bond Resolution was duly put to a vote on roll call, which resulted as follows:

Anthony J. Ferrara	VOTING	_____
Willard A. Bruce	VOTING	_____
Susan Pedo	VOTING	_____
Kathy Sheehan	VOTING	_____
Martin Daley	VOTING	_____
Gary Simpson	VOTING	_____
Prairie Wells	VOTING	_____

The foregoing Initial Bond Resolution was thereupon declared duly adopted.

STATE OF NEW YORK)
) SS.:
COUNTY OF ALBANY)

I, the undersigned (Assistant) Secretary of City of Albany Capital Resource Corporation (the "Issuer"), DO HEREBY CERTIFY that I have compared the foregoing extract of the minutes of the meeting of the members of the Issuer, including the Resolution contained therein, held on February 17, 2011 with the original thereof on file in my office, and that the same is a true and correct copy of such proceedings of the Issuer and of such resolution set forth therein and of the whole of said original so far as the same relates to the subject matters therein referred to.

I FURTHER CERTIFY that (A) all directors of the Issuer had due notice of said meeting; (B) said meeting was in all respect duly held; (C) pursuant to Article 7 of the Public Officers Law (the "Open Meetings Law"), said meeting was open to the general public, and due notice of the time and place of said meeting was given in accordance with such Open Meetings Law; and (D) there was a quorum of the directors of the Issuer present through said meeting.

I FURTHER CERTIFY that, as of the date hereof, the attached resolution is in full force and effect and has not been amended, repealed or rescinded.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Issuer this 17th day of February, 2011.

(Assistant) Secretary

(SEAL)