



Tuesday, February 28, 2012
21 Lodge Street 8:00 a.m.

CAPITALIZE ALBANY
CORPORATION

Capitalize Albany Corporation
Board of Directors Meeting
Agenda

1. Review of Minutes from the Regular Meeting of January 24, 2011
2. Audit Committee Update
3. Finance & Investment Committee Update
 - a. Loan Allowances Resolution 2-2012
 - b. HAF Loan Resolution 3-2012
 - c. Cash Management Services Resolution 4-2012
 - d. Bank Accounts Resolution 5-2012
 - e. Preliminary 2011 financials
4. Public Access Television Coordinator Grant discussion

Capitalize Albany Corporation Board Meeting

February 28, 2012

Agenda Item #1: Review of Minutes from the Regular Meeting of January 24, 2012

Materials:

- 1/24/12 Capitalize Albany Corporation Board Minutes

Capitalize Albany Corporation Board Meeting
MINUTES
Tuesday, January 24, 2012

The meeting of the Capitalize Albany Corporation Board of Directors was held at 8:00 a.m., Tuesday, January 24, 2012 at 21 Lodge.

The following were in attendance:

Board of Directors:

Michael Castellana	Robert M. Curley	
Anders Tomson	John Harris	
Dorsey Whitehead	Michele Vennard	
David Parente	Lee McElroy	
Dr. R. Mark Sullivan	James Linnan	

Other:

Thomas M. Owens, Esq.

Staff:

Michael Yevoli, Erik Smith, Megan Daly, Martha Hyland, Brad Chevalier and Amy Gardner.

Vice Chairman Anders Tomson called the regular meeting of the Capitalize Albany Corporation Board to order at 8:05 a.m.

Approval of Minutes for December 28, 2011 Board Meeting

The Board reviewed the minutes of the December 28, 2011 CAC Board Meeting. Dorsey Whitehead made a motion for approval. Lee McElroy seconded. The Board agreed unanimously to approve the minutes.

SEFCU Line of Credit Renewal Resolution 1-2012

Erik Smith presented Resolution 1-2012 to the Board. Mr. Smith stated that the SEFCU line of credit which was originally executed during the Park South Project in 2008 was up for annual renewal. The term will rename the same except for extending terms from 1 to 2 years. SEFCU has asked for a Board Resolution. To minimize closing costs, CAC will be Co-Borrower with Citywide. There will be no mortgage recording tax, a floor of 5% interest rate and no financial covenants. Mark Sullivan suggested that following the expiration of this line of credit with SEFCU that the Corporation rebid the line due to Chairman Castellana's position with SEFCU. Bob Curley felt that rebidding every two years at renewal was sufficient and that the floor of 5% was an adequate rate due to the cost of maintaining the line. The collateral on the line is made up of 4 CAC properties with an approximate value of \$1.2m. The line is for \$1m.

Vice Chairman Anders Tomson presented the SEFCU Line of Credit Renewal Resolution 1-2012. Chairman Castellana was absent during the discussion and recused himself from voting on Resolution 1-2012. A motion to adopt the Resolution was made by Bob Curley and seconded by Lee McElroy. A vote being taken, the Resolution passed unanimously.

Lending Update

Omni/Albany Housing Authority South End Phase 3

Mike Yevoli advised the Board that this is the most recent phase of the multi-phase Southend Redevelopment Project. The project is a community development project in the Morton Ave/S Pearl neighborhood that could receive support from the IDA and ACDA. The project has been approved at the state level and will be financed by tax credits. Mr. Yevoli advised the Board that the project requires significant upfront costs and would likely seek CAC assistance and participation. The Board advised CAC Staff that they would like them to move forward with further investigation and due diligence on this matter.

374 Broadway Update

Mike Yevoli advised the Board that this loan was approved and commitment letter signed over a year ago. Mr. Yevoli explained to the Board that the project has changed with the addition of a personal loan between the applicant and building owner. The applicant is looking for the lending from CAC and Berkshire Bank to clear the debt of the personal loan. The commitment letter from the original loan has now expired. A motion to have the project presented to the CAC Finance Committee for approval was made by John Harris and seconded by Dorsey Whitehead. A vote being taken, the motion passed unanimously. The Board directed that the Finance Committee review the current state of this loan request, including any changed conditions, and then make a determination if the CAC funding can move forward.

Lending Programs

Mike Yevoli informed the Board that CAC will be actively reviewing the various lending programs currently available. He would like to streamline applications, policies and regulations. Mr. Yevoli advised the Board that CAC staff will be more proactive and investigating business retention programs.

Updates

Economic Development Event (Spring 2012)

Mike Yevoli reminded the Board that CAC's annual celebration will be held in the spring. After discussion it was decided it would be held sometime at the beginning of May. Mr. Yevoli informed the Board that CAC Staff would like the event to include all agencies that work closely with CAC (IDA, CRC, ACDA, DDP). An annual report would be presented highlighting projects from each group. This may be presented in video form as in prior years. The Board agreed and advised Mr. Yevoli to move forward with the planning for such event.

Central Avenue

Mike Yevoli advised the Board that the Phase 1 & 2 have been completed. Developers have shown interest in the site. Mr. Yevoli advised the Board that he had received a bid for \$50,000 for the engineering process. Mr. Yevoli stated there was a \$2M City neighborhood revitalization bond for demo, stabilization and Brownfield remediation going in front of the Council this month.

Delaware Avenue

Mike Yevoli advised the Board that the Boys and Girls Club still occupies the building on Delaware Avenue. The Boys and Girls Club is currently working directly with the school district to find an affordable location. The outcome of the discussions between the school district and the Boys and Girls club will provide additional information to CAC. The Albany Community Development Agency purchased the property with a loan from the Corporation.

Regional Economic Development Council

Chairman Castellana advised the Board that there may be two more opportunities to submit Consolidated Funding Applications during 2012. The process will remain competitive, but the applications will be judged on different criteria than the first one.

Metroplex ABO Report and Response

Chairman Castellana advised the Board that CAC should use the report created by the ABO as a reference document against which CAC operations should be evaluated. Chairman Castellana would like to, as much as is possible, ensure that CAC has answered any potential ABO questions before the questions are asked of CAC.

Upcoming Governance Committee Meeting

Mike Yevoli advised the Board that the items discussed in the Metroplex report will be included on the agenda for the CAC Governance Committee meeting to be held sometime in March. PAAA requirements were discussed. Mr. Yevoli advised the Board that CAC's first public Board meeting will be held in February. The Governance Committee members are Mark Sullivan (Chair), John Harris and Lee McElroy.

Other Business

None

Board Only Session

Chairman Castellana made a proposal to enter into a Board Only Session specifying that staff should leave the room. The Board entered into a Board Only Session at 10:00pm.

There being no further business the Capitalize Albany Corporation Board of Directors regular meeting was adjourned at 10:12 a.m.

Capitalize Albany Corporation Board Meeting
February 28, 2012

Agenda Item # 2: Audit Committee Update

Materials:

- No materials are included

Capitalize Albany Corporation Board Meeting

February 28, 2012

Agenda Item # 3: Finance & Investment Committee Update

Materials:

- Loan Allowances Resolution 2-2012
- HAF Loan Resolution 3-2012
- Cash Management Services Resolution 4-2012
- Bank Accounts Resolution 5-2012
- Preliminary 2011 financials

**RESOLUTION 2-2012
OF THE
CAPITALIZE ALBANY CORPORATION**

WHEREAS, in preparation for the completion of the Capitalize Albany Corporation audit for the fiscal year ended 12/31/11, the staff and the Finance & Investment Committee of the Capitalize Albany Corporation undertook a comprehensive review of all loans in the portfolio, and

WHEREAS, the Finance & Investment Committee recommends that the Capitalize Albany Corporation reserve \$2,354,885.20 for mortgage note principal receivable losses and therefore reflecting a bad debt expense recovery of \$5,702.82 and

NOW THEREFORE BE IT RESOLVED, that the Capitalize Albany Corporation Board of Directors authorizes the reservation of \$2,354,885.20 for mortgage note principal receivable losses for 2011.

Signed: _____
Michael Yevoli
President

Date of Authorization: February 28, 2012

Prepared by Erik J. Smith

**RESOLUTION 3-2012
OF THE
CAPITALIZE ALBANY CORPORATION**

WHEREAS, pursuant to Board Resolution 7-2006, Capitalize Albany Corporation (CAC) provided a loan in the amount of \$190,000 to the Historic Albany Foundation (HAF) to assist the HAF with the stabilization of St. Joseph's church; and

WHEREAS, the loan was issued to the HAF on October 19, 2007 with a five percent interest rate and an original maturity date of October 19, 2008 which was later extended to October 19, 2009; and

WHEREAS, interest on the loan is deferred until the principal is repaid; and

WHEREAS, the Foundation has repaid \$185,000 of the principal to CAC; and

WHEREAS, the HAF has indicated that the annual carrying costs of the building has impaired HAF's ability to maintain the loan's performance and they are pursuing an alternative ownership/management structure to keep the building open and functioning as a public exhibit, performance, and event space; and

WHEREAS, the Foundation has requested that CAC waive the deferred interest which equals \$13,610.85 as of February 29, 2012; and

WHEREAS, the CAC has considered the importance of assisting the HAF in maintaining their ability to operate/manage the St. Joseph's property, the potential effect of the St. Joseph's property on the economic character of the neighborhood, and CAC's likelihood in recovering the owed interest;

NOW THEREFORE BE IT RESOLVED, that the CAC agrees to waive the interest on the loan upon repayment of the remaining outstanding principal. Furthermore, CAC will not consider any future financial assistance of any kind to HAF without HAF first repaying the deferred interest in full.

Signed: _____
Michael Yevoli
President

Date of Authorization: February 28, 2012

Prepared by Erik J. Smith

**RESOLUTION 4-2012
OF THE
CAPITALIZE ALBANY CORPORATION**

WHEREAS, to facilitate greater operational efficiency, enhanced internal controls, and more effective utilization of staff resources, staff is recommending the utilization of various cash management services, including remote depositing, electronic banking, and electronic payment authorization via a Key Bank Cash Management Services Agreement; and

WHEREAS, the Finance & Investment Committee has reviewed and considered this staff recommendation and recommends adoption by the CAC Board of Directors;

NOW THEREFORE BE IT RESOLVED, that the CAC Board of Directors authorizes the President and Chief Financial Officer to execute a Cash Management Services Master Agreement with Key Bank.

Signed: _____
Michael Yevoli
President

Date of Authorization: February 28, 2012

Prepared by Erik J. Smith

**RESOLUTION 5-2012
OF THE
CAPITALIZE ALBANY CORPORATION**

WHEREAS, the Capitalize Albany Corporation (“CAC”) Board of Directors has selected depositories for the funds of the Corporation; and

WHEREAS, the Finance & Investment Committee has recommended that the CAC President and Chief Financial Officer be added as signatories to existing CAC depository accounts as necessary to facilitate adequate and uniform controls over each account; and

WHEREAS, after further review, the Board has determined that the Chair of the Finance & Investment Committee should be added as a signatory to all current CAC depository accounts; and

NOW THEREFORE BE IT RESOLVED, that the CAC President, Chief Financial Officer, and Chair of the Finance & Investment Committee will be added to the current CAC depository accounts and staff is directed to circulate necessary signature cards and/or other required documents to facilitate this Resolution.

Signed: _____
Michael Yevoli
President

Date of Authorization: February 28, 2012

Prepared by Erik J. Smith

CAPITALIZE ALBANY CORPORATION
BALANCE SHEET
Pre-Audited Draft

	December 31,	
	2011	2010
Assets		
Current Assets:		
Cash and cash equivalents	\$ 3,572,020	\$ 4,395,388
Investments	2,644,806	2,627,790
Restricted Cash	321,034	664,610
Mortgage notes receivable, current portion, net	178,737	146,801
Net investment in direct financing leases, current portion	180,620	169,187
Accrued interest receivable	73,508	79,721
Grants receivable	-	23,279
Other receivables, current portion, net	3,325	5,123
Total current assets	6,974,050	8,111,899
Noncurrent Assets:		
Mortgage notes receivable, less current portion, net	1,851,837	1,720,225
Receivables from the City of Albany and City agencies	100,000	100,000
Other receivables, less current portion, net	91,180	91,180
Net investment in direct financing leases, less current portion	2,092,590	2,274,171
Property held for investment and lease, net	3,663,351	3,851,773
Property and equipment, net	472,355	451,577
Other assets	532,451	5,520
Total noncurrent assets	8,803,764	8,494,446
Total assets	\$ 15,777,814	\$ 16,606,345

Liabilities and Net Assets

Liabilities

Current Liabilities:

Accounts payable and accrued expenses	\$	91,714	\$	213,397
Due to the City of Albany		136,248		190,959
Deferred grant and other income		910,798		889,969
Bonds payable, current portion		309,722		309,722
Total current liabilities		<u>1,448,482</u>		<u>1,604,047</u>

Noncurrent Liabilities:

Bonds payable, less current portion		4,220,825		4,530,548
Revolving loan fund liability		705,244		683,812
Deferred program support		81,447		81,447
Total noncurrent liabilities		<u>5,007,518</u>		<u>5,295,807</u>
Total liabilities		<u>6,456,000</u>		<u>6,899,854</u>

Net Assets

Invested in capital assets, net of related debt		1,615,705		1,643,350
Restricted for:				
Debt service		171,400		177,732
CDBG eligible activities		109,612		99,196
Other program specific activities		8,769		2,328
Unrestricted		7,416,328		7,783,885
Total net assets		<u>9,321,814</u>		<u>9,706,491</u>
Total liabilities and net assets	\$	<u>15,777,814</u>	\$	<u>16,606,345</u>

CAPITALIZE ALBANY CORPORATION
Statements of Revenue and Expenses and Changes in Net Assets
Pre-Audited Draft

	Years Ended December 31,	
	2011	2010
Revenues		
Grant income	\$ 492,800	\$ 692,001
Rental income	\$ 346,477	335,853
Other interest and investment income	\$ 200,837	300,191
Interest income on mortgage notes	\$ 70,451	95,154
Gain on sale of properties	\$ -	280,000
Fees and Other Income	\$ 324,271	168,262
Total revenues	<u>\$ 1,434,837</u>	<u>\$ 1,871,461</u>
Expenses		
Salaries and fringe benefits	\$ 650,175	\$ 726,315
Program and project costs	\$ 261,610	422,819
Interest Expense	\$ 113,209	122,419
Other Expenses	\$ 794,519	343,928
	<u>\$ 1,819,513</u>	<u>1,615,481</u>
Excess of revenues over expenses	\$ (384,676)	255,980
Net Assets, Beginning of Year	\$ 9,706,491	9,450,511
Net Assets, End of Year	<u>\$ 9,321,814</u>	<u>9,706,491</u>
Total expenses		

Statement of Cash Flows
Pre-Audited Draft

	Years Ended December 31,	
	2011	2010
Cash Flows from Operating Activities		
Cash received from customers	\$ 576,278	\$ 551,821
Cash received from grantors	540,973	740,185
Other operating cash receipts	324,271	168,262
Cash payments to suppliers and grantees	(559,103)	(529,835)
Cash payments to employees	(650,175)	(721,428)
Net cash provided by (used in) operating activities	<u>232,244</u>	<u>209,005</u>
Cash Flows From Capital and Related Financing Activities		
Proceeds from sale of property held for sale	-	555,000
Purchase of property held for investment and lease	-	(7,447)
Purchase of property and equipment	(40,001)	(201,640)
Purchase Option	(526,559)	-
Principal payments on bonds payable	(309,722)	(292,312)
Interest paid on bonds payable	(115,526)	(124,536)
Net cash (used in) provided by capital and related financing activities	<u>(991,809)</u>	<u>(70,935)</u>
Cash Flows from Investing Activities		
Interest on cash and cash equivalents and investments	72,896	77,504
Net (increase) decrease in restricted cash	343,576	(48,184)
Proceeds from sales and maturities of investments	2,680,628	3,009,217
Purchase of investments	(2,721,415)	(3,006,288)
Issuance of mortgage notes receivable	(1,000,000)	(370,445)
Repayments received on mortgage notes receivable	390,364	136,674
Principal payments received under direct financing leases	170,148	151,979
Net cash (used in) provided by investing activities	<u>(63,804)</u>	<u>(49,543)</u>
Change in cash and cash equivalents	(823,369)	88,527
Cash and cash equivalents:		
Beginning of year	4,395,388	4,306,861
End of year	<u>\$ 3,572,020</u>	<u>\$ 4,395,388</u>

See Notes to Financial Statements

CAPITALIZE ALBANY CORPORATION**Statement of Cash Flows, Continued***Pre-Audited Draft*

	Years Ended December 31,	
	<u>2011</u>	<u>2010</u>
Reconciliation of Excess of Revenues Over Expenses to Net Cash Provided by (Used in) Operating Activities		
Excess of revenues over expenses	\$ (384,676)	\$ 255,980
Adjustments to reconcile excess of revenue over expenses to net cash provided by (used in) operating activities:		
Depreciation and amortization	207,646	199,438
Adjustment for losses on mortgage notes and other receivables	463,455	(4,518)
Gain on sale of property	-	(280,000)
Unrealized (gain) loss on investments	23,771	(96,087)
Interest income on cash and cash equivalents and investments	(73,678)	(78,042)
Interest expense on bonds and notes payable	113,209	122,419
Changes in:		
Grants receivable	23,279	28,877
Other receivables, accrued interest receivable and other assets	8,420	(5,248)
Accounts payable and accrued expenses	(119,365)	21,794
Due to the City of Albany	(54,711)	25,084
Deferred grant and other income	20,829	16,446
Revolving loan fund liability	4,065	2,862
Net cash provided by (used in) operating activities	<u>\$ 232,244</u>	<u>\$ 209,005</u>

Capitalize Albany Corporation Board Meeting
February 28, 2012

Agenda Item #4: Public Access Television Coordinator Grant discussion

Materials:

- No materials are included