



Tuesday, December 18, 2012
SEFCU Dora Maxwell Center 8:00 a.m.

CAPITALIZE ALBANY
CORPORATION

Capitalize Albany Corporation
Board of Directors Meeting
Agenda

1. Review of Minutes from the Regular Meeting of November 27, 2012
2. Finance Update
 - a. Penta on Broadway, LLC Subordination Resolution 23-2012
 - b. 526 Central Avenue RFP for commercial broker services update
3. Audit Committee Update
 - a. UHY Engagement for 2012 Audit Resolution 24-2012
4. Downtown Tactical Plan RFQ Update
5. Executive Session (if necessary)

Capitalize Albany Corporation Board Meeting

December 18, 2012

Agenda Item #1: Review of Minutes from the Regular Board Meeting of November 27, 2012

Materials:

- 11/27/12 Capitalize Albany Corporation Board Minutes

DRAFT – NOT APPROVED

Capitalize Albany Corporation Board Meeting MINUTES Tuesday, November 27, 2012

The meeting of the Capitalize Albany Corporation Board of Directors was held at 8:00 a.m., Tuesday, November 27, 2012 at 21 Lodge.

The following were in attendance:

Board of Directors:

Michael Castellana	Nancy Zimpher	John Vero
Anders Tomson	Michael Fancher	Jeff Sperry
Mark Sullivan	Michele Vennard	
Dorsey Whitehead	Lee McElroy	
David Parente	James Linnan	

Other:

Thomas M. Owens, Esq.

Staff:

Michael Yevoli, Erik Smith, Sarah Reginelli, Ashley D’Antonio, Brad Chevalier and Amy Gardner.

Chairman Michael Castellana called the regular meeting of the Capitalize Albany Corporation Board to order at 8:05 a.m.

Approval of Minutes for October 23, 2012 Board Meeting

The Board reviewed the minutes of the October 23, 2012 meeting. Dorsey Whitehead made a motion for approval. Lee McElroy seconded. The Board agreed unanimously to approve the minutes.

Staffing Allocations & Operations Presentation

Mike Yevoli presented the report to the Board. Mr. Yevoli discussed the various organizations involved in supporting, planning, economic and community development in the City and how they are interconnected. Mr. Yevoli also discussed funding streams and how they are distributed among the organizations.

The professional service agreements between the organizations were discussed. The Board requested that staff provide a break down for each position at the various organizations showing how much time staff members spend working for each organization. The Board would also like the break down to show the funding streams for each staff member.

DRAFT – NOT APPROVED

Affordable Housing Partnership Professional Services Agreement Resolution 22-2012

Staff advised the Board that the Affordable Housing Partnership of the Capital Region had been awarded a grant to conduct a pre-nomination study to determine the potential to develop brown fields in the Sheridan Hollow neighborhood. The AHP has requested that Capitalize Albany assist with the project by performing mapping and planning activities for which CAC will receive a \$5,000 fee. A motion to pass the Resolution was made by Jeff Sperry and seconded by Dorsey Whitehead. A vote being taken, the Resolution passed unanimously.

Downtown Albany Tactical Plan RFQ

Staff presented a draft Downtown Albany Tactical Plan RFQ to the Board. Staff expressed their desire to employ not just one consulting firm but compile a group of professionals from multiple firms with different areas of expertise. Staff would also like to create a steering committee to assist in the selection of the consultants and meet regularly with the consultants to help guide the process. The potential make-up of the proposed steering committee and funding was discussed. The Board suggested that staff create a list of inspirational cities to share with potential consultants.

A motion to approve the draft baring any significant changes was made by Lee McElroy and seconded by Jeff Sperry. A vote being taken, the motion passed unanimously.

Downtown Stakeholder Forums Update

Staff advised the Board that the fourth forum in the series would be held Wednesday, December 12th and the topic would be arts and entertainment district investment and adaption. Staff advised the Board that the forums were going well and the response had been positive.

526 Central Avenue Update

Staff advised the Board that more contamination had been discovered at the site under the addition of the building. The engineer believes the project will stay on budget. Four responses to the RFP request were received. Staff informed the Board that they would hold a Finance Committee meeting to review the responses and advise the Board.

Delaware Avenue Gateway Update

Staff advised the Board that the property is being purchased through the Albany Community Development Agency. The City of Albany Planning Department will hold a charrette to gain community input on the development of the site.

Annual Meeting

The current annual membership drive process was discussed. The decision was made to revamp the procedure in 2013. Additionally, CAC will cover 2012 membership dues in recognition of the challenging economy.

A motion to allow staff to move forward with changing the membership process was made by Lee McElroy and seconded by Jeff Sperry. A vote being taken the motion passed unanimously.

DRAFT – NOT APPROVED

Staffing Update

Staff advised the Board that the Controller position and the Marketing and Communication Assistant positions had been filled. The Board was also informed that Senior Economic Developer, Ashley D'Antonio was leaving the Corporation.

Other Business

The auction of the Quakenbush Square site was discussed.

Executive Session

A motion to enter into executive session was made by Lee McElroy, seconded by Jeff Sperry and passed unanimously to discuss potential litigation matters. The Board entered into executive session at 9:50am. Staff was excused and the following Directors were present: Michael Castellana, Anders Tomson, Mark Sullivan, Dorsey Whitehead, David Parente, Michele Vennard, Lee McElroy, Michael Fancher, Jeff Sperry, Nancy Zimpher, James Linnan and John Vero. The Board left executive session at 9:52am. No actions were taken during executive session.

There being no further business the Capitalize Albany Corporation Board of Directors regular meeting was adjourned at 9:53 a.m.

Capitalize Albany Corporation Board Meeting

December 18, 2012

Agenda Item #2: Finance Update

Materials:

- Memo to the Board
- Letter from counsel for Penta on Broadway, LLC
- Penta on Broadway, LLC Subordination Resolution 23-2012

Capitalize Albany Corporation
21 Lodge Street
Albany, New York 12207

MEMORANDUM

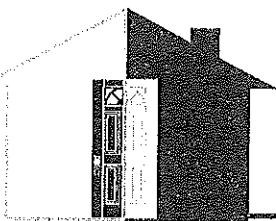
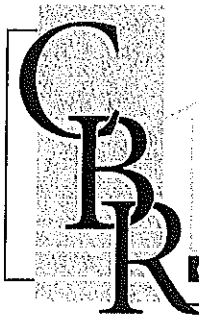
TO: CAC Board of Directors
FROM: Erik Smith
RE: Penta on Broadway, LLC Subordination Request
DATE: December 14, 2012

During 2011, Capitalize Albany Corporation (CAC) extended both a construction and permanent loan in the amount of \$250,000 to Penta on Broadway, LLC (Penta) to finance the renovation and construction of 14 residential apartments and approximately 2,700 square feet of first floor commercial space at 522-524 Broadway. The CAC loan is subordinate to an \$875,000 construction and permanent loan from Capital Bank extended to Penta for the same purpose. Penta also received sales and real property tax exemptions through the IDA.

Penta is now pursuing a \$69,725 loan through Capital Bank to finance the fit up cost of the commercial space of 522-524 Broadway. To facilitate this financing Capital Bank will assume the second security position on the property (currently held by CAC) in addition to the first position Capital Bank currently holds associated with the Bank's original \$875,000 loan. This will require CAC to agree to accept the third security position on the property. A copy of Penta's request is attached.

The additional financing requested by Penta will bring the property's loan-to-value (LTV) to 72%, an increase from the 68% LTV proposed when the original loan was presented. Of the fourteen residential units in the building, eleven are rented. The projected debt service coverage ratio is 1.24, which includes the borrowing anticipated under the new loan. Penta is current with payments and is in compliance with respect to other obligations associated with the loan with CAC and the straight-lease transaction with the IDA.

Based on the above, I recommend approval of Penta's request.



Charles B. Rosenstein
Attorney at Law

The Law Offices of
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December 12, 2012

Michael Yevoli, President
Capitalize Albany Corporation
21 Lodge Street
Albany, NY 12207

RE: Penta on Broadway, LLC

Dear Mr. Yevoli:

I do represent Penta on Broadway, LLC (Penta). Penta is the owner of 522-524 Broadway in Albany, NY and is in the process of renovating said building from vacant commercial office space to 14 residential apartments on floors 2-5 and a commercial office space on the first floor. Penta has previously secured a subordinate mortgage loan of \$250,000.00 from Capitalize Albany which loan has closed and repayment of said loan is current.

The renovation of the building is going very well with approximately 80 percent of the building complete. We have 9 of the residential units leased out to tenants at this time. Penta has most recently signed a 5 year lease with a one, 5 year renewal term, with a commercial tenant and is now ready to commence work on the first floor commercial space needed to be "fit up" for this tenant. The original plan for this vacant commercial space was to offer it to a potential tenant as a "vanilla box" which would not require any fit up to be done by Penta. However the opportunity of securing an office tenant has presented itself to my client and they believe it makes sense to take on the fit up cost of the space for this tenant at this time based upon the rent to be paid and the length of the lease term.

Let our Team of Experienced Real Estate Professionals help you close the deal.



Penta is in need of secondary financing which has been approved by its construction and first lien holder Capital Bank in the amount of \$69,725.00 to pay for the cost of this fit up work. Capital Bank requires that this new lien have a second lien position on the building and as such, CAC's lien would become a third lien on the building. A copy of said commitment letter is attached for your review. Pursuant to the terms of the CAC financing and loan documents we are in need of the CAC's approval for this additional secondary financing from Capital Bank and CAC's agreement to allow Capital Bank to have a second lien position for this new financing. On behalf of my client I respectfully request that the CAC agree to allow Penta to secure this minimal additional financing in order that the commercial office space in the building can be completed and the tenant be able to move in January 1, 2013. This office tenant will result in significant monthly income for the project of approximately \$3600.00 per month. We are seeking no additional financing from Capitalize Albany Corporation. I thank you for your consideration of my client's request and will await your reply.

Very Truly Yours,


Charles B. Rosenstein, Esq.

ENC.

**RESOLUTION 23-2012
OF THE
CAPITALIZE ALBANY CORPORATION**

WHEREAS, pursuant to CAC Resolution 19-2011, a \$250,000 construction and permanent loan was extended to Penta on Broadway, LLC to finance the renovation and construction of 14 residential apartments and approximately 2,700 square feet of first floor commercial space at 522-524 Broadway, Albany; and

WHEREAS, CAC's \$250,000 mortgage to the Borrowers is in a second security position behind a Capital Bank mortgage in the amount of \$875,000; and

WHEREAS, the Borrowers are current on all payment and documentation obligations to CAC; and

WHEREAS, to finance the commercial space fit-up, the Borrowers have requested additional loan proceeds of \$69,725 from Capital Bank which will then occupy the second security position; and

WHEREAS, as a condition for providing the additional loan proceeds, Capital Bank requires CAC to assume a third security position behind that of Capital Bank's two mortgages described above;

WHEREAS, staff has reviewed the Borrowers' request along with the property's rental income, rental history, and debt service, along with other materials and recommends to Board that the Borrowers' request be approved in furtherance of, and in keeping with, CAC's corporate mission; and

NOW THEREFORE BE IT RESOLVED, that the CAC authorizes the subordination of its existing loan to the \$69,725 Capital Bank loan.

Signed: _____
Michael Yevoli
President

Date of Authorization: December 18, 2012
Prepared by Erik J. Smith

Capitalize Albany Corporation Board Meeting

December 18, 2012

Agenda Item #3: Audit Committee Update

Materials:

- UHY Audit Engagement Letter
- UHY Form 990 and Form CHAR500 Engagement Letter
- UHY Engagement for 2012 Audit Resolution

October 30, 2012

Main 518 449 3171
Fax 518 449 5832
Web www.uhyllp-us.com

Mr. Michael Fancher
Chair, Audit Committee
The Capitalize Albany Corporation
21 Lodge Street
Albany, New York 12207

Dear Mr. Fancher:

We are pleased to confirm our understanding of the services we are to provide for The Capitalize Albany Corporation (the "Corporation") for the year ended December 31, 2012.

We will audit the financial statements of the Corporation as of and for the year ended December 31, 2012. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Corporation's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Corporation's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1) Management's Discussion and Analysis.

Audit Objective

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and will include tests of the accounting records of the Corporation and other procedures we consider necessary to enable us to express such opinions. If our opinions on the financial statements are other than unqualified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

Mr. Michael Fancher
The Capitalize Albany Corporation
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We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements as required by Government Auditing Standards. The report on internal control and compliance will include a statement that the report is intended solely for the information and use of management, the body or individuals charged with governance, others within the entity, and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties. If during our audit we become aware that the Corporation is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in Government Auditing Standards may not satisfy the relevant legal, regulatory, or contractual requirements.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. You are responsible for making all management decisions and performing all management functions relating to the financial statements and related notes and for accepting full responsibility for such decisions. Further, you are required to designate an individual with suitable skill, knowledge, or experience to oversee any nonaudit services we provide and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; for the selection and application of accounting principles; and for the fair presentation in the financial statements of the respective financial position of the Corporation and the respective changes in financial position and cash flows, where applicable, in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for ensuring that management and financial information is reliable and properly recorded. Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that we may report. You are responsible for the

Mr. Michael Fancher
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preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Audit Procedures – General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, Government Auditing Standards do not expect auditors to provide reasonable assurance of detecting abuse.

Because an audit is designed to provide reasonable, but not absolute assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Mr. Michael Fancher
The Capitalize Albany Corporation
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Audit Procedures – Internal Controls

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to Government Auditing Standards.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and Government Auditing Standards.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Corporation's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to Government Auditing Standards.

Engagement Administration, Fees, and Other

We understand that the Corporation's employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

The audit documentation for this engagement is the property of UHY LLP and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to your regulator or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of UHY LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by your regulator. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

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We expect to begin our audit on approximately February 2013 and to issue our reports no later than March 31, 2013. Alex Zhang is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

We estimate that our fees for these services will range from \$26,000 to \$32,000 for the audit. You will also be billed for out-of-pocket costs such as report production, word processing, postage, etc. The fee estimate is based on anticipated cooperation from the Corporation's personnel; timely responses to our inquiries; timely communication of all significant accounting and financial matters; and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with the Corporation and arrive at a new fee estimate before we incur the additional costs.

Our invoices for these fees are due and payable as of the invoice date and will generally be sent in advance of the scheduled work. In accordance with our firm's policies, work may be suspended if the Corporation's account becomes 60 days or more overdue and will not be resumed until the account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. The Corporation will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of additional series and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

UHY LLP has a contractual arrangement with UHY Advisors, Inc. and its subsidiary entities (collectively, "UHY Advisors") whereby UHY Advisors provides UHY LLP with professional and support personnel who perform services in connection with our engagements under the supervision of one or more of our partners. To avoid duplication of efforts arising out of this arrangement, and unless you indicate otherwise, your acceptance of the terms of this engagement shall be understood by us as your consent to allow us to make disclosures to UHY Advisors and its employees of confidential information that we may obtain from you in the course of our engagement.

UHY Advisors, Inc. and UHY LLP are U.S. members of Urbach Hacker Young International Limited, a UK company, and form part of the international UHY network of legally independent accounting and consulting firms. "UHY" is the brand name for the UHY international network. Any services described herein are provided by UHY LLP and not by UHY or any other member firm of UHY. Neither UHY nor any member of UHY has any liability for services provided by other members.

Mr. Michael Fancher
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As a result of our prior or future services to the Corporation, we might be requested to provide information or documents to the Corporation or a third party in a legal, administrative, arbitration, or similar proceeding in which we are not a party. If this occurs, our efforts in complying with such requests will be deemed billable to the Corporation as a separate engagement. We shall be entitled to compensation for our time and reasonable reimbursement for our expenses (including legal fees) in complying with the request. For all requests we will observe the confidentiality requirements of our profession and will notify the Corporation promptly of the request.

It is agreed by The Capitalize Albany Corporation and UHY LLP or any successors in interest that no claim by or on behalf of either party arising out of services rendered pursuant to this agreement shall be asserted more than one year after the date of the audit report or one year after the date of termination of UHY LLP's services if sooner.

If you hire an employee of UHY Advisors NY, Inc. or UHY LLP, at any time during our relationship, or within one year of the end of our relationship, you will be billed a normal contingency placement fee of 30% of that employee's first year salary with The Capitalize Albany Corporation. This placement fee will be paid to UHY Advisors NY, Inc. or UHY LLP. The fee is necessary to recoup a portion of training costs in experienced people. It will also allow coverage of part of the cost of replacing the departed employee and ensure that you will receive continued, uninterrupted, professional services.

If you intend to publish or otherwise reproduce the financial statements and make reference to our Firm name, you agree to provide us with printers' proofs or masters for our view and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on an internet website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2011 peer review report accompanies this letter.

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We appreciate the opportunity to be of service to The Capitalize Albany Corporation and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as describe in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

UHY LLP

AZ/bly

0404379.AUD.12

Enclosure

cc: Michael Yevoli, President

RESPONSE:

This letter correctly sets forth the understanding of The Capitalize Albany Corporation

MR. MICHAEL FANCHER
CHAIR, AUDIT COMMITTEE

DATE

MR. MICHAEL YEVOLI
PRESIDENT

DATE

October 30, 2012

Main 518 449 3166
Fax 518 449 5832
Web www.uhy-us.com

Mr. Michael Fancher
Chair, Audit Committee
The Capitalize Albany Corporation
21 Lodge Street
Albany, New York 12207

Dear Mr. Fancher:

This letter is to confirm and specify the terms of our engagement with The Capitalize Albany Corporation (the "Corporation") for the year ended December 31, 2012 and to clarify the nature and extent of the services we will provide. Also, by sending you this engagement letter, we have assumed that you are the person responsible for the tax matters of the Corporation. If this is not a correct assumption, please furnish us with the name of the individual with whom this work should be coordinated.

We will prepare the Corporation's federal Return of Organization Exempt from Income Tax (Form 990), and the Annual Filing for Charitable Organization (Form CHAR500) for the tax year ended December 31, 2012. We will not be responsible for preparing any other state filings that may be required for the Corporation unless you separately engage us to prepare such returns. The returns will be prepared from information that you furnish to us. Our work in connection with the preparation of your income tax returns does not include any procedures designed to discover defalcations or other irregularities, should any exist.

We will also be available to perform other services if necessary; however, these services will be discussed in detail prior to the engagement and will be added as an addendum to this letter. We will advise you where the tax law is unclear, or where there may be conflicts between the taxing authorities' interpretations of the law and other supportable positions.

The law provides various penalties that may be imposed when taxpayers understate their tax liability. If you would like information on the amount or circumstances of these penalties, please contact us.

Management is responsible for the proper recording of transactions in the books of accounts, for the safeguarding of assets, and for the substantial accuracy of the financial records. By accepting the terms of this engagement letter as described below, you certify that: (i) you will maintain substantiation to support all recorded expenses; and (ii) to the best of your knowledge, you have advised us of all of your gross income (and for which you have documentation) in the current tax year. You have the final responsibility for the accuracy of the income tax returns and, therefore, you should review them carefully before you sign and file them.

Your returns may be selected for review by the taxing authorities. Any proposed adjustments by the examining agent are subject to certain rights of appeal. In the event of such government tax examination, we will be available upon request to represent you and will render additional invoices for the time and expenses incurred.

Mr. Michael Fancher
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Our fees for these services will be approximately \$4,500 for preparation of the returns. Our fees are based on anticipated cooperation for your personnel and the assumption that unexpected circumstances will not be encountered during the review. Our invoices for these fees will be rendered each month as work progresses and are payable upon presentation.

Our fees for the above services will be based upon the amount of time required at standard billing rates plus out-of-pocket expenses. Our invoices for these fees will be rendered as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, you will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

In today's technological environment, businesses and individuals are continuously interacting through e-mail. This often involves sending data, documents, and other information, including sensitive tax and financial information. Although convenient, a business or individual that chooses to exchange such information via e-mail should ensure that their e-mail server and the information stored in their systems are secure. By providing your financial information to us for the preparation of your tax return you authorize us to send information to you (or to other authorized recipients) via the e-mail addresses that you provide. Our firm is not responsible for any transmission problems or the failure of you or any authorized recipient of the information to receive the file containing the information or maintaining the confidentiality of any information transmitted via e-mail or in the possession of you or any authorized recipient. You are solely responsible for (i) notifying the firm of the failure to receive your file containing the information so that a copy can be provided in an alternate form; (ii) the security of your e-mail server and for restricting access to your e-mail in order to maintain confidentiality of the information transmitted; (iii) storing the electronic file containing the information; and (iv) acquiring and maintaining the software needed to open and access the files containing the information.

If you hire an employee of UHY Advisors NY, Inc. or UHY LLP, at any time during our relationship, or within one year of the end of our relationship, you will be billed a normal contingency placement fee of 30% of that employee's first year salary with The Capitalize Albany Corporation. This placement fee will be paid to UHY Advisors NY, Inc. or UHY LLP. The fee is necessary to recoup a portion of training costs in experienced people. It will also allow coverage of part of the cost of replacing the departed employee and ensure that you will receive continued, uninterrupted, professional services.

UHY Advisors NY, Inc. has a contractual arrangement with UHY LLP whereby UHY LLP provides UHY Advisors NY, Inc. with professional and support personnel and performs all services in connection with our engagements for which licensure as a CPA firm is required. In order to avoid duplication of efforts arising out of this arrangement, we request that you consent to our sharing with UHY LLP the information that we may obtain from you in the course of our engagement. Unless you indicate otherwise, your acceptance of the terms of this engagement shall be understood by us as your consent to make disclosures to UHY LLP and its employees of confidential information that we may obtain in the course of our engagement.

Mr. Michael Fancher
The Capitalize Albany Corporation
October 30, 2012
Page 3 of 5

UHY Advisors NY, Inc. is subject to certain standards of conduct for preparing tax returns and potential penalties for not meeting those standards of conduct. In certain cases, we may be required to do additional work to determine if one or more of the tax positions in your return meets the reporting standards as required by the law. If we determine, in our sole discretion, that we may be subject to a preparer penalty due to a tax position in your return should it be filed with the Internal Revenue Service, you agree to either adequately disclose that position on your return or change the position to one that we confirm would not subject us to penalty. If you do not choose to change your position or adequately disclose the tax position so as to eliminate, in our sole opinion, our exposure to the preparer penalty, we, in our sole discretion and at any time, may withdraw from the engagement without completing or delivering tax returns to you. Such withdrawal will complete our engagement and you will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenses through the date of our withdrawal.

UHY Advisors NY, Inc. has historically adhered to the standards governing the confidentiality of taxpayer information as prescribed by the Internal Revenue Service, AICPA, state boards of public accountancy and other governing agencies. Internal Revenue Code ("IRC") Section 7216 and the related Treasury Regulations require that we obtain your affirmative consent to disclose or use your information obtained by us in the process of preparing your tax returns. IRC Section 7216 is intended to protect taxpayers' privacy and limit the use of their information for purposes other than tax return preparation. By signing this engagement letter, The Capitalize Albany Corporation agrees, for the period covered by this consent, to the disclosure and/or use by UHY Advisors NY, Inc. of any portion or all of its tax return(s) and tax return information which has been previously provided or will be provided to us for purposes of preparing or assisting with the preparation of the federal income tax return(s) for the tax year ended December 31, 2012 and any prior tax year, for the following purposes:

- Any disclosure or use in connection with the utilization of the services or expertise of one of UHY Advisors NY, Inc.'s domestic affiliated companies, UHY LLP, any independent member firm of UHY International, or any third party tax preparation providers in order to accurately and efficiently complete the tax return(s);
- Any disclosure or use in connection with the rendering of business, legal, accounting or other professional advice/services (including but not limited to bookkeeping assistance, the preparation or certification of financial statements, valuation services, financing, and legal services) to you by UHY Advisors NY, Inc., any of UHY Advisors NY, Inc.'s domestic affiliated companies, UHY LLP, any independent member firm of UHY International, or any other professional advisor to the Corporation;
- Any disclosure or use of your name, address, email address, and other contact information to entities that facilitate the distribution of information in connection with the development and dissemination of UHY Advisors NY, Inc.'s tax or similar updates, newsletters, and seminars that may be of interest to you; and
- Any disclosure by UHY Advisors NY, Inc. to any affiliated entity, UHY LLP, or third party accounting services provider (including but not limited to tax return preparation and documentation software providers, document imaging and storage providers, and financial data and reporting software providers) in connection with the common use by UHY Advisors NY, Inc., its affiliated entities, and UHY LLP of the same software programs (e.g., document management, tax return documentation and processing, and practice management programs) whereby tax return information contained in these

Mr. Michael Fancher
The Capitalize Albany Corporation
October 30, 2012
Page 4 of 5

software programs may be disclosed to any such affiliates, UHY LLP, and the third party service providers.

The above-referenced consent shall be valid hereafter until the Corporation provides written notice to us of its intent to terminate the consent. The Corporation may terminate the above referenced consent at any time by providing written notice to us.

The IRS and some states have promulgated rules that require taxpayers to disclose their participation in reportable transactions by attaching a disclosure form to their federal and/or state income tax returns and, when necessary, by filing a copy of that disclosure form with the IRS and/or the applicable state agency. These rules impose significant requirements to disclose certain transactions and such disclosures may encompass transactions entered into in the normal course of business. You are responsible for ensuring that you have properly disclosed all reportable transactions and that failure to make the required disclosures will result in substantial penalties. We will not be liable for any penalties resulting from your failure to accurately and timely file any required reportable transaction disclosure.

Unless outlined below or the subject of a separate engagement letter, the tax compliance services that are the subject of this engagement letter do not include any obligation on our part to identify any reportable transactions that have not been the subject of a prior consultation between you and us.

At the present time, we are not aware of any Corporation reportable transactions that require disclosure, and have not been informed about any such transaction that should be so disclosed. If you are aware of a transaction that may constitute a reportable transaction, you must inform us accordingly.

Any disclosure required by or made pursuant to the reportable transaction provisions is separate and distinct from any other disclosure that you might be required or choose to make with your tax returns (e.g., disclosure on federal Form 8275 or similar state disclosure). Unless specifically requested, this engagement letter does not cover such other disclosures. In no event will the tax assistance provided pursuant to this engagement letter encompass any analysis or advice with respect to any financial accounting information or disclosure.

UHY Advisors NY, Inc. provides certain non-attest services, while UHY LLP provides certain attest services. In order to maintain independence with respect to any attest services that UHY LLP may be providing, you agree to make all management decisions and perform all management functions, agree to assign a competent employee to oversee and evaluate the adequacy and results of the services that are provided, agree to accept responsibility for the results of those services, and agree to establish and maintain internal controls over the preparation of related financial information. We, in our sole professional judgment, reserve the right to refuse to do or permit any procedure or action that could be construed as being in violation of any of the aforesaid agreements.

The Internal Revenue Service and many State taxing authorities are mandating taxpayers to e-file their tax return. Accordingly, your eligible return(s) will be e-filed.

Mr. Michael Fancher
The Capitalize Albany Corporation
October 30, 2012
Page 5 of 5

This engagement letter and all services rendered hereunder shall be governed, construed, and enforced by the laws of the State of New York, without the need to resort to principles of conflicts of laws. New York State law shall apply to any legal proceeding that shall be instituted in any way arising out of this engagement letter, any obligations contained or allegedly contained herein, and all services rendered touching or relating in any way to the obligations of this engagement letter. All parties to this engagement consent to the jurisdiction of the federal and state courts located in New York.

By accepting the terms of this engagement letter as described in the following paragraph, you agree to indemnify us and hold us harmless from any liability and costs from misrepresentation of any item of income or expense, or any other information supplied to us, to prepare your tax return. Further, you agree that if any part of this engagement letter is found to be non-binding or illegal, all other parts hereof shall remain binding.

You may terminate this engagement letter at any time. Upon written notice of termination, we will stop all work immediately. You will be responsible for all fees and expenses incurred prior to our stopping work.

We shall be pleased to discuss this letter with you at any time.

If the foregoing is not in accordance with your understanding, please contact us immediately.

We want to express our appreciation for this opportunity to work with The Capitalize Albany Corporation.

Very truly yours,
UHY ADVISORS NY, INC.



Alex Zhang
Managing Director

AZ/bly
0404379.TAX.12
cc: Michael Yevoli, President

AGREED TO AND ACCEPTED BY:
The Capitalize Albany Corporation

MR. MICHAEL FANCHER
CHAIR, AUDIT COMMITTEE

MR. MICHAEL YEVOLI
PRESIDENT

DATE

DATE

**RESOLUTION 24-2012
OF THE
CAPITALIZE ALBANY CORPORATION**

WHEREAS, the Capitalize Albany Corporation is required to conduct an annual independent audit of the financial statements;

NOW, THEREFORE BE IT RESOLVED that the Capitalize Albany Corporation has authorized UHY, LLP to perform the necessary professional services to complete the audit of the financial statements, prepare the Corporation's IRS Form 990 filing and Form CHAR500 as of and for the year ended December 31, 2012. The estimated fee is \$30,500-\$36,500 plus out of pocket costs.

Signed: _____
Michael Yevoli, President

Date of Authorization: December 18, 2012
Prepared by Erik J. Smith

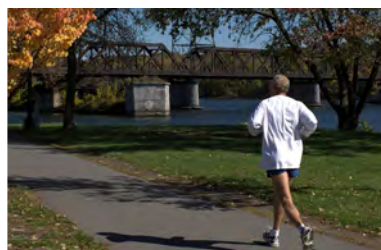
Capitalize Albany Corporation Board Meeting

December 18, 2012

Agenda Item #4: Downtown Tactical Plan RFQ Update

Materials:

- RFQ
- List of Top Consultants



REQUEST FOR QUALIFICATIONS (RFQ)

Building a Tactical Revitalization Plan for Downtown Albany, NY

December 14, 2012

RFQ prepared by Capitalize Albany Corporation

“There is no comparison to the energy of Downtown. Our clients, who come from across the State, are always impressed with the character and vitality of our neighborhood.”

Ryan T. Donovan, Esq.

Harris, Conway & Donovan
Downtown Office Tenant



What is Capitalize Albany Corporation?

Capitalize Albany Corporation is a registered 501(c) (3) not-for-profit organization which implements programs and resources that create, retain, and attract business in the City of Albany.

Capitalize Albany Corporation achieves this through its facilitation of transformational development projects identified as priorities by the corporation's planning efforts, such as the "Capitalize Albany" initiative - the City of Albany's economic development strategy.

Founded in 1979, as the Albany Local Development Corporation, the organization changed its name in 2009 to better reflect its role as an economic development engine in the capital city. Capitalize Albany Corporation is governed by a Board of Directors comprised of regional business, financial and academic leaders with the power to control and manage the affairs and assets of the Corporation.

The Corporation operates as a self-sufficient entity with funding for its activities derived from several sources including loan repayments and recapitalization, real estate and project development revenues, fees for services, grant proceeds, and membership dues.

Introduction

Capitalize Albany Corporation, with the assistance of its project partners, is seeking an innovative multi-disciplinary consultant team to 1) craft a clear vision for the revitalization of downtown Albany, 2) develop a detailed tactical revitalization plan, and 3) provide preliminary assistance with the implementation of the plan to ensure the achievement of the vision.

The first step in the multi-step process to select the consultant team is the issuance of this Request for Qualifications (RFQ). The purpose of the RFQ is to 1) ascertain qualifications of each potential team as it pertains to their experience with detailed plan development and implementation for revitalizations of downtowns, and 2) obtain an expression of interest and general information from each potential team as it pertains to recommended strategies and processes for plan development and implementation. The information provided by each respondent will not only be used to select the finalists that will participate in a subsequent Request for Proposals (RFP), but will ensure that the RFP has a solid framework – a major component that will affect the overall success of the endeavor.

Summertime event at the Hudson Riverfront Park



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Welcome to Downtown Albany

The heart of the Capital District and New York's Tech Valley -
Innovative Companies, Vibrant Activities, Valuable Opportunities

Albany, the capital of the Empire State and the heart of New York's Capital District, is much more than a star on a map. It is a collection of unique, vibrant neighborhoods with a deep rooted history and an exciting future. The historic City is an anchor of New York's Tech Valley and a global center of nanotechnology, situated along the beautiful Hudson River and conveniently amid the Northeast's largest and most economically promising cities. Along with state and local government, Albany – specifically downtown – is home to numerous world class businesses including regional headquarters of financial institutions, law firms, and Fortune 500 companies.

In recent years Downtown Albany has seen more than \$200 million in commercial development and a dramatic increase in vibrancy and foot traffic. This investment, in turn, has spurred the development of more than \$35 million of new residential units in the City's urban core.

Such growth, especially during one of the toughest economic times since the Great Depression, is the result of strong commitments made by both the public and private sector. Both sectors are redoubling their focus on the central business district and seeking ways to further their commitment to continue to grow Downtown Albany into a vibrant 24/7 urban neighborhood, a strong regional center of business, and an exciting entertainment destination.

While Downtown has been making significant and steady progress, it is undoubtedly at a pivotal moment in its transformation. City stakeholders have taken a significant step by recognizing that immediate action is necessary to obtain a unified vision, address underlying issues, and build upon opportunities as they relate to the revitalization of Downtown. Instituting an actionable tactical plan supported by City stakeholders would offer the necessary framework that would not only guide

Lunch time on North Pearl St.



Painting in Tricentennial Park at Union Station



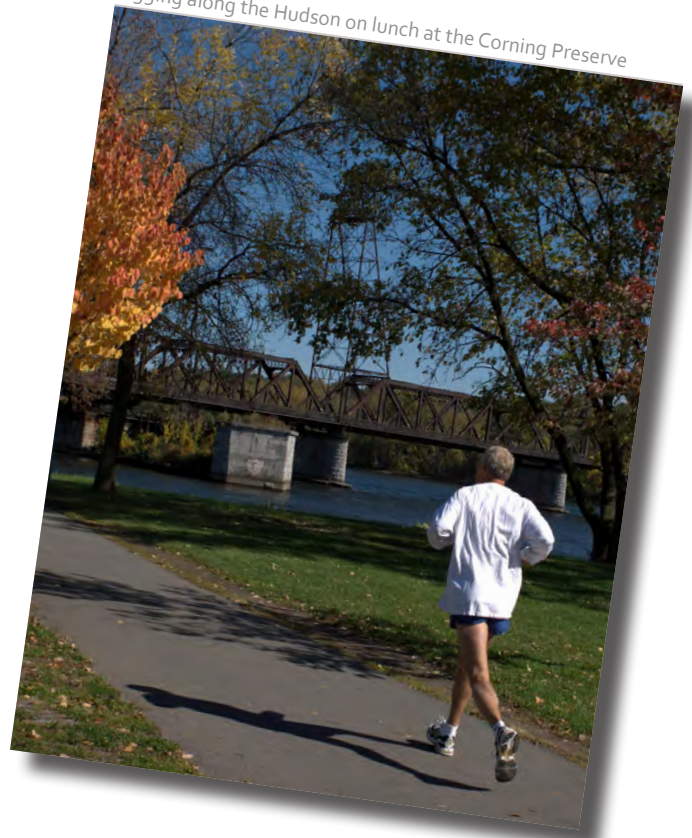
future revitalization efforts, but ensure that Downtown continues to move toward realizing its full potential as the Region's downtown.

To make this possible, Capitalize Albany Corporation and select key partners will oversee a process designed by the multi-disciplinary consultant team to engage multiple stakeholder groups – including local government, private sector, philanthropists and citizens. The appropriate type and amount of involvement by stakeholders is imperative to creating a truly comprehensive plan that will usher in the strong partnership necessary to ensure success during the implementation stage of the plan.

Therefore, it is crucial that the multi-disciplinary consultant team possess a clear understanding of the desired results set forth in this RFQ, and the RFP to follow, as it makes determinations on what is important, what solutions are

available, and what is feasible as it pertains to both the process to create the plan and the plan itself.

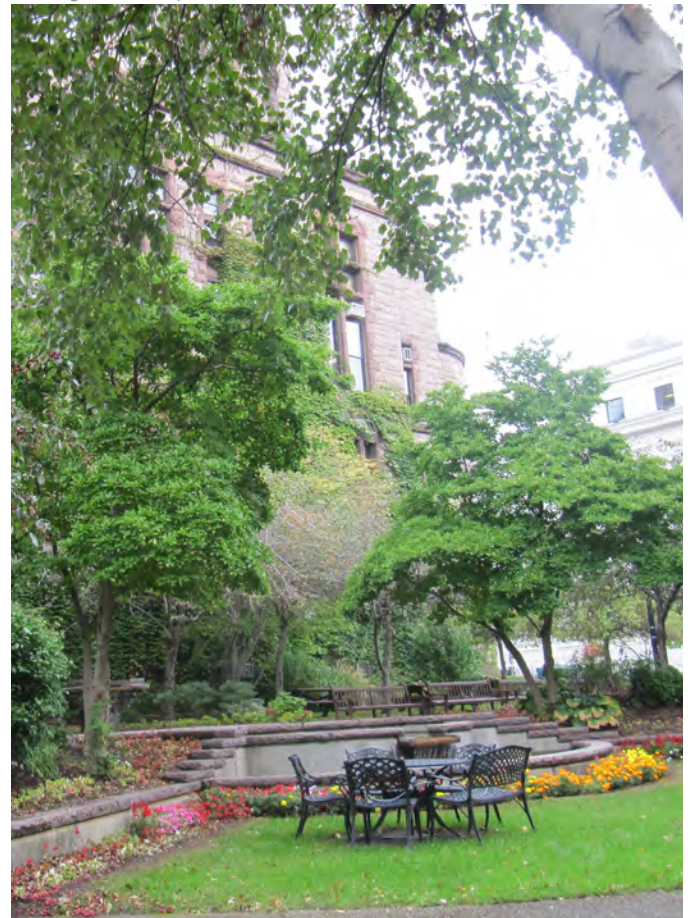
Jogging along the Hudson on lunch at the Corning Preserve



Alive at 5 concert at the Hudson Riverfront Park



Corning Park at City Hall



Downtown at a Glance

Everything you need to know about your Albany's newest neighborhood.



Downtown Albany - Everything Here.

With more than 300 businesses and services - ranging from financial institutions, to architecture and engineering firms, to startup software companies, to independent retail shops, to government and finance - Downtown Albany has everything just steps away from your new front door.

Diversify Lunch.

85+ Restaurants, taverns & eateries
Seven coffee shops
More than a dozen banks
Ten salons and barbers
Pedestrian bridge to Riverfront Park
Specialty, clothing & retail stores
Six art galleries

Be Active.

Hudson River Bike/Hike Trail
Weekly farmer's market
Albany Devils hockey
Siena Basketball
Four full-service fitness centers
Two travel agencies
Albany Rowing Center

Celebrate Convenience.

More than a dozen banks
US Post Office
Copy centers
Pharmacy
Dry cleaning
Six hotels and inns
17 public parking lots/garages

Get Out After Five.

Alive at Five Concert Series
Capital Repertory Theatre
Palace Theatre
Times Union Center
Restaurant Week
First Fridays gallery tours
Sculpture in the Streets
Networking events

In Good Company

250 Companies
11 Fortune 500 Companies
Top 3 SBA Lenders
3 of Top 5 CPA Firms
5 of Top 10 Financial Planning/Advisory Firms
4 of Top 10 Stockbrokerage Firms
2 of Top 5 Commercial Mortgage Lenders
6 of Top 10 & 17 of Top 50 Law Firms
3 of Top 8 Intellectual Property Law Firms
9 of the top 10 Lobbying Firms

Superlatives

America's Best Places to Raise a Family : Forbes
#9 - Albany-Schenectady-Troy

Best Bang-for-the-Buck Cities: Forbes
#30 - Albany-Schenectady-Troy

Green Cities Index: American City Business Journals
#10 - Albany

Best Markets for Young Adults: Portfolio.com
#24 - Albany

Strongest Performing Metro Areas: Brookings
Top 25 - Albany

Did you know?

Located along the banks of the historic Hudson River, Downtown Albany is easily accessible via a system of major highways and state and local arterials, including I-787, I-87 and I-90 and Routes 9, 20 and 85. Albany boasts one of the shortest driving commutes, averaging 21 minutes.

Downtown Albany is the pulse of Tech Valley, a region ranked Number One for Green Jobs per Capita by The Business Review's Green Cities Index, Top 25 for small business vitality by American City Business Journals Inc., and Top 15 of America's Most Innovative Cities by Forbes Magazine.

With businesses ranging from regional headquarters of financial institutions and law firms to independently owned retail shops and startup software companies, downtown Albany offers a diverse and electrifying business atmosphere.

Whether you are starting a business, relocating, or expanding your current business, downtown Albany is ideally situated at the center of government, technology, entertainment, and culture.

Downtown Albany is where you will find unparalleled access to labor, transportation, technology, and services, as well as history, entertainment and fine dining making Downtown Albany the center of opportunity in New York State and the Northeast.

Albany's Newest Neighborhood

Downtown is buzzing with new activity 24/7 due to the recent boom in residential development. The Capital City's central business district is home to more than 200 new residential units, with more in the pipeline - drawing young professionals, empty nesters and everyone in between.

Downtown apartments and condos are filling up as soon as they become available, with an impressive 97% occupancy rate and waiting lists for the most desirable addresses. Developers are looking for new opportunities to add to the \$35 million of private residential development recently invested.



“ARAMARK has made Downtown Albany our home for the last 21 years, as our office location is a convenient walk to all the amenities that we find important to a business. Our employees enjoy having a wide selection of dining, entertainment and hotel establishments a block or two away.”

John Mikullitz

Northeast Director, Engineering Solutions-ARAMARK
Downtown Office Tenant



Background

Building upon a currently instituted framework

Up to this point, a detailed plan specific to only Downtown's boundaries has not been undertaken or instituted. Even without such a plan Downtown has been, and will continue to be, shaped by other local plans and previous successful initiatives. It is these plans and initiatives that have provided the general framework that has helped to guide new businesses and investment, along with other applicable resources, into Downtown.

A significant guiding force is the Capitalize Albany Plan – the Albany's citywide economic development strategy. The initial plan was released in 1996 after a two year committee-driven effort that involved the input of business and community leaders, as well as key City stakeholders. The Plan recognized the health of Downtown as being a significant factor in the overall welfare of the City. It called for the diversification of Downtown to include a more vibrant mix of businesses, residential, retail, cultural, and waterfront recreation. Since its release in the mid-nineties, the Capitalize Albany Committee has reconvened and updated the strategy twice.

The impact and results of the Capitalize Albany Plan have yielded tremendous benefits – with more than \$200 million of investment in Downtown to date. The Hudson waterfront, which due to the placement of Interstate 787 once required a trip by car from downtown, is now just a walk across the Hudson River Way Pedestrian Bridge. With the addition of such amenities as an 800 seat outdoor amphitheater, educational visitor center, and bike trails tens of thousands of people are finding their way back to this City treasure annually.

The Albany Plan brought thousands of daytime employees downtown through the construction of new class A office space and a renewed commitment from New York State. Another notable success story is downtown residential development which has seen remarkable progress over the past five years. Downtown is now home to more than 200 new residential units with an investment value of more than \$35 million. With these new apartments and condos filling up – boasting an impressive 97% occupancy rate – the pipeline of projects continues to grow. These pivotal projects and others are illustrated in the Downtown Investment Map on page 7.

Despite these positive trends, Downtown Albany still faces challenges similar to all mid-size northeastern cities. Because much of the building stock in Downtown is historic, it is difficult to accommodate modern floor plates and layouts, leaving Downtown with a glut of vacant Class B and C office space. While Class A space is performing well, the commercial market is competing with regional suburban amenities and lower costs - not the least of which are perceptions related to parking. Additionally, retail tenants, while increasing, have been slower than desired to move back into Downtown. Although a number of large projects that were stalled by the global financial collapse several years ago are back under development, the construction of Albany's convention center has yet to be green-lighted. This major project, and the significant development site assembled for it, presents challenges and opportunities for the next phase of Downtown transformation.

Going forward, Downtown will also be affected by the City's first comprehensive plan. Adopted in 2012, Albany 2030 built a framework for the City's future based on extensive research and innovative approaches to community input over a three-year advisory board-guided process. The Plan will be used to guide local (re)development and (re)investment in a manner that meets the needs of residents, businesses and other stakeholders while maintaining and elevating the City's character, quality of life, and environmental and fiscal health. In addition to the revitalization expected to occur as a result of Albany 2030's implementation, its guiding principles and goals must be taken into account for future initiatives and development throughout the City.

Therefore, it is important that the multi-disciplinary consultant team possess a clear understanding of these plans – as well as plans associated with the diverse neighborhoods surrounding Downtown – and their potential effect/ influence on the creation and implementation of the tactical plan for Downtown.

Tactical Plan Area

Capturing the potential of Albany's urban core

The scope of this plan will include the greater Downtown Albany area, which builds upon the boundaries of the Downtown Albany Business Improvement District. The plan area includes the City's historic central business district as well as incorporating the Hudson riverfront and increasingly active North Warehouse district – two unique opportunities to increase the vitality of the plan area and grow the tax base.

Within the boundaries lie new commercial office buildings; significant historic architecture; centers of state, county and local government; diverse arts and entertainment destinations; world-class dining establishments; newly-developed residential offerings; parks and recreation facilities; and access to the Hudson River. The plan area also includes several exciting development opportunity sites and underutilized buildings with potential for re-use. The plan will identify these sites and suggest strategies for their redevelopment.

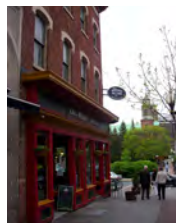
Downtown Albany is surrounded by the historic, mixed-use neighborhoods of Arbor Hill, Sheridan Hollow, Capitol Hill, Center Square and the South End. The connections between these neighborhoods and Downtown will be recognized by the plan, and recommendations for maximizing the neighborhoods' relationships to the plan area will be made.

The Downtown Albany tactical plan Preliminary Map (page 9) illustrates the study area, surrounding neighborhoods, and key nodes and corridors within the district. The Downtown Investment Map (page 7) highlights major projects developed or underway throughout Downtown that will serve as the foundation for future revitalization.

Convention Center site



Merry Monk Pub



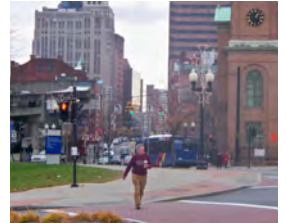
Historic State St.



C.H. Evans Pump Station Brewery




North Pearl St.



Aerial view of Downtown looking west

Preliminary Map

 Downtown Albany Tactical Plan Area

 Key Node

Significant Site/
Area of Interest



Connection of Interest

 Neighborhood

Surrounding Neighborhood



Neighborhood Connection



Expectations for the Tactical Plan

Building inspiring strategies for maximizing & achieving Downtown's potential

It is expected that the breadth and depth desired for this plan will require a dynamic, multi-disciplinary team capable of providing bold, creative and actionable recommendations that honor Downtown Albany's rich history, capitalize on current momentum and maximize its future potential as the heart of New York State's "Tech Valley." The plan will bring Downtown's diverse stakeholders together to build a vision for the plan area's future and commit to strategies that will achieve cross-sector success.

The tactical plan will be an inspiring document that, through its implementation, will position Downtown's future as the ideal urban center – a strong economic hub, a vibrant neighborhood and a modern, dynamic destination. The objectives and strategies built into the plan should target attracting a new generation of talent and organizations in addition to its focus on the strengthening and revitalizing the built environment. The plan will capitalize on the City's 400-year history and its inherent assets, while identifying a target niche that appeals to modern urban sensibilities and maximizes local impact of Tech Valley's technological boom.

Implementation of the plan will create an environment that grows the tax base and attracts and retains workforce talent and commercial enterprises; young professionals, families and empty-nesters; residential developers; new businesses and retailers; and entertainment venues. The action-oriented plan will strengthen Downtown's identity and economic vitality through the following key components:

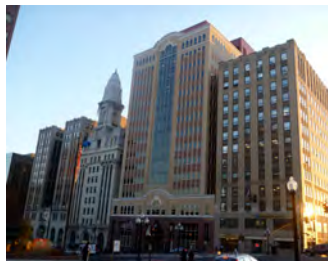
Long-Range Vision

While the majority of this plan's focus is expected to be on detailed, action-oriented strategies to achieve the goals developed by the planning process, the plan should include and be guided by a long-range vision for Downtown Albany. Since the inception of the Capitalize Albany economic development strategy nearly 20 years ago, revitalization efforts in Downtown have shown tremendous results. This plan should serve as the blueprint of how to build from these successes and define what Downtown should be striving toward throughout the next decade. In other words, this plan should not only show Downtown Albany how to take its renaissance to the next level – it will also define what the next level should be.

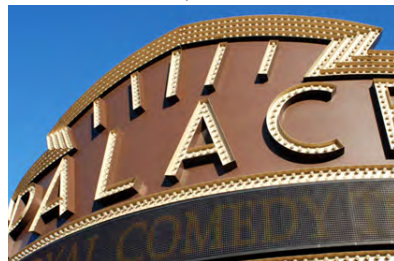
One of Downtown's premier galleries



State St. offices



Palace Theatre marquee



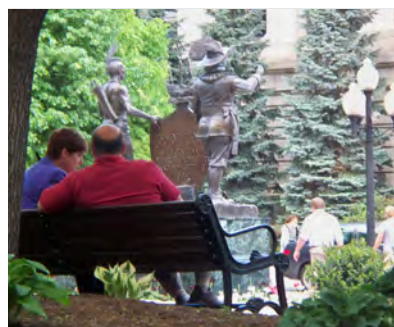
10



Jack's Oyster House on historic State Street



Broadway



Tricentennial Park



Olde English Pub at Quackenbush Square

Market Driven Recommendations

While public sector involvement remains a critical component of Downtown's revitalization, the private sector has been identified as the main driver for future efforts. The plan will assess current market conditions and existing stakeholders and provide development options for ambitious, large-scale anchor projects on sites identified as opportunities. The plan will also identify ways to jump-start private sector investment through the development of incentives that will maximize return on public investment. These projects and incentives must be based on realistic market capture rates and sound market research.

Community Engagement

Like any central business district, Downtown Albany is composed of diverse stakeholders in all sectors. The success of this plan will depend on buy-in from these stakeholders earned through a transparent and participatory process. It is anticipated that the process will be guided by both a steering committee as well as a diverse advisory committee selected for their expertise, however efforts must be made to include the insight of the wider downtown community. The vision for Downtown should be built from the input of these stakeholders, and proposed strategies should include defined roles for these constituents. Creative opportunities for stakeholder input should be available throughout the planning process.

Clear and Concise Objectives and Strategies

The completed plan will incorporate best practices in economic development and downtown revitalization, but should also provide an assessment of regional competitors for retail, office, residential and destination tenants. This analysis should include assessments of assistance and incentives offered; parking availability, cost and structure; promotional and marketing efforts; and cross-sector performance. The plan will describe lessons to be learned from this assessment as well as niches that can be filled in a region saturated with revitalizing downtowns.

Comparative Analysis of the Competition

The plan is expected to have both breadth and depth in order to set a vision to strive for, as well as clear actionable objectives and strategies that will help Downtown's stakeholders reach that vision. The strategies outlined in the final plan must go beyond generalized suggestions. These detailed strategies will have a significant level of buy-in from the community, generated through the engagement process, and will be presented in an understandable and results-oriented manner enabling them to be executed swiftly and efficiently.

Implementation Plan

The implementation plan is a critical component of the final product. The implementation plan will outline prioritized, actionable strategies that define the roles and responsibilities of all stakeholders. The implementation plan will be results-oriented and detail a step-by-step framework for execution of the strategies. This element will also define any ongoing development role for the consultant team in plan implementation.

Desired Potential Components

Financial Assistance Options: tax incentives, project financing, grants

Development Projects: infrastructure, commercial, residential and public space

Marketing and Promotion Strategies: placemaking, attraction, identity

Quality of Life Strategies: safety, maintenance, arts, entertainment and events

Labor & Talent Objectives: target market attraction, retention, development

Fiscal Responsibilities

This plan will be a bold, aggressive and creative roadmap to achieve dramatic and transformational results in Downtown Albany, while proposing an executable, action-oriented strategy for implementation. It, therefore, must strategically plan for efficient use of limited public resources and maximize leveraging of private investment. The plan will develop a funding strategy for the proposed objectives, projects and strategies through analysis of existing tools and development resources and recommendations for the type and structure of future financing tools and development incentives.

Submittal Requirements

All responses to the RFQ shall include the following information:

- Profile of multi-disciplinary team, including indication of the lead firm, the role of each firm on the team, and an organizational chart
- Information on each firm of multi-disciplinary team, including the name of the firm, year established, and a brief resume for the firm's principals
- Description of multi-disciplinary teams qualifications for the development of a downtown revitalization tactical plan, including a description of relevant experience on similar projects for each firm on the team
- Names and contact information for specific staff members who are anticipated to be assigned to the project by each firm, their role in the project, and a detailed resume listing their individual work experience in this role on similar projects
- A minimum of three (3) professional references for whom a similar project has been completed within the last three (3) years
- General description of recommended approaches, processes and deliverables for the tactical plan based on the premises described above, including a recommended general timeline for the completion of the consultant team's recommended deliverables.

All information submitted becomes property of Capitalize Albany Corporation. The Corporation reserves the right to issue supplemental information or guidelines relating to the RFQ as well as make modifications to the RFQ during the proposal preparation period. Once submitted, the consultant team (including specific staff assigned to the project) may not be changed without written notice to and consent of the Corporation. All costs incurred in the preparation of the submittal and participation in the selection process is the sole responsibility of the consultant team.

To the fullest extent permitted by law, the consultant, its agents and assigns shall defend, indemnify, and save harmless Capitalize Albany Corporation, its officers, employees and agents, from and against all claims, actions, causes of action, injuries, damages, losses, liabilities, and expenses (including, without limitation, reasonable attorney's fees and court costs) or other liabilities of any kind and character which arise out of or result from work under this engagement, other than claims for Capitalize Albany Corporation's own negligence. This indemnification shall survive the expiration or earlier termination of this engagement.

Respondents should submit one (1) digital copy (PDF), one (1) printed original and fifteen (15) printed copies of the submittal by 5:00 p.m., Friday, January 11, 2012 to:

Sarah M. Reginelli
Director of Economic Development
Capitalize Albany Corporation
21 Lodge Street
Albany, NY 12207
518.434.2532

Conditions for Submittal

Respondents are responsible for reviewing and certifying compliance with the Capitalize Albany Corporation conditions of submittal. Full conditions for submittal can be found at www.CapitalizeAlbany.com. Any supplemental information or guidelines relating to the RFQ will be posted to this link, and respondents are responsible for checking this link for updates.

Evaluation & Selection Process

Respondents to the RFQ will be evaluated based upon:

- The consultant team's qualifications and experience with similar projects, including experience with both detailed plan development and plan implementation
- The qualifications and experience of the specific staff assigned to the project
- Demonstrated capacity to be creative and innovative, and use strategic and effective approaches that result in an implementation-ready plan
- Demonstrated capacity to creatively, efficiently and effectively involve and communicate with diverse stakeholders
- Demonstrated understanding of the project and awareness of the project area
- The consultant team's recommended strategies and processes for tactical plan development and implementation

The most qualified teams will be selected for further participation in the selection process and will be invited to submit a detailed proposal with an itemized scope of work, finalized team and staff assignments, specific deliverables, budget and time schedule. The teams selected for further participation in the selection process are tentatively scheduled to be notified and distributed a Request for Proposals (RFP) on January 25, 2012. Responses to the RFP are tentatively scheduled to be due by February 18, 2013.

The top-rated respondents to the Request for Proposals will be invited to Albany for interviews. Notification for these respondents is tentatively scheduled for February 26, 2013. The interviews are tentatively scheduled for the week of March 11, 2013. The interviews will be conducted by a selection team comprised of representatives from the project partners.

Following the interviews, one team will be selected to negotiate a final contract for services. The final scope of work with specified deliverables may be modified through negotiation of the final contract. Final contract approval by the Capitalize Albany Corporation Board and Steering Committee is tentatively scheduled for April 3, 2013.

Information Available

Information regarding project partners, downtown Albany, destinations within downtown, and neighborhoods surrounding downtown can be found at the following links:

- | | |
|---|--|
| • Capitalize Albany Corporation | • Palace Theatre |
| • City of Albany | • Capital Repertory Theatre |
| • Downtown Albany BID | • Center Square Neighborhood Association |
| • Albany County Convention & Visitors Bureau | • Mansion Neighborhood Association |
| • Albany Colonie Regional Chamber of Commerce | • South End Neighborhood Association |
| • Albany Convention Center Authority | • Washington Square Neighborhood Association |
| • Times Union Center | • Capital District Transportation Authority (CDTA) |

Information regarding plans and/ or research completed on the city, downtown Albany, and neighborhoods surrounding downtown can be found at Capitalize Albany Corporation's website www.CapitalizeAlbany.com.

- | | |
|---|--|
| • Capitalize Albany Plan | • Arbor Hill Neighborhood Plan |
| • Albany 2030 Comprehensive Plan | • South End Neighborhood Plan (Capital South Plan) |
| • Downtown Residential Market Analysis | |
| • Corning Preserve & Albany Riverfront Plan | |
| • Brownfield Opportunity Area Assessment | |

Downtown Albany is at a pivotal moment in its transformation. Recent years have brought more than \$200 million in commercial development to Albany's central business district, investment which has spurred more than \$35 million of new residential units in the City's urban core. This growth was generated by strong commitments by both the public and private sectors to ensure that the heart of the Capital District becomes a vibrant 24/7 neighborhood, a thriving center of business and an exciting entertainment destination.

While Downtown is showing remarkable progress, the partners championing Downtown's revitalization continue to work toward realizing the full potential of Tech Valley's Main Street.



Capitalize Albany Corporation
21 Lodge St., Albany, NY 12207
Development@CapitalizeAlbany.com
518.434.2532



CAPITALIZE ALBANY
CORPORATION
www.CapitalizeAlbany.com

Camoin Associates

Client-focused. Results-driven. We provide the tools you need to compete in today's ever-changing economy.

Realize your economic development vision with support from Camoin Associates. We assist state governments, municipalities, businesses, developers and organizations with projects from planning to implementation to evaluation. We provide our clients with data analysis and research expertise, all with a dedicated customer service focus. We discover the key information, the defining arguments and reveal the financing programs best suited for your projects.

Camoin Associates has extensive economic development strategic planning experience and has developed a process that includes educating stakeholders on current economic development theory and practice, input and consensus building, commercial and retail market analysis, economic and demographic analysis, cluster analysis, SWOT identification, vision formulation based on feasible opportunities and the development of goals and detailed action plans.

The economic development strategies prepared by Camoin Associates typically build upon a comprehensive analysis of economic data, workforce knowledge and skill base assessment, market opportunities and other economic characteristics that contribute to competitive advantages.

<http://www.camoinassociates.com/>

Clients: <http://www.camoinassociates.com/edo.aspx>

Locations:

Saratoga Springs Office
120 West Avenue, Suite #303
Saratoga Springs, NY 12866
(518) 899-2608
(512) 777-5045 fax

Scarborough Office
201 US Route 1, #222
Scarborough, Maine 04074

CEOs for Cities

CEOs for Cities is a learning partnership network that connects civic CEOs and urban leaders to each other and to smart ideas and practices for making cities successful. We connect across sectors, borders, levels and generations in more than 60 North American cities. Our mission is to be a strong, deep, and broad global, cross-sector, cross-generational, inter-connected network that serves as a cutting edge online and face to face platform and collaborative infrastructure for making American cities more vibrant, sustainable, and economically competitive and successful, with a focus on investing in the distinctive assets of cities.

In addition to its groundbreaking research and programming, CEOs for Cities is available to work with urban leaders in responding to the emerging opportunities in their cities.

<http://www.ceosforcities.org/>

Location:
CEOs for Cities
Harris School of Public Policy
University of Chicago
1155 East 60th St., Suite 206B
Chicago, IL 60637
tel +1 773 795 1409
Aishika Davis, Director of Operations

The Chesapeake Group Inc.

Throughout the West Coast, Midwest & East Coast regions of this country, THE CHESAPEAKE GROUP has been involved with numerous successful downtown, community and neighborhood revitalization efforts in communities ranging in population from 500 to millions. All have different market forces and unique qualities.

“City” markets, festival markets, seasonal kiosks and carts, farmers’ markets, specialty centers, mixed-use centers, and factory outlet centers are all part of the changing opportunities within urban, outer urban, suburban, and rural settings. Reuse and re-marketing of regional and community scale shopping centers are essential components of creative commercial development. TCG’s efforts have often been pioneering.

Communities throughout the country are integrating commercial recreation and entertainment into exciting complexes with retail, restaurants, offices, and housing. TCG has identified opportunities and assisted with the development or repositioning of family entertainment centers, themed development, movie theaters, sports complexes, museums, as well as other activity oriented toward resident and visitor markets.

<http://www.chesapeakegroup.com/index.html>

Downtown Examples:

<http://www.chesapeakegroup.com/downtowns.html>

Full List of Clients:

http://www.chesapeakegroup.com/client_list.html

Location:
8516 Greens Lane, Baltimore, MD 21244
1-800-745-0185 Fax: 410-521-0480

Development Concepts, Inc.

DCI provides redevelopment, revitalization, and economic development strategies for public, private, and not-for-profit clients. DCI recognizes that there is no one-size-fits-all approach to planning and redevelopment; we create plans that are responsive to our client’s needs. DCI has crafted a

collaborative approach to planning that engages the community and analyzes the physical and market conditions that shape the community. DCI specializes in crafting market based strategies that elicit true economic vitality and enhance the quality of life for our clients. Our experience as both planners and real estate developers allows us to bring a unique real-world perspective regarding the viability of development and redevelopment opportunities to our clients. Our services deliver active working tools that include the critical components necessary to achieve results.

Development Concepts, Inc. (DCI) is an Indianapolis, Indiana based planning and development services firm that bridges the gap between planning and development. We are a team of developers and urban planners with decades of professional experience in the public and private sectors. We believe that sustainable investment cannot occur without good planning and an understanding of the marketplace. At DCI, we measure our success by what happens after our work is done. Since 1991, DCI has led teams involved in billions of dollars in local, regional, and national investment and development activity.

Location: Indianapolis, Indiana

Website: www.development-concepts.com

Downtown Works

Downtown works analyzes retail, strategizes on transformation, and helps towns and cities realize vibrant, vital downtowns. Downtowns are activated by a vibrant mix of shops and restaurants; arguably the most visible of all urban land uses, retail is a critical component of a healthy commercial district. Consulting firm downtown works conducts retail market analyses, creates strategies, and develops merchandise mix plans for downtowns; we guide our clients in the launch of recruitment programs and help realize their successful implementation. Downtown Works is passionate about downtowns. With a focus on retail, we are skilled in all phases of consulting for large urban markets, smaller business-improvement districts and private developers. Our team's broad experience extends to strategies and concepts in close collaboration with developers, civic groups, urban planners and design professionals.

http://www.dtownworks.com/Downtown_Works/home.html

Location:

8238 Germantown Avenue Philadelphia, PA 19118

Ph. (267)549-7528

HR&A Advisors

HR&A's work unlocks the potential for economic growth through revitalization projects ranging from small neighborhoods and communities to large metropolitan regions. HR&A is an industry leader in developing strategies to stimulate transformative growth. We have worked in cities and towns across North America, and around the world to create strategies that leverage unique opportunities and assets in order to create new economic vitality. HR&A has extensive experience leading the implementation of economic revitalization plans.

We have secured and structured funding for economic development projects, leveraging public funding opportunities and government incentive programs. We also understand that governance is a crucial component of implementation, and have helped clients create and enhance organizational capacity to be advocates for and managers of economic development efforts.

HR&A Advisors, Inc. (HR&A) is an industry-leading real estate, economic development and energy efficiency consulting firm. We have provided strategic advisory services for some of the most complex mixed-use, neighborhood, downtown, campus, and regional development projects across North America and abroad for over thirty years. We understand the importance of linking accretive private investment with public resources to support investors and communities' responsibilities and aspirations. Location: New York, New York

Website: www.hraadvisors.com

LiveWorkLearnPlay

LiveWorkLearnPlay is an international real estate advisory and development firm, dedicated to creating and redeveloping iconic mixed-use environments. LiveWorkLearnPlay's experts focus on conceptualization, planning, development, marketing, leasing, sales, activation, governance and asset maximization of large-scale mixed-use real estate projects and neighbourhoods.

With more than 80 years of combined experience in 9 countries, LiveWorkLearnPlay is recognized as a world leader in creating the heart of communities: villages, downtowns, main streets, waterfronts, town centres, plazas, town squares, college towns and university districts.

We are advisors, planners, developers, activators and placemakers. Our work is integral to the development or revitalization of authentic, timeless communities built on dynamic real estate projects that deliver diverse main streets, plazas, squares, town centres, urban villages and mixed-use neighbourhoods. We apply strategic and collaborative processes to every mixed-use project, to arrive at feasible solutions for today's market realities. Our services include: Real estate consulting/advisory, Leasing, sales & activation and Master development services

<http://www.lwlp.com/>

Projects: <http://www.lwlp.com/works/revitalization.html>

Location:
LWLP Austin
411 Brazos Street, Suite 99
Austin, Texas 78701

Market Street Services

Developing strategies for economic, community, and workforce development. *Market Street Services* brings original insights and clarity to the evaluation and revitalization of the places where people live, work, and grow. *Market Street* inspires trust in all community stakeholders-citizens, educators,

leadership and industry-because our holistic, proactive process takes into account all the aspects that shape community life. Through honest and informed assessments, *Market Street* can equip you with the tools to create meaningful change. Our solutions successfully merge our practitioner-based perspective and deep experience with your economic and social realities. Since the firm's founding in 1997, *Market Street* has worked in more than 140 communities in 32 states.

<http://www.marketstreetservices.com/>

Services

<http://www.marketstreetservices.com/services>

Client List

<http://www.marketstreetservices.com/clientlist>

Location

730 Midtown | 730 Peachtree Street | Suite 540 | Atlanta, GA 30308

MIG

MIG focuses on developing innovative, sustainable and implementable plans based on performing detailed technical planning and design as well as building wide-spread community support. Our approach emphasizes strategic implementation resulting in new policies, programs and projects that directly and tangibly impact communities. This includes building in tools to create new public and private sector investments in the near term; providing guidance for staff in assessment of future development initiatives; building capacity to optimize scarce City and stakeholder resources; and aligning the right partners to catalyze real, lasting change.

Since it was founded in 1982, MIG has focused on planning, designing and sustaining environments that support human development. We embrace inclusivity and encourage community and stakeholder interaction in all of our projects. For each endeavor — in planning, design, management, communications or technology — our approach is strategic, context-driven and holistic, addressing social, political, economic and physical factors to ensure our clients achieve the results they want.

Location: Berkeley, California

Website: www.migcom.com

Mt. Auburn Associates

For 25 years, Mt. Auburn Associates has helped clients across the United States make the most of opportunities for economic growth and workforce development.

Our services range from strategic planning to the evaluation of a full spectrum of workforce, economic development, and community development projects. Over the past decade, Mt. Auburn has been a thought leader and innovator in the creative economy field, as well as in workforce development, and understanding and organizing industry clusters.

When economic opportunity is the goal, Mt. Auburn Associates provides the strategy, experience, and creativity to make critical initiatives succeed.

The scope of the firm's work ranges from broad-based economic development planning to more narrowly-focused planning efforts involving workforce development, commercial revitalization, entrepreneurship and small business development, development finance, and industry "cluster" development.

<http://www.mtauburnassociates.com/index.htm>

Clients: <http://www.mtauburnassociates.com/clients.htm>

Location

408 Highland Avenue

Somerville, MA 02144

Phone: (617) 625-7770

Progressive Urban Management Associates

PROGRESSIVE URBAN MANAGEMENT ASSOCIATES is a consulting firm providing management, marketing and financial services to advance downtown and community development. P.U.M.A. has provided services to more than 200 clients in 33 states, the District of Columbia, Canada and Jamaica and the Bahamas. Our clients include downtown management organizations, local governments, community development corporations and private firms.

Specialties Include:

Economic development strategies

Strategic planning

Community engagement

Forming, expanding or renewing business improvement districts

Community development tools

Progressive Urban Management Associates (P.U.M.A.) is a national leader in providing consulting services to advance downtown and community development. We provide management, marketing, financial and implementation tactics to help communities and organizations compete in a changing economy.

P.U.M.A.'s economic development strategies merge an understanding of the marketplace with organizational development to create realistic action plans and the tools to implement them.

Downtown Action Plans:

Market-based downtown action plans evaluate trends, demographics, community priorities, stakeholder perspectives and competing destinations to create a distinctive niche and positioning strategy for downtown. To capitalize on market opportunities, we identify development districts, clustering strategies and site-specific project options. Recommendations are developed for public/private partnerships to create effective programs and mobilize capital for implementation.

<http://www.pumaworldhq.com/index.htm>

Location

1616 Seventeenth Street, #262
Denver, CO 80202

TIP Strategies

The Theory Into Practice (TIP) planning model combines rigorous data analysis with the latest thinking in economic development, workforce training, and community-based principles.

Discovery- We begin our process by reviewing available materials, visiting with community stakeholders, and conducting a targeted analysis of economic and demographic trends.

Opportunity- Next, we work with the community to identify priority projects, set goals, and build consensus around a shared vision of economic success.

Implementation- Our strategic plans include an implementation matrix that our clients can use to define next steps, measure progress, and effect tangible results in their communities.

We define economic development as the application of public resources to stimulate private investment. We combine analytical tools with our deep understanding of economic trends to design strategies that support our clients' visions for the future. The end result is a realistic plan and a detailed roadmap for implementation.

<http://tipstrategies.com/>

<http://tipstrategies.com/our-work/>

Location

106 E. 6th St, Suite 550
Austin, TX 78701

Capitalize Albany Corporation Board Meeting

December 18, 2012

Agenda Item #5: Executive Session (if necessary)

Materials:

- No materials are included