



Thursday, April 18, 2013
21 Lodge Street 11:00 a.m.

CAPITALIZE ALBANY
CORPORATION

Capitalize Albany Corporation
Finance and Investment Committee Meeting
Agenda

1. Review of the Minutes from the Finance & Investment Committee Meeting of January 17, 2013
2. Quarterly Financial Report
3. Hugh Johnson Advisors Investment Update (materials provided at meeting)
4. 401k Discussion and Morgan Stanley Presentation (materials provided at meeting)
5. EBA Loan Request Discussion

Draft not approved

**Capitalize Albany Corporation Finance & Investment Committee Meeting
MINUTES
January 17, 2013**

The meeting of the Capitalize Albany Corporation Finance & Investment Committee was held at 10:00 a.m., Thursday, January 17, 2013 at 21 Lodge.

The following were in attendance:

Committee Members:

Anders Tomson
Bob Curley
John Harris
Jeff Sperry

Other:

Paul Bulmer, Christopher Farrell, Tom Cairns, Felton McLaughlin, Richard Sleasman, John MacAffer and Jonathan Elkind

Staff:

Michael Yevoli, Erik Smith, Sarah Reginelli, Brad Chevalier and Amy Gardner.

The regular meeting of the Capitalize Albany Corporation Finance & Investment Committee was called to order at 10:05 a.m.

Approval of Minutes for October 19, 2012

The minutes were tabled, as there was a lack of a quorum at the start of the meeting.

Interviews with Commercial Real estate Brokers for 526 Central Avenue

Based on the responses to the Request For Proposal for a commercial real estate broker for 526 Central Avenue and the direction of the Board the Finance and Investment Committee interviewed three commercial real estate brokers. The three firms that were interviewed were Vangaurd Fine, LLC, NAI Platform and CBRE Albany.

The first interview the Committee conducted was with Paul Bulmer and Christopher Farrell from Vangaurd Fine, LLC. Mr. Bulmer presented to the Committee providing a background of Vangaurd Fine. Mr. Bulmer and Mr. Farrell discussed the site with the Committee and the strategy their firm would take when listing and marketing the property if selected. Mr. Bulmer advised the Committee that his firm had worked with a client who had been interested in the site the previous year and that Vangaurd Fine is very familiar with the property.

The second interview the Committee conducted was with Tom Cairns and Felton McLaughlin from NAI Platform. Mr. Cairns presented to the Committee providing a background of NAI Platform. Mr. Cairns and Mr. McLaughlin discussed the site with the Committee and the strategy their firm would take when listing and marketing the property if selected.

Draft not approved

The last interview the Committee conducted was with Richard Sleasman, John MacAffer and Jonathan Elkind of CBRE Albany. Mr. MacAffer presented to the Committee providing a background of CBRE Albany. Mr. Sleasman, Mr. MacAffer and Mr. Elkind discussed the site with the Committee and the strategy their firm would take when listing and marketing the property if selected.

Following the interviews the Committee discussed the strategies and qualifications of each firm. Based on the past experience Vangaurd Fine had with the site the Committee decided to recommend that the Board select them as the commercial broker for 526 Central Avenue. Mr. Sperry recused himself from all discussions of the interviews and final decision due to his position at CBRE Albany.

Joint Venture Agreement

Staff reviewed the project proposed by Winn Development Company, LP (the Developer) to convert the former Philip Livingston School into approximately 103 affordable rental-housing units. Staff advised the Committee that the Developer would like to utilize a mixture of public and private financing to complete the project, including 9% low-income tax credits awarded by the New York State Office of Homes and Community Renewal (HCR) through an application process. To enhance the project's application to HCR for low-income tax credit financing, participation by a not for profit is required. The Committee advised that the project and the joint venture agreement be moved to the full Board for consideration.

Other Business

None

There being no further business the Capitalize Albany Corporation Finance & Investment Committee meeting was adjourned at 12:16p.m.

Capitalize Albany Corporation
21 Lodge Street
Albany, New York 12207

MEMORANDUM

TO: CAC Finance & Investment Committee
FROM: Erik Smith
RE: Capitalize Albany Corporation 1st Quarter Financial Reports
DATE: April 12, 2013

BUDGET PERFORMANCE

On a pre-audit basis, through March 31, 2013, the Capitalize Albany Corporation (CAC) generated a net loss of approximately \$82,000. This position compares favorably to the year-to-date (YTD) budgeted net loss of approximately \$128,000. CAC incurred a net loss of \$50,000 during the first quarter of 2012.

The significant variances between total budgeted revenue and expense activity through March 31, 2013 and total actual revenue and expense activity is being driven primary by NYS Mainstreet Grant activity, which consists of pass-through transactions that have been carried over from 2012 although not budgeted in 2013. These variances are arrayed in the Program Support and Program Expense categories.

My comments below address those remaining categories that deviate in excess of 5% from the YTD budget.

- ***YTD 2013 revenue is \$431,000 and \$211,000 above the 2013 budget. Excluding the NYS Mainstreet Grant pass-through revenue activity, YTD 2013 revenue is \$260,000 and \$40,000 (18%) above the 2013 budget.***
 - ***Interest and Investment Income.*** YTD 2013 income derived from interest and investments is approximately \$46,000 or \$31,000 over budget. The positive variance to the budget is primary due to the performance of CAC's investments under HJA management. There is approximately \$26,000 of recorded FMV adjustments to CAC's investments. Changes in unrealized gains and losses contribute to or detract from investment income and these amounts are not budgeted. The remaining amount of the variance is comprised of higher-than-budgeted interest and dividend income.
 - ***Rental Income.*** Rental income is \$4,900 or 17% over budget. This variance is attributable to the final rental payment for the Riverfront Bar & Grill's 2012 season. The final 2012 payment due was not determined or received in time to be recorded in 2012. Excluding this activity, Rental Income activity is performing as budgeted.
 - ***Loan Income.*** For 2013 YTD loan income is \$26,000 and \$2,300 (8 %) under budget. This variance is primarily attributable to the early payoff of two loans (39 Sheridan Realty, LLC and Adirondack Environmental Services) offset by past due amounts received on other loans. The anticipated 2013

loss of interest income on the two loans that paid early is \$22,000. At this time new loans have not been identified to mitigate a portion of this projected loss.

- ***YTD 2013 expenses are \$513,000 and \$165,000 above the 2013 budget. Excluding the NYS Mainstreet Grant pass-through expense activity, YTD 2013 expense is \$351,000 and \$2,400 (1%) under the 2013 budget.***
 - ***21 Lodge Street Expenses.*** This category is over budget by approximately \$1,100. This is attributable to higher utility costs
 - ***Rental Property Expenses.*** This category is over budget by approximately \$1,500 or 18%. The Corporation has incurred an expense to appraise 245 Lark Street to assist in developing a plan of reuse or disposition in anticipation of the Lark Street BID vacating their lease. As that plan becomes more definitive certain costs related to the building might be capitalized.

LOANS

- There are not any additional loans that have deteriorated to non-performing status during the first quarter of 2013. During April 2013, CAC received a recovery of \$25,000 in bad debt expense related to the Center For Medical Science loan.

BALANCE SHEET

- As of March 31, 2013, compared to December 31, 2012, unrestricted cash has increased by approximately \$315, 000. This is primarily attributable to the early payoff of two loans offset by payments of budgeted operation costs.
- Restricted cash has increased due to loan repayments.
- Net investment in direct financing leases have been reduced by approximately \$168,000. This is due to scheduled lease payments, the largest of which are the payments from ACDA and the recording of scheduled activity related to the financing for construction of a warehouse at the Port of Albany. The ACDA payments are applied to the principal amount of bonds outstanding for 200 Henry Johnson Boulevard.
- Liabilities have been reduced primarily by principal payments applied against CAC's bond indebtedness.

CASH FLOW STATEMENT

- Projected 2013 cash flow provided by operational activities reflect scheduled project grants activity, receipt of payment under the CAIDA Professional Service Agreement, scheduled lease and rental receipts, and payment of various administrative expenses.
- Cash used in capital and financing activities reflects scheduled debt service payments during 2013.

Projected 2013 cash flow from investing activities reflects projected loan repayment activity, direct finance lease payments, and investment activity.

CAPITALIZE ALBANY CORPORATION
Revenue and Expense Summary
YTD Through March 2013

	January 1, 2013 - December 31, 2013								
	1st Qtr Ending 3/31/13	YTD Actual	YTD Budget	Variance - \$	Variance - %	4/1 to 12/31 Forecast	2013 Projection	Original Budget	Projected Variance from
<u>REVENUE</u>									
Investment Income	\$ 20,716	\$ 20,716	\$ 15,802	\$ 4,914	31%	\$ 55,376	76,092	\$ 63,209	\$ 12,883
FMV Adj on Fidelity Inv	25,678	25,678	-	25,678	0%	-	25,678	-	25,678
G/L on Sale/Redemption	-	-	-	-	0%	-	-	-	-
Rental Income	34,377	34,377	29,474	4,903	17%	339,612	373,989	360,742	13,247
Loan Income	25,843	25,843	28,155	(2,312)	-8%	56,356	82,198	111,157	(28,959)
Fee Income	80,575	80,575	71,165	9,410	13%	347,714	428,289	426,378	1,911
Capitalized Lease Income	13,352	13,352	13,352	-	0%	113,179	126,531	133,979	(7,448)
Grant Income	62,500	62,500	62,500	-	0%	430,300	492,800	492,800	-
Program Support	162,500	162,500	-	162,500	0%	125,000	287,500	125,000	162,500
Other Income	5,545	5,545	-	5,545	0%	-	5,545	-	5,545
TOTAL REVENUE	\$ 431,085	\$ 431,085	\$ 220,448	\$ 210,637	96%	\$ 1,467,537	\$ 1,898,622	\$ 1,713,265	\$ 185,357
<u>EXPENSE</u>									
Salaries & Fringe Benefits	\$ 142,914	\$ 142,914	\$ 146,556	\$ (3,642)	-2%	\$ 519,659	\$ 662,573	\$ 689,000	\$ (26,427)
Capitalized Lease Expense	34,207	34,207	34,207	-	0%	57,995	92,202	92,202	-
Administrative Expenses	155,055	155,055	152,175	2,880	2%	364,343	519,396	496,345	23,051
21 Lodge Street Expenses	7,960	7,960	6,898	1,062	15%	45,287	53,247	51,743	1,504
Rental Property Expenses	9,729	9,729	8,229	1,500	18%	67,107	76,836	54,521	22,315
Program Expense	162,500	162,500	-	162,500	0%	250,000	412,500	250,000	162,500
Bad Debt Expense (recovery)	-	-	-	-	0%	(25,000)	(25,000)	-	(25,000)
Project Expenses	791	791	1,045	(254)	-24%	173,049	173,840	174,094	(254)
TOTAL EXPENSE	\$ 513,156	\$ 513,156	\$ 349,110	\$ 164,046	47%	\$ 1,452,440	\$ 1,965,594	\$ 1,807,905	\$ 157,689
Net Income	\$ (82,071)	\$ (82,071)	\$ (128,662)	\$ 46,591		\$ 15,097	\$ (66,973)	\$ (94,640)	\$ 27,668

CAPITALIZE ALBANY CORPORATION
Comparative Balance Sheets
Pre-Audited Draft

	March 31, 2013	Projected December 31, 2013	December 31, 2012	Projected 2013 \$ Change
Assets				
Current Assets:				
Cash and cash equivalents	\$ 3,156,832	\$ 3,384,212	\$ 2,842,349	\$ 541,863
Investments	2,784,006	2,853,905	2,745,164	108,741
Restricted cash	406,530	445,845	387,719	58,126
Mortgage notes receivable, net	2,268,500	2,106,581	2,748,701	(642,120)
Net investment in direct financing leases	1,923,039	1,898,026	2,091,218	(193,192)
Accrued interest receivable	78,738	81,589	74,205	7,384
Grants receivable	62,500	62,500	62,500	-
Receivables from the City of Albany and City agencies	100,000	-	100,000	(100,000)
Other receivables, net	157,761	91,180	91,221	(41)
Property held for investment and lease, net	3,371,656	3,196,174	3,371,656	(175,482)
Property and equipment, net	457,819	426,435	457,819	(31,384)
Other assets	648,935	648,582	645,066	3,516
Total assets	\$ 15,416,316	\$ 15,195,029	\$ 15,617,618	\$ (422,589)
Deferred Outflows of Resources	\$ -	\$ -	\$ -	\$ -
Liabilities				
Current Liabilities:				
Accounts payable and accrued expenses	\$ 94,187	\$ 80,358	\$ 102,941	\$ (22,583)
Due to the City of Albany	99,448	99,472	99,448	24
Unearned grant and other income	881,916	873,691	856,373	17,318
Bonds payable, current portion	4,072,337	3,857,965	4,208,436	(350,471)
Revolving loan fund liability	701,953	701,970	701,875	95
Unearned program support	81,447	81,447	81,447	-
Total liabilities	\$ 5,931,288	\$ 5,694,904	\$ 6,050,520	\$ (355,616)
Deferred Inflows of Resources	\$ -	\$ -	\$ -	\$ -
Net Position				
Net invested in capital assets	\$ 1,454,474	\$ 1,454,474	\$ 1,454,474	\$ -
Restricted for:				
Debt service	171,401	171,401	171,401	-
CDBG eligible activities	115,074	115,074	115,074	-
Other program specific activities	6,562	6,562	6,562	-
Unrestricted	7,737,516	7,752,614	7,819,587	(66,973)
Total net position	\$ 9,485,027	\$ 9,500,125	\$ 9,567,098	\$ (66,973)

STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN NET ASSETS
Pre-Audited Draft

	Year to Date March 31, 2013	Projected December 31, 2013	Year Ended December 31, 2012	Projected 2013 \$ Change
Revenues				
Grant income	\$ 225,000	\$ 780,300	\$ 792,800	\$ (12,500)
Rental income	34,377	373,989	356,918	17,071
Other interest and investment income	59,745	228,300	271,521	(43,221)
Interest income on mortgage notes	25,843	82,199	91,436	(9,237)
Gain on sale of properties	-	-	-	-
Fees and other income	86,120	433,833	321,867	111,966
Total revenues	<u>\$ 431,085</u>	<u>1,898,621</u>	<u>\$ 1,834,542</u>	<u>\$ 64,079</u>
Expenses				
Salaries and fringe benefits	\$ 142,914	\$ 662,573	\$ 508,527	\$ 154,046
Program and project costs	173,020	663,176	523,399	139,777
Interest expense	34,207	92,202	100,568	(8,366)
Bad debt expenses (recovery)	-	(25,000)	(51,225)	26,225
Administrative Expenses	163,015	572,643	507,989	64,654
Total expenses	<u>\$ 513,156</u>	<u>\$ 1,965,594</u>	<u>\$ 1,589,258</u>	<u>\$ 376,336</u>
Excess of (expenses over revenues) revenues over expenses	(82,071)	(66,973)	245,284	(312,257)
Net Position, Beginning of Year	<u>9,321,814</u>	<u>9,567,098</u>	<u>9,321,814</u>	<u>245,284</u>
Net Position, End of Month	<u>\$ 9,239,743</u>	<u>\$ 9,500,125</u>	<u>\$ 9,567,098</u>	<u>\$ (66,973)</u>

CAPITALIZE ALBANY CORPORATION
STATEMENTS OF CASH FLOWS
Pre-Audited Draft

	March 31, 2013	Projected December 31, 2013	December 31, 2012
Cash Flows From Operating Activities			
Cash received from customers	\$ 548	\$ 572,886	\$ 607,547
Cash received from grantors	250,621	797,714	672,506
Other operating cash receipts	86,120	433,833	321,867
Cash payments to suppliers and grantees	(344,790)	(951,511)	(846,493)
Cash payments to employees	(142,914)	(662,573)	(508,527)
Net cash provided by operating activities	(150,416)	190,348	246,900
Cash Flows From Capital and Related Financing Activities			
Proceeds from sale of property held for sale	-	-	-
Purchase of property held for investment and lease	-	-	-
Purchase of property and equipment	-	-	(16,950)
Purchase of other assets including purchase options	-	-	(525)
Principal payments on bonds payable	(136,099)	(350,471)	(322,112)
Interest paid on bonds payable	(34,207)	(93,228)	(102,772)
Net cash used in capital and related financing activities	(170,306)	(443,699)	(442,359)
Cash Flows From Investing Activities			
Interest on cash and cash equivalents and investments	18,801	76,092	75,380
Net decrease (increase) in restricted cash	(18,811)	(58,126)	(66,685)
Proceeds from sales and maturities of investments	6,306	2,020,077	2,323,619
Purchase of investments	(19,471)	(2,103,142)	(2,381,617)
Issuance of mortgage notes receivable	-	-	(900,000)
Repayments received on mortgage notes receivable	480,201	667,120	233,098
Principal payments received under direct financing leases	168,179	193,192	181,993
Net cash used in investing activities	635,205	795,214	(534,212)
Change in cash and cash equivalents	314,483	541,863	(729,671)
Cash and cash equivalents:			
Beginning of year	2,842,349	2,842,349	3,572,020
End of year	\$ 3,156,832	\$ 3,384,212	\$ 2,842,349

	March 31, 2013	Projected December 31, 2013	December 31, 2012
Reconciliation of Excess of (Expenses Over Revenues) Revenues Over Expenses to Net Cash Provided by Operating Activities			
Excess of (expenses over revenues) revenues over expenses	\$ (82,070)	\$ (66,973)	\$ 245,284
Adjustments to reconcile excess of (expenses over revenues) revenues over expenses to net cash provided by operating activities:			
Depreciation and amortization	-	206,867	208,265
Adjustment for losses on mortgage notes and other receivables	-	(25,000)	(51,225)
Gain on sale of property	-	-	-
Net realized and unrealized losses (gains) on investments	(25,677)	(25,677)	(42,360)
Interest income on cash and cash equivalents and investments	(4)	(76,092)	(78,162)
Interest expense on bonds payable	34,207	93,228	100,568
Changes in:			
Grants receivable	-	-	(62,500)
Other receivables, accrued interest receivable and other assets	(93,739)	(10,859)	8,194
Accounts payable and accrued expenses	(8,755)	(22,584)	13,431
Due to the City of Albany	-	100,024	(36,800)
Unearned grant and other income	25,544	17,318	(54,425)
Revolving loan fund liability	78	95	(3,370)
Net cash provided by operating activities	\$ (150,416)	\$ 190,348	\$ 246,900



CAPITALIZE ALBANY
CORPORATION

Pre-Application Form

General Information

Company/Project Name:	Contact Person:
Electronic Body Arts, Inc. aka: eba	Maude Baum
Business Address:	Project Location:
351 Hudson Ave, Albany, NY 12210	same
Phone Number:	Fax Number:
518 465 9916	518 465 9916
Email Address:	
mb@eba-arts.org	
What will this loan be used for? (Check all that apply)	
<input type="checkbox"/> Business Enterprise <input type="checkbox"/> New Construction <input type="checkbox"/> Commercial Rehab <input type="checkbox"/> Residential Rehab <input type="checkbox"/> Mixed-use <input type="checkbox"/> Property acquisition <input type="checkbox"/> Manufacturing <input type="checkbox"/> XXX Other (explain) Bridge loan to continue programs until building sells	
Do you have a primary bank yet?	If so which bank(s) are you using?
<input type="checkbox"/> Yes <input type="checkbox"/> No	
Do you have a contractor?	
na	

Ownership Breakdown (Please attach additional sheets if necessary)

Name:	Building is owned by eba	Name:	
Title:		Title:	
Ownership	%	Ownership	%
Years With Company:		Years With Company:	

Real Estate Information

Facility Size (total square feet)	Site Size (Acreage/Square Feet)
13,000 sq ft	48 x 72
Location	
351 Hudson Ave Albany, NY 12210	
Lease	Own
Yes No	xxxxxYes No
If lease, name of landlord:	If own, current leases w/ tenants (please name)?
	One year lease -Lark Street Flower Market



Pre-Application Form cont'd

Breakdown of Project Cost					
Land/Building Purchase	\$	Other (please state)			
Renovations	\$	\$	\$	%	of project
Machinery/Equipment	\$	\$	\$	%	of project
Working Capital	\$100,000	\$	\$	%	of project
FFE	\$	\$	\$	%	of project
Soft Costs	\$	\$	\$	%	of project
Total Estimated Project Cost	\$100,000				

Proposed Financing Sources					
Bank (please list)	\$	Other (please state)			
*Capitalize Albany Corporation Loan	\$100,000	\$	\$	%	of project
Grants (please list)	\$	\$	\$	%	of project
Historic Tax Credits	\$	\$	\$	%	of project
Equity	\$	\$	\$	%	of project
Other Sources (please list)	\$	\$	\$	%	of project
Total	\$100,000	\$	\$	%	of project

***Please note loans can be approved from a minimum of \$100,000. Loans may not exceed 40% of the total project cost.**

Project Timeline	
Sample timeline	Insert project specific information:
Sale of building:	By 2014
Acquire financing:	February 2013
Project in community	ongoing
Project completion	Loan repaid when building sells.
Date received final CO	



CAPITALIZE ALBANY
CORPORATION

Pre-Application Form cont'd

Is the applicant prepared to provide the following information?

* Projected financial statements: • One year for existing businesses • Three years for new businesses	2013 Yes	No
* Current personal financial statement(s) for all principals with 10% or more ownership	NA	No
* Documented need for financing	X Yes	No
* Written business plan (If yes, please provide a copy)	NA	No
* Available collateral (If yes, please provide description)	XXXX Yes	No

Additional information/comments

Provide project description, please identify as much information about what the proposed project is and the desired results (i.e. Purchase and renovate 45,000 square foot building located in downtown Albany and to convert it to mixed use, including 20 new apartments and two new storefront, or a business purchases a 12,000 square foot building to convert it in to a commercial space and offices)

A bridge loan of \$100,000 to pay loans and for business expenses until we sell the building. The building has been on the market for 1.5 years. We anticipated it selling within one year.

As a not for profit, we have experienced severe grant reductions as well as individual and corporate support reduction. We decided to sell the building and use the asset for programming which is our mission. The funds from the sale of the building will be used for creative education, performance and new works programming in the community.

Collateral is the building which is assessed at \$555,000.

Present indebtedness:

Key Bank holds a mortgage of \$130,000

Community Loan Fund holds a mortgage of \$80,000

TD Bank line of credit is \$30,000 presently \$29,000 is used.

Loans to Board members - \$55,000

We have audited financial statements

eba Mission and Programs

eba [Electronic Body Arts, Inc.] is a cultural and educational corporation founded in 1973. The corporation is recognized by the Regents of New York State and is tax exempt under IRS code 501(c)(3).

eba's Mission

eba is dedicated to cultivating, promoting, and developing an understanding of and public interest in the performing, visual, and technological arts; through creation, performance, education, training, touring and idea sharing. Of equal importance, we endeavor to cultivate an understanding of the inherent creative potential within each of us and to integrate these creative aims with daily life.

Fulfilling the Mission

eba is the Capital Region's Dance Theatre Company. We are intentionally community based, small, and diversified. Four programs currently fulfill our challenging mission.

- **Maude Baum and Company Dance Theatre** tours concerts of American Dance Theatre both regionally and internationally.
- **Everything But Anchovies Dance Theatre** creates and performs works designed to educate students in curricular subjects through the artform. eba's In School Programs places eba teaching artists in K - 12 grade classrooms to teach regular curriculum [math, science, language, etc.] through movement and theatre.
- **eba Center for Dance and Movement** is our dance and fitness center on Lark Street. The adult center offers students ages 13 - 75 fitness, dance and healing arts classes in a relaxed, music filled atmosphere.
- **Kids Dancespace @ eba** offers children 3-12 years dance technique, dancemaking and performance skills each week [no stressful recitals or pricey costumes]. The members of eba's professional companies and invited teaching artists comprise the faculty for the center.
- **eba Theater** is an 94 year old landmark building on the corner of Hudson Avenue and Lark Street in the heart of Albany. The building is owned and maintained solely by the Company. The theater houses both companies, the school and numerous local arts groups. It bustles from 8 am - 11:30 pm all year long!

GOALS 2012-13

Develop the Board, implement the long range plans considering the changing economic and community climate, including selling the building and applying the assets to programs, celebrate 40th Anniversary 2012-13, build a financial safety net and develop a transition plan for the Artistic Director.