



**Tuesday, October 28, 2014**  
21 Lodge Street, 8:00 a.m.

**CAPITALIZE ALBANY**  
**CORPORATION**

**Capitalize Albany Corporation**  
**Board of Directors Meeting**  
**Agenda**

1. Review of Minutes from the Regular Meeting of September 23, 2014
2. Report of the Finance & Investment Committee
  - a. Quarterly Financials
  - b. 2015 Budget Resolution 20-2014
  - c. Signatory Update Resolution 21-2014
  - d. Investment Policy Resolution 22-2014
3. Tech Valley Center of Gravity Laban Coblentz
4. Impact Downtown Albany
5. Other Business
6. Project Update
7. Executive Session (if necessary)

# **Capitalize Albany Corporation Board Meeting**

## **October 28, 2014**

**Agenda Item #1:** Review of Minutes from the Regular Board Meeting of September 23, 2014

**Materials:**

- 9/23/14 Capitalize Albany Corporation Board Minutes

**Capitalize Albany Corporation Board Meeting**  
**MINUTES**  
**Tuesday, September 23, 2014**

The meeting of the Capitalize Albany Corporation Board of Directors was held at 8:00 a.m., Tuesday, September 23, 2014 at 21 Lodge Street.

The following were in attendance:

**Board of Directors:**

Michael Castellana	Bob Curley	John Vero
Anders Tomson	John Harris	Dr. Robert Jones
Dorsey Whitehead	Michele Vennard	Susan Pedo
David Parente	James Linnan	Matt Peter
Mark Sullivan	Jeff Sperry	

**Other:**

Thomas M. Owens, Esq.

**Staff:**

Sarah Reginelli, Mark Opalka, Brad Chevalier, Katie Newcombe, Andy Corcione and Amy Gardner

Chairman Michael Castellana called the regular meeting of the Capitalize Albany Corporation (“Corporation”) Board to order at 8:04 a.m. The following directors were excused: Michael Fancher and Nancy Zimpher

**Approval of Minutes for August 26, 2014 Board Meeting**

The Board reviewed the minutes of the August 26, 2014 meeting. Jeff Sperry made a motion for approval. Bob Curley seconded. The Board agreed unanimously to approve the minutes.

**Report of the Audit Committee**

**Minor Audit Committee Charter and Whistleblower Policy Amendments Resolution 17-2014**

Tom Owens reviewed the amendments to the Audit Committee Charter with the Committee. The amendments were deemed appropriate due to changes made in New York State Not for Profit (“NFP”) Law. Mr. Owens advised the Board that the amendments were minor in nature. He also stressed that due to CAC’s existing compliance with the New York Public Authority Law that CAC was already in compliance with all NFP substantive requirements. The changes to the Charter are editorial, but align it more with PAAA requirements. Jim Linnan advised the Board that the Audit Committee had reviewed all amendments and a positive recommendation was provided.

A motion to adopt the resolution was made by Jeff Sperry and seconded by Dorsey Whitehead. A vote being taken, the motion passed unanimously.

## **Report of Finance & Investment Committee**

### **Historic Mansions LLC Loan Approval Resolution 17-2014**

Staff reviewed the loan request with the Board. Staff advised the Board that the project had received all of its approvals including PILOT approval through the Common Council as well as a HOME loan from the Albany Community Development Agency. The Applicant, upon negotiating with staff, has agreed to pay the Corporation \$200,000 consisting of a onetime principal reduction payment of \$100,000 to be paid upon closing of construction financing, and principal reduction payments of \$20,000 annually for 5 years. The Board was advised by the Finance Committee members that the loan application had been reviewed extensively by the Finance and Investment Committee and a positive recommendation was provided.

A motion to adopt the resolution was made by Anders Tomson and seconded by Jim Linnan. A vote being taken, the motion passed unanimously.

### **Impact Downtown Albany**

The rough draft of the playbook and its recommendations were discussed. Staff advised the Board that the project would be wrapping up in October and a rollout plan would be created. Ways to inform the public of the initiative were discussed. Staff informed the Board that they would be facilitating several stakeholder briefings as the final rollout at the end of October. Staff reviewed the recent Pop Place event with the Board noting that all involved felt it was a success.

### **Board Workshop: “Makerspace” Discussion**

The success of the makerspace model in other locations and how to replicate that model in Albany was discussed. The Board felt it would be helpful to hear firsthand what is needed to create a makerspace and requested that Laban Coblenz of the Tech Center of Gravity come in for a discussion. Staff advised the Board that they would work with Mr. Coblenz to find a time for him to come into speak with the Board.

### **Other Business**

The budgeting process for the 2015 budget was discussed staff noted that the Corporation had a positive cash position. The Corporation is projecting a deficit for 2015, when considering depreciation.

### **Project Update**

Staff reviewed the status of active projects with the Board.

### **Executive Session**

A motion to enter into executive session was made by Jim Linnan, seconded by Jeff Sperry, and passed unanimously to discuss litigation and the terms and conditions of employment of certain personnel. The Board entered into executive session at 9:10 a.m. Staff left the room and the following Directors were present: Michael Castellana, Anders Tomson, Dorsey Whitehead, David Parente, Mark Sullivan, Bob Curley, John Harris, Michele Vennard, James Linnan, Jeff Sperry, John Vero, Dr. Robert Jones, Susan Pedo, and Matt Peter. The Board left executive

session at 9:25 a.m and returned to its regular session. No actions were taken during executive session.

### **SEP-IRA Plan Administration**

The Board discussed the Corporation's SEP-IRA Retirement Plan for CAC employees. During a recent CAC staff review, it was determined that CAC has made inadvertent errors in its SEP-IRA administration for about ten employees over the last 6-7 years. Specifically, due to mistakenly miscalculating the "eligibility dates" for some CAC employees, CAC had both "over-contributed" and "under-contributed" to some CAC employees' SEP-IRA accounts. These miscalculations affected approximately ten CAC employees over the last six to seven years and involved either "over-contributions" or "under-contributions" over a period of months (not years) for each affected employee. CAC counsel discussed with the Board the analysis performed by CAC's independent accountant and counsel. Following such discussion, resolutions 18-2014 and 19-2014 were presented to, and discussed by, the Board. Audit Committee Member Linnan discussed that the content of, and actions outlined in, both resolutions was discussed, reviewed and considered by the Audit Committee and that the Committee recommended that the Board pass both resolutions.

A motion to adopt resolution 18-2014 was made by Anders Tomson and seconded by Dorsey Whitehead. A vote being taken, the motion passed unanimously. A motion to adopt the resolution 19-2014 was made by Jeff Sperry and seconded by Mark Sullivan. A vote being taken, the motion passed unanimously.

There being no further business, the Capitalize Albany Corporation Board of Directors regular meeting was adjourned at 9:28 a.m.

# **Capitalize Albany Corporation Board Meeting**

## **October 28, 2014**

**Agenda Item #2:** Finance & Investment Committee Update

**Materials:**

- Memo to the Board
- Quarterly Financial Report
- Memo to the Board
- 2015 Budget Approval Resolution 20-2014
- Signatory Update Resolution 21-2014
- Amendment to the Investment Policy
- Investment Policy Resolution 22-2014

Capitalize Albany Corporation  
21 Lodge Street  
Albany, New York 12207

MEMORANDUM

TO: CAC Finance & Investment Committee  
FROM: Mark Opalka  
RE: Capitalize Albany Corporation 3<sup>rd</sup> Quarter Financial Reports  
DATE: October 15, 2014

**BUDGET PERFORMANCE**

On a pre-audit basis, through September 30, 2014, the Capitalize Albany Corporation (CAC) had a net income of approximately \$1,460,000. This position compares favorably to the year-to-date (YTD) budgeted net loss of approximately \$203,000. CAC had net income of \$108,000 during the third quarter of 2013.

The significant variances between total budgeted revenue and expense activity through September 30, 2014 and total actual revenue and expense activity is being driven primary by activity related to the sale of the ground lease at 677 Broadway and the sale of 245 Lark Street. These two transactions resulted in a gain of approximately \$1,450,000. Additionally, expenses for the Impact Downtown Albany plan are under budget by approximately \$215,000. This is due to the timing of the consultant's billing for services rendered. We expect these expenses to be over budget by approximately \$61,000 for 2014.

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

- **YTD 2014 revenue is \$2,416,066 which is \$1,432,749 above the 2014 budget.**
  - **Interest and Investment Income.** YTD 2014 income derived from interest and investments is approximately \$47,774 or \$26,500 under budget. The negative variance to the budget is primary due to lower than anticipated interest income on new bond holdings. During the third quarter approximately (\$20,500) in fair market value (FMV) impairment adjustments were recorded resulting in YTD FMV adjustments of (\$6,000) to CAC's investments.
  - **Membership and Event Support.** Membership and Event support is \$27,690 which is 21% under budget. Membership fees collected thru September are \$22,150. Year to date this is \$2,850 under budget. Based on anticipated activity this category is expected to be under budget by approximately \$5,000. This budget shortfall is expected to be a direct result of lower sponsorship revenue being received in 2014.
- **YTD 2014 expenses are \$935,221 which is \$80,029 under the 2014 budget.**

- **Salaries & Fringe Benefits Expense.** This category is under budget by approximately \$95,000 or 18%. The variance in this category is attributable to position vacancies. Based upon anticipated activity, currently this category is projected to end the year approximately \$78,600 under budget.
- **Professional Fee Expense.** This category is over budget by \$24,100 or 9%. The variance is primary attributable to higher legal and IT related expenses offset by lower accounting fees.
- **Occupancy Expenses.** This category is over budget by approximately \$4,700. This is attributable to higher utility costs.
- **Marketing & Promotional Expenses.** This category is under budget by approximately \$7,200. This variance is attributable to lower than anticipated costs for the Albany Reinvests event in June.

## **LOANS**

- In May of 2014, CAC received a recovery of \$5,000 in bad debt expense related to the Historic Albany loan.
- In June, CAC received a recovery of \$500 related to the ACE Holding, LLC loan.
- In June, CAC received notice that Richard Dobush's primary lender was beginning foreclosure proceedings on his property located on 16 Tivoli Street. CAC currently has a 2<sup>nd</sup> lien position on the building and the borrower currently owes \$41,660.40. The last payment received from the borrower was on 9/24 for \$1,000. Staff is currently working with counsel as to the status of the foreclosure proceedings.

## **BALANCE SHEET**

The balance sheet is expected to contract from \$15.5 million as of December 31, 2013 to \$14.8 million as of December 31, 2014. This is primarily attributable to the following:

- Impact Downtown Albany cash outlay of approximately \$325,000.
- Approximately \$60,000 decrease in restricted cash.
- Depreciation of approximately \$210,000.
- Reduction of bond indebtedness by approximately \$1,070,000 in principal payments. The majority of this reduction, approximately \$928,000, is attributable to Port Warehouse bonds maturing in November. CAC was the conduit issuer of these bonds.
- Gain on Sale of 677 Broadway Ground Lease and 245 Lark Street of \$1,400,000 offset these decreases.

## **CASH FLOW STATEMENT**

- Currently, CAC's December 31, 2014 cash and cash equivalents are anticipated to increase by \$183,000, compared to December 31, 2014 to \$3.8 million. This is primarily attributable cash proceeds received from the



sale of the ground lease at 677 Broadway and the building at 245 Lark Street offset by loan portfolio activity and Impact Downtown Albany activity.

- Cash used in capital and financing activities reflects scheduled debt service payments and equipment purchases made during 2014.
- Projected 2014 cash flow from investing activities reflects projected loan disbursement and repayment activity, direct finance lease payments, and investment activity.

# CAPITALIZE ALBANY CORPORATION

Comparative Balance Sheets  
Pre-Audited Draft

	September 30, 2014	Projected December 31, 2014	December 31, 2013
<b>Assets</b>			
Current Assets:			
Cash and cash equivalents	\$ 4,624,590	\$ 3,834,386	\$ 3,651,644
Investments	3,390,198	3,390,198	2,857,394
Restricted cash	500,284	554,617	448,983
Mortgage notes receivable, net	2,247,865	2,591,348	2,117,776
Net investment in direct financing leases	1,554,373	665,164	1,738,881
Accrued interest receivable	49,495	49,495	63,326
Grants receivable	-	-	-
Receivables from the City of Albany and City agencies	-	-	100,000
Other receivables, net	89,562	88,462	93,584
Property held for investment and lease, net	2,747,173	2,575,426	3,358,703
Property and equipment, net	428,063	395,091	428,063
Other assets	649,888	649,888	655,751
<b>Total assets</b>	<b>\$ 16,281,491</b>	<b>\$ 14,794,075</b>	<b>\$ 15,514,105</b>
<b>Deferred Outflows of Resources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Liabilities</b>			
Current Liabilities:			
Accounts payable and accrued expenses	\$ 84,436	\$ 65,125	\$ 192,740
Due to the City of Albany	99,507	40,000	99,507
Unearned grant and other income	522,590	472,590	921,170
Bonds payable, current portion	3,688,196	2,520,000	3,868,591
Revolving loan fund liability	702,607	702,607	702,248
Unearned program support	81,447	81,447	81,447
<b>Total liabilities</b>	<b>\$ 5,178,783</b>	<b>\$ 3,881,769</b>	<b>\$ 5,865,703</b>
<b>Deferred Inflows of Resources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Position</b>			
Net invested in capital assets	\$ 1,586,766	\$ 1,586,766	\$ 1,586,766
Restricted for:			
Debt service	171,401	171,401	171,401
CDBG eligible activities	118,822	118,822	118,822
Other program specific activities	9,035	9,035	9,035
Impact Downtown Albany	11,253	11,253	11,253
Unrestricted	9,205,433	9,015,030	7,751,126
<b>Total net position</b>	<b>\$ 11,102,709</b>	<b>\$ 10,912,307</b>	<b>\$ 9,648,403</b>

January 1, 2014 - December 31, 2014

	3rd Quarter	YTD Actual	YTD Budget	Variance - \$	Variance - %	Oct - Dec 2014 Forecast	2014 Projection	Original Budget	Projected Variance from Budget
<b>REVENUE</b>									
General Economic & Community Development Support Income	\$ 62,500	\$ 309,200	\$ 300,400	\$ 8,800	0%	\$ 192,400	\$ 501,600	\$ 527,800	\$ (26,200)
Real Estate Income	1,508,628	1,620,914	150,512	1,470,403	977%	182,478	1,803,393	381,120	1,422,272
Professional Service Agreement Income	75,000	225,000	225,000	-	0%	75,000	300,000	300,000	-
Loan Interest Income	15,847	53,804	61,468	(7,664)	0%	41,862	95,666	85,239	10,427
Fee Income	7,564	31,520	30,839	680	2%	14,231	45,751	38,767	6,984
Direct Finance Lease Income	79,595	100,165	105,769	(5,604)	-5%	12,386	112,550	115,488	(2,938)
Investment & Interest Income	18,947	52,496	74,329	(21,832)	-29%	22,221	74,718	99,104	(24,386)
FMV Adj on Fidelity Inv	(20,521)	(5,942)	-	(5,942)	100%	-	(5,942)	-	(5,942)
G/L on Sale/Redemption	(2,752)	1,220	-	1,220	100%	-	1,220	-	1,220
Membership & Event Support	6,000	27,650	35,000	(7,310)	-21%	4,850	32,540	37,500	(4,960)
<b>TOTAL REVENUE</b>	\$ 1,750,807	\$ 2,416,066	\$ 983,317	\$ 1,432,749	146%	\$ 543,429	\$ 2,961,495	\$ 1,583,019	\$ 1,378,476
<b>EXPENSE</b>									
Salaries Expense	\$ 103,506	\$ 346,954	\$ 417,226	\$ (70,272)	-17%	\$ 124,304	\$ 471,258	\$ 571,320	\$ (100,062)
Approved At Risk Compensation Pool	-	-	-	-	0%	30,980	30,980	-	30,980
Fringe Expense	28,513	95,980	120,831	(24,851)	-21%	49,979	145,960	155,535	(9,575)
Professional Fees	86,681	284,889	260,785	24,104	9%	87,714	372,604	333,748	38,856
Administrative Expenses	13,632	80,787	82,350	(1,563)	-2%	14,987	95,774	109,144	(13,370)
Interest Expense	23,721	63,242	63,242	-	0%	9,164	72,406	76,255	(3,849)
Real Estate Expenses	10,597	33,474	32,899	575	2%	13,916	47,391	51,065	(3,675)
Occupancy Expense	7,609	26,154	21,442	4,712	22%	15,577	41,731	40,760	971
Bad Debt Expense (recovery)	-	(5,500)	-	(5,500)	0%	-	(5,500)	-	(5,500)
Membership & Event Expense	76	9,239	16,475	(7,236)	-44%	-	9,239	18,875	(9,636)
<b>TOTAL EXPENSES BEFORE DEPRECIATION</b>	\$ 274,335	\$ 935,221	\$ 1,015,250	\$ (80,029)	-8%	\$ 346,622	\$ 1,281,843	\$ 1,356,703	\$ (74,860)
<b>NET INCOME BEFORE DEPRECIATION &amp; PROGRAM ACTIVITY</b>	\$ 1,476,472	\$ 1,480,845	\$ (31,933)	\$ 1,512,778	-4737%	\$ 198,806	\$ 1,679,652	\$ 228,316	\$ 1,451,336
<b>DEPRECIATION</b>	\$ 2,973	\$ 2,973	-	\$ 2,973	0%	\$ 208,519	\$ 211,492	\$ 212,714	\$ (1,222)
<b>NET INCOME (LOSS) AFTER DEPRECIATION</b>	\$ 1,473,499	\$ 1,477,872	\$ (31,933)	\$ 1,509,805	-4728%	\$ (9,713)	\$ 1,468,160	\$ 15,602	\$ 1,452,558
<b>PROJECT &amp; PROGRAM REVENUE</b>									
Blight to Betterment	\$ 39,384	\$ 39,384	\$ 100,000	\$ (60,616)	0%	\$ 160,616	200,000	\$ 200,000	\$ -
Downtown Tactical Plan	7,500	89,000	155,428	(66,428)	-43%	80,000	169,000	255,428	(86,428)
New York Main Street	-	-	-	-	0%	-	-	-	-
<b>Total Program Income</b>	\$ 46,884	\$ 128,384	\$ 255,428	\$ (127,044)	-50%	\$ 240,616	\$ 369,000	\$ 455,428	\$ (86,428)
<b>PROJECT &amp; PROGRAM EXPENSE</b>									
Blight to Betterment	\$ 40,784	\$ 40,784	\$ 100,000	\$ (59,216)	0%	\$ 144,216	185,000	\$ 200,000	\$ (15,000)
Downtown Tactical Plan	(7,617)	111,167	326,747	(215,580)	-66%	277,091	388,258	326,747	61,511
New York Main Street	-	-	-	-	0%	-	-	-	-
<b>Total Program Expense</b>	\$ 33,167	\$ 151,951	\$ 426,747	\$ (274,797)	0%	\$ 421,308	\$ 573,258	\$ 526,747	\$ 46,511
<b>NET INCOME (LOSS) FROM PROGRAM ACTIVITY</b>	\$ 13,717	\$ (23,567)	\$ (171,319)	\$ 147,752	-86%	\$ (180,691)	\$ (204,258)	\$ (71,319)	\$ (132,939)
<b>NET INCOME (LOSS) AFTER DEPRECIATION &amp; PROGRAM ACTIVITY</b>	\$ 1,487,217	\$ 1,454,306	\$ (203,252)	\$ 1,657,558	-816%	\$ (190,405)	\$ 1,263,904	\$ (55,717)	\$ 1,319,621

**Capitalize Albany Corporation**  
**STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN NET ASSETS**  
**Pre Audited Draft**

	YTD September 30, 2014	Projected December 31, 2014	Year Ended December 31, 2013
Revenues			
Grant income and Contribution Income	\$ 437,584	\$ 870,600	\$ 812,372
Rental income	165,656	348,976	378,408
Other interest and investment income	1,603,195	179,136	254,484
Interest income on mortgage notes	53,804	95,666	82,775
Gain on sale of properties	-	1,457,824	-
Fees and other income	284,210	378,291	340,478
<b>Total revenues</b>	<b>2,544,449</b>	<b>3,330,493</b>	<b>1,868,517</b>
Expenses			
Salaries and fringe benefits	442,934	648,198	644,284
Program and project costs	191,134	801,902	544,248
Interest expense	63,242	72,406	86,666
Bad debt expenses (recovery)	(5,500)	(5,500)	(25,490)
Administrative Expenses	398,333	549,583	537,504
<b>Total expenses</b>	<b>1,090,143</b>	<b>2,066,589</b>	<b>1,787,212</b>
<b>Excess of (expenses over revenues) revenues over expenses</b>	<b>1,454,306</b>	<b>1,263,904</b>	<b>81,305</b>
<b>Net Position, Beginning of Year</b>	<b>9,648,403</b>	<b>9,648,403</b>	<b>9,567,098</b>
<b>Net Position, End of Month</b>	<b>\$ 11,102,709</b>	<b>\$ 10,912,307</b>	<b>\$ 9,648,403</b>

**CAPITALIZE ALBANY CORPORATION**  
**STATEMENTS OF CASH FLOWS**  
**Pre-Audited Draft**

	September 30, 2014	Projected December 31, 2014	December 31, 2013
<b>Cash Flows From Operating Activities</b>			
Cash received from customers	\$ 443,266	\$ 685,997	\$ 582,948
Cash received from grantors	444,363	827,379	840,042
Other operating cash receipts	284,210	378,291	340,478
Cash payments to suppliers and grantees	(697,662)	(1,327,120)	(777,838)
Cash payments to employees	(442,934)	(648,198)	(644,284)
Net cash provided by operating activities	<u>31,243</u>	<u>(83,652)</u>	<u>341,346</u>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Proceeds from sale of property held for sale	1,664,244	1,661,382	-
Purchase of property held for investment and lease	-	(3,800)	-
Purchase of property and equipment	-	0	(5,461)
Purchase of other assets including purchase options	-	-	-
Principal payments on bonds payable	(180,394)	(1,348,591)	(339,846)
Interest paid on bonds payable	(65,734)	(79,604)	(88,966)
Net cash used in capital and related financing activities	<u>1,418,115</u>	<u>229,186</u>	<u>(434,273)</u>
<b>Cash Flows From Investing Activities</b>			
Interest on cash and cash equivalents and investments	52,496	74,718	84,434
Net decrease (increase) in restricted cash	(51,301)	(105,634)	(61,264)
Proceeds from sales and maturities of investments	1,803,396	1,803,396	1,716,988
Purchase of investments	(2,340,922)	(2,340,922)	(1,785,829)
Issuance of mortgage notes receivable	(500,000)	(900,000)	-
Repayments received on mortgage notes receivable	375,412	431,933	759,142
Principal payments received under direct financing leases	184,507	1,073,717	188,751
Net cash used in investing activities	<u>(476,412)</u>	<u>37,207</u>	<u>902,222</u>
<b>Change in cash and cash equivalents</b>	<u>972,946</u>	<u>182,742</u>	<u>809,295</u>
<b>Cash and cash equivalents:</b>			
Beginning of year	<u>3,651,644</u>	<u>3,651,644</u>	<u>2,842,349</u>
End of year	<u>\$ 4,624,590</u>	<u>\$ 3,834,386</u>	<u>\$ 3,651,644</u>
	September 30, 2014	Projected December 31, 2014	December 31, 2013
<b>Reconciliation of Excess of (Expenses Over Revenues)</b>			
<b>Revenues Over Expenses to Net Cash Provided by Operating Activities</b>			
Excess of (expenses over revenues) revenues over expenses	\$ 1,454,306	\$ 1,263,904	\$ 81,305
Adjustments to reconcile excess of (expenses over revenues) revenues over expenses to net cash provided by operating activities:			
Depreciation and amortization	110	211,492	211,756
Adjustment for losses on mortgage notes and other receivables	(5,500)	(5,500)	(26,490)
Gain on sale of property	(1,457,824)	(1,457,824)	-
Net realized and unrealized losses (gains) on investments	4,722	4,722	(43,389)
Interest income on cash and cash equivalents and investments	(52,496)	(74,719)	(80,285)
Interest expense on bonds payable	65,734	79,804	86,666
Changes in:			
Grants receivable	-	-	(37,500)
Other receivables, accrued interest receivable and other assets	123,717	124,811	(9,045)
Accounts payable and accrued expenses	(108,305)	(127,615)	92,099
Due to the City of Albany	0	(59,507)	59
Unearned grant and other income	6,420	(43,580)	64,797
Revolving loan fund liability	359	359	373
Net cash provided by operating activities	<u>\$ 31,243</u>	<u>\$ (83,652)</u>	<u>\$ 341,346</u>

**RESOLUTION 20-2014  
OF THE  
CAPITALIZE ALBANY CORPORATION**

**WHEREAS**, the Capitalize Albany Corporation (CAC) has developed a Proposed Budget for 2015; and

**WHEREAS**, the Finance and Investment Committee has reviewed and recommends this proposed budget;

**NOW THEREFORE BE IT RESOVED**, that the CAC Board of Directors approves the 2015 Budget as presented.

Signed: \_\_\_\_\_  
Sarah Reginelli  
President

Date of Authorization: October 28, 2014

Prepared by Mark J. Opalka

**RESOLUTION 21-2014  
OF THE  
CAPITALIZE ALBANY CORPORATION**

**WHEREAS**, the Capitalize Albany Corporation (“CAC”) bylaws (Article V, Section 1) provide that “the Board of Directors shall determine who, if anyone, in addition to the Chairperson and President, shall be authorized from time to time on the Corporation’s behalf to sign checks, drafts or other orders for the payment of money”; and

**WHEREAS**, currently the CAC authorized signatories on all CAC depository accounts are the CAC Chairman, CAC President and the CAC Finance & Investment Committee Chairman; and

**WHEREAS**, the members of the Finance & Investment Committee recommend to the Board that it authorize the addition of the CAC Vice President (Bradley Chevalier) on all current CAC depository accounts;

**NOW THEREFORE BE IT RESOLVED**, that staff is directed to circulate necessary signature cards and/or other required documents to facilitate this Resolution.

Signed: \_\_\_\_\_  
Sarah Reginelli

Date of Authorization: October 28, 2014

Prepared by Thomas M. Owens

# Investment Policy Statement

*~~Albany Local Development Corp.~~ Capitalize Albany Corporation*

~~March 2009~~ October 2014



## Introduction

The purpose of this document is to make clear the objectives, goals, and guidelines for the management of the ~~Albany Local Development Corporation (“ALDC”)~~ Capitalize Albany Corporation (“CAC”) account. It outlines a meaningful set of guidelines that are specific enough to allow for efficient management of the funds while also being sufficiently flexible to allow for changing economic conditions and securities markets.

Investment in real estate is not addressed in the Policy and will be addressed by the Board of Directors on a case-by-case basis.

## Investment Objectives and Goals

The primary objectives of this portfolio are: (1) preservation of capital, (2) liquidity, and (3) prudent growth of principal.

## Investment Strategy

These objectives will be achieved primarily with fixed-income investments and, to a lesser extent, with good quality equity investments. However, there is no requirement that the portfolio contain equities.

Fixed-income securities in the combined portfolios will include cash equivalents, short- and intermediate-term fixed-income securities. The portfolio will be allocated to these categories based upon cash flow needs as determined by ~~ALDC~~ CAC.

Equity investments will be well diversified, high grade and readily marketable.

The investment return on the short-term fixed-income portion of the portfolio will be measured against short-term U.S. Treasury Bills. The investment return on the intermediate-term fixed –income portion of the portfolio will be measured against the ~~Lehman Barclays~~ Intermediate Government Credit Index. The investment return on the equity portion of the portfolio, when appropriate, will be measured against the S&P 500.

## Asset Allocation

<i>Asset Class</i>	<i>Min. Wt.</i>	<i>Max. Wt.</i>	<i>Representative Index</i>
Equities	0%	15%	S&P 500 and MSCI EAFE
<i>Domestic</i>	85%	100%	S&P 500
<i>International*</i>	0%	15%	MSCI EAFE
Fixed Income	80%	95%	<del>LBBCS</del> Int. Govt./Credit**
Cash or Equivalents	5%	25%	Treasury Bill

\* Only broadly diversified Exchange Traded Funds will be used for investing in international equities.

\*\* Or other broad-based bond market benchmark agreed upon by ~~ALDC~~ CAC.

## **Investment Guidelines**

Investments should be made consistent with the quality deemed appropriate in a fiduciary relationship and to which a prudent investor would adhere. All assets must have readily ascertainable market value and be easily marketable. The portfolio should be diversified to the extent a prudent investor might propose and to avoid any undue exposure to any segment of the economy or any industry segment.

### **Fixed-Income**

#### **Eligible Investments**

1. Obligation of the U.S. Treasury, AAA-rated U.S. Government Agencies and obligations guaranteed by the U.S. Treasury or AAA-rated U.S. Government agencies. There is no limit on these investments, except that no more than 15% of the fixed-income segment can be invested in Government guaranteed mortgage pass through securities.
2. Corporate debt obligations as follows:
  - a. Commercial Paper
  - b. Short-Term Notes or Corporate Bonds

Commercial paper must be rated at least A1/P1 with a maximum maturity of nine months. Corporate notes and bonds must be rated at least A1 by Moody's or A+ by Standard and Poor's.

3. FDIC or NCUA Insured Bank or Credit Union Certificates of Deposit.
4. Money market funds managed by nationally recognized investment management companies in funds with net assets of \$1 billion or more.
5. Tax-Exempt or Taxable Municipal Securities as follows:
  - a. Municipal notes and bonds
  - b. Adjustable rate municipals
  - c. Tax-Exempt commercial paper

Municipal obligations must be rated at least "A" (or the equivalent) by a nationally recognized credit rating agency. Insured obligations must have an underlying rating of at least "A".

6. Any obligation that is not guaranteed by the U.S. Government or one of its agencies is limited to 10% of the portfolio

**The Following Conditions and Restrictions Apply to Fixed-Income Investments.**

1. No less than 25% of the portfolio will possess a final maturity of one year or less.
2. The maximum weighted average maturity of the fixed-income securities (exclusive of the portion of the portfolio that matures within one year) may not exceed four years.
3. No less than 50% of the fixed-income securities must be obligations of the U.S. Treasury or Government Agency.
4. Fixed income securities with a maturity, expected average maturity, or reset period greater than 10 years are prohibited.
5. Fixed income or interest rate futures are prohibited
6. Risky or volatile derivative securities as commonly defined by the financial industry are prohibited.
7. Zero coupon Treasury bonds are permitted.
8. CMO securities of any type are not permitted.
9. Cash reserves should be invested in interest bearing securities or in an appropriate money market fund or account.

### **Equities**

1. Equity investments are to be chosen from the New York Stock Exchange, American Stock Exchange, the regional exchanges, or the national over-the-counter market.
2. No more than 30% of the market value of the equity portion of the portfolio should be in any one industry and no more than 10% in any one security.

### **General Restriction**

All investments must be in U.S. Dollar denominated securities except there will be underlying foreign currency exposure to the extent that international equity Exchange Traded Funds are held in the portfolio.

### **Reporting**

~~ALDC-CAC~~ will account for investments in accordance with generally accepted accounting principles (GAAP) for all financial statements.

Quarterly reports of investment activity and portfolio reporting will be provided to the ~~ALDC's~~CAC's Finance & Investment Committee. At least annually, and as determined by the CAC Finance & Investment Committee, a report the investment portfolio and activity will be provided to the~~and~~ Board of Directors. The portfolio

reporting will include an estimate of fair value (market value) as obtained from the Bloomberg, financial correspondents or nationally published sources. Also included will be the characteristics of each investment, the net change in fair value since the prior month-end, with summary information for the entire portfolio.

### **Remediation**

In the event that an investment (**after purchase**) fails to meet any condition of this policy or provision set forth in applicable rules, regulations and/or law, the ~~Board of Directors~~ Finance Committee shall be notified as soon as possible, but no later than the next regularly scheduled ~~board~~ committee meeting. A risk evaluation analysis shall be prepared to support management's action to retain or dispose of the investment. The Finance & Investment Committee will review any recommendation to hold the investment. Without exception from the Finance & Investment Committee ~~or Board~~ the decision to continue to hold the investment will be deemed acceptable but shall require subsequent quarterly monitoring and reporting.

**RESOLUTION 22-2014  
OF THE  
CAPITALIZE ALBANY CORPORATION**

**WHEREAS**, to ensure that the Corporation's resources are prudently managed, and pursuant to New York Public Authorities Law ("PAL") section 2925, the Corporation has an Investment Policy; and

**WHEREAS**, the CAC staff and Finance and Investment Committee annually reviews such Investment Policy to ensure it meets the Corporation's objectives and remains in compliance with any applicable requirements; and

**WHEREAS**, the staff and Committee completed such review and finds the Investment Policy (as attached with minor recommended modifications) continues to emphasize the Corporation's primary objectives of capital preservation, liquidity, and prudent growth of principal; and

**WHEREAS**, the Committee has reviewed said revised Investment Policy and recommends Board approval of the Policy.

**NOW THEREFORE BE IT RESOLVED**, that the CAC Board of Directors approves the Investment Policy dated October 28, 2014.

Signed: \_\_\_\_\_  
Sarah Reginelli  
President

Date of Authorization: October 28, 2014

# **Capitalize Albany Corporation Board Meeting**

## **October 28, 2014**

**Agenda Item #3:** Tech Valley Center of Gravity Laban Coblentz

**Materials:**

- No materials are included.

# **Capitalize Albany Corporation Board Meeting**

## **October 28, 2014**

**Agenda Item #4:** Impact Downtown Albany

**Materials:**

- No materials are included.

**Capitalize Albany Corporation Board Meeting**  
October 28, 2014

**Agenda Item #5:** Other Business

**Materials:**

- No materials are included.



**Capitalize Albany Corporation Board Meeting**  
October 28, 2014

**Agenda Item #6:** Project Update Memo

**Materials:**

- No materials are included.

# **Capitalize Albany Corporation Board Meeting**

## **October 28, 2014**

**Agenda Item #7:** Executive Session (if necessary)

**Materials:**

- No materials are included.