



Tuesday, July 28, 2015
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 April 28, 2015
2. Report of Finance Committee
 - a. Quarterly Financial report
 - b. 526 Central Avenue Broker RFP
 - Resolution 8-2015 Selection of 526 Central Avenue Broker
3. Regional Economic Development Council CFA Round V
4. Impact Downtown Albany Update
5. Other Business
 - a. Continuing Board Education
6. Project Update
7. Executive Session (if necessary)

**Capitalize Albany Corporation Board Meeting
MINUTES
Tuesday, May 26, 2015**

The meeting of the Capitalize Albany Corporation Board of Directors was held at 8:00 a.m., Tuesday, May 26, 2015 at 21 Lodge Street.

The following were in attendance:

Board of Directors:

Michael Castellana	Jeff Sperry	Michael Fancher
Anders Tomson	Matt Peter	Bob Curley – participated via teleconference (not counted for quorum purposes)
David Parente	Dorsey Whitehead	
Mark Sullivan	Nancy Zimpher	
John Harris	Susan Pedo	

Other:

Thomas M. Owens, Esq. and Jessica Fisher Neidl

Staff:

Sarah Reginelli, Brad Chevalier, Mark Opalka, Chantel Burnash, Amy Gardner, Ashley Lavigne, Sabina Mora, and Mike Bohne

Chairman Michael Castellana called the regular meeting of the Capitalize Albany Corporation (“Corporation”) Board to order at 8:06 a.m. The following directors were excused: Robert Jones, James Linnan, and John Vero.

Approval of Minutes for April 28, 2015 Board Meeting

The Board reviewed the minutes of the April 28, 2015 meeting. Jeff Sperry made a motion for approval. Dorsey Whitehead seconded. The Board agreed unanimously to approve the minutes.

Report of Finance Committee

Affirm Revolving Real Estate Loan Fund

Board affirmed that the Corporation’s real estate loan fund is a \$2 million revolving real estate loan fund, with the potential to add funds in the future given its success. Any increase in the dollar amount of the fund will need to be evaluated on a portfolio basis with the Board. A motion to affirm that the loan fund is a revolving loan fund was made by Matt Peter and seconded by Dorsey Whitehead. A vote being taken, the motion passed unanimously.

526 Central Avenue Broker RFP

Staff advised the Board that an RFP was sent to brokers to establish a contract for Commercial Real Estate Brokerage Services for the 3.4 acre site located at 526 Central Avenue. The purpose of the RFP is to find a broker to successfully market the site to a buyer who will develop and

tenant it. Staff informed the Board that deliberations of the RFP will occur before the next Board meeting.

Report of Governance Committee

Resolution 6-2015 Authorization for Board to Enter Into Agreement for Salary Review

Mark Sullivan informed the Board that D. Hilton Associates, Inc. (“consultant”) has responded to an RFP to conduct an executive compensation review of six job classifications within the Corporation. Once an agreement has been made between the Corporation and the consultant, the consultant will gather data and submit a final plan to the Governance Committee by mid-summer.

A motion to adopt the resolution was made by David Parente and seconded by Jeff Sperry. Michael Castellana recused himself from the vote. A vote being taken, the motion passed unanimously.

Resolution 7-2015 Annual Review of Property Disposition and Acquisition Policy

Mark Sullivan advised the Board that Counsel reviewed the current property disposition and acquisition policy with the Governance Committee. The Governance Committee agreed that the Corporation is compliant with these two policies and recommended a positive annual review to the Board. A motion to adopt the resolution was made by John Harris and seconded by Matt Peter. A vote being taken, the motion passed unanimously.

Impact Downtown Albany Update

Board discussed the implementation strategy execution of Impact Downtown and the importance of communicating and articulating the successful wins for the City of Albany, which will help shape public perception. Staff explained the environmental, structural and development components of the strategy execution. Board discussed alternative funding streams and models which would give direction to the execution of the implementation strategy.

Other Business

Staff advised the Board that Druthers Brewing’s grand opening event would be that morning. Druthers Brewing Albany blends manufacturing and retail in the warehouse district in a previously a vacant building and is creating 68 new jobs.

Staff also informed the Board that they are working on revisions to the Corporation’s website. Content will be refreshed. Headshots of Staff will be posted, as well as biographies of Board members.

Project Update

Staff reviewed the status of active projects with the Board.

Executive Session

A motion to enter into executive session was made by Michael Castellana, seconded by Anders Tomson to discuss the employment history of certain individuals and corporations. The Board entered into executive session at 9:15 a.m. All of Staff left the room except Sarah Reginelli and Brad Chevalier. The following Directors were present: Michael Castellana, Anders Tomson,

David Parente, Mark Sullivan, John Harris, Jeff Sperry, Matt Peter, Dorsey Whitehead, Nancy Zimpher, Susan Pedo, and Michael Fancher. Bob Curley joined executive session via tele-conference. The Board left executive session at 9:26 a.m. and returned to its regular session. No actions were taken during executive session.

There being no further business, the Capitalize Albany Corporation Board of Directors regular meeting was adjourned at 9:27 a.m.

Capitalize Albany Corporation
21 Lodge Street
Albany, New York 12207

MEMORANDUM

TO: CAC Finance & Investment Committee
FROM: Mark Opalka
RE: Capitalize Albany Corporation 2nd Quarter Financial Reports
DATE: July 21, 2015

BUDGET PERFORMANCE

On a pre-audit basis, through June 30, 2015, the Capitalize Albany Corporation (CAC) had net income of approximately \$19,080. This position compares favorably to the year-to-date (YTD) budgeted net loss of approximately \$156,773. CAC had a net loss of approximately \$33,000 during the second quarter of 2014.

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

- ***YTD 2015 revenue is \$748,407 which is \$152,307 above the 2015 budget. Excluding the Blight to Betterment grant activity of \$152,400, which was not budgeted for, YTD 2015 revenue are \$596,007 and \$93 (< 1%) below the 2015 budget.***

- ***Real Estate Income.*** Real Estate income is approximately \$71,840 which is 15% over budget. This positive variance is a direct result of the DBID leasing office space at 21 Lodge Street. This transaction was not budgeted for in the 2015 budget.

- ***Loan Interest Income.*** Loan interest income is approximately \$47,300 or 15% under budget. This negative variance is a direct result of an early loan repayment.

- ***Fee Income.*** Fee Income is approximately \$19,750 which is 5% under budget. This negative variance is due a loan that what budgeted to close in the 2nd quarter not occurring until the second week of July.

- ***Membership & Event Support.*** Membership and Event Support is \$17,000 or \$1,500 under budget. This negative variance is due budgeted sponsorships for CAC's annual event offset by memberships received from our investors. CAC's annual event is planned to happen later this year.

- **YTD 2015 expenses are \$729,329 which is \$26,456 above the 2015 budget. Excluding the Blight to Betterment grant activity of \$142,110, which was not budgeted for, YTD 2015 expenses are \$587,219 and \$115,656 (16%) below the 2015 budget. The positive variance is mainly attributable to Salary and Fringe expenses being under budget by approximately \$103,000.**
 - **Salaries & Fringe Benefits Expense.** As noted above, this category is under budget by approximately \$103,300 or 24%. The variance in this category is attributable to position vacancies that occurred during the first quarter as well as the financial consultant position being budgeted to salaries and benefits in the 2015 budget. This expense, which is approximately \$33,130, is currently being expensed in the professional fees category.
 - **Professional Fees.** This category is over budget by approximately \$17,900 or 13%. As noted above the variance in the category is attributable to the financial consultant expenses being budgeted to salary & fringe benefits in 2015. This variance has been offset by lower legal fees incurred year to date.
 - **Administrative Expense.** This category is under budget by approximately \$22,650 or 28%. This is mainly attributable to the Board opt-outs for the Impact Downtown Albany Plan as well as a website maintenance that was budgeted for but that has not yet occurred.
 - **Membership & Event Expense.** This category is under budget by \$8,125 or 71%. This negative variance is mainly attributable to CAC's annual event being moved in 2015.

LOANS

- One loan has moved to non performing status during the second quarter of 2015. The borrower, Angela Boney would typically pay CAC once a year during the second quarter to bring her account current. In 2015 this payment was not made. Staff has reached out to borrower and she has indicated that she will make a payment to CAC in the month of July and will make additional monthly payments until her account is current. This loan is currently carries a 75 % allowance.

BALANCE SHEET

- As of June 30, 2015, compared to December 31, 2014, unrestricted cash has increased by approximately \$321,300. This is primarily attributable to the early payoff of one loan offset by payments of budgeted operating costs.
- Restricted cash has increased approximately \$38,500 due to loan repayments.
- Mortgage notes receivable has decreased by approximately \$491,932. This is a result of one borrower paying off their loan early in the amount of \$244,066 plus scheduled loan payment activity.
- Net investment in direct financing leases has been reduced by approximately \$166,020. This is due to scheduled lease payments, the largest of which are

the payments from ACDA. Additionally, ACDA payments are applied to the principal amount of bonds outstanding for 200 Henry Johnson Boulevard.

- Liabilities have been reduced by approximately \$315,000. This is due to reduced accounts payable as of June 30, principal payments applied against CAC's bond indebtedness, and reduced professional service fees due to the City of Albany.

CASH FLOW STATEMENT

- Currently, CAC's December 31, 2015 cash and cash equivalents are anticipated to decrease by approximately \$123,000 to \$3.96 million.
- Projected 2015 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 and renovations made at 21 Lodge Street during 2015.
- Cash flow from investing activities reflects projected loan disbursement and repayment activity, direct finance lease payments, and investment activity.

	January 1, 2015 - December 31, 2015								
	2nd Qtr	YTD Actual	YTD Budget	Variance - \$	Variance - %	July -Dec 2015 Forecast	2015 Projection	Original Budget	Projected Variance from Budget
REVENUE									
General Economic & Community Development Support Income	\$ 183,187	\$ 245,687	\$ 245,687	\$ -	0%	\$ 255,913	\$ 501,600	\$ 501,600	\$ -
Real Estate Income	37,249	71,840	62,203	9,637	15%	224,309	296,149	277,397	18,752
Professional Service Agreement Income	75,000	150,000	150,000	-	0%	150,000	300,000	300,000	-
Loan Interest Income	21,449	47,285	55,729	(8,444)	-15%	55,728	103,013	111,457	(8,444)
Fee Income	11,857	19,747	20,710	(962)	-5%	16,460	36,207	34,170	2,038
Direct Finance Lease Income	596	1,269	1,261	7	1%	62,371	63,639	63,632	8
Investment & Interest Income	14,504	29,544	42,011	(12,467)	-30%	35,186	64,730	84,823	(20,093)
FMV Adj on Fidelity Inv	(12,607)	(9,266)	-	(9,266)	100%	-	(9,266)	-	(9,266)
G/L on Sale/Redemption	3,415	22,902	-	22,902	100%	-	22,902	-	22,902
Membership & Event Support	16,500	17,000	18,500	(1,500)	-8%	16,500	33,500	33,500	-
TOTAL REVENUE	\$ 351,150	\$ 596,007	\$ 596,100	\$ (93)	0%	\$ 816,467	\$ 1,412,474	\$ 1,406,578	\$ 5,896
EXPENSE									
Salaries Expense	\$ 176,225	\$ 321,808	\$ 425,116	\$ (103,308)	-24%	\$ 391,518	\$ 713,326	\$ 895,676	\$ (182,350)
Professional Fees	65,168	151,941	134,048	17,893	13%	122,158	274,098	215,275	58,823
Administrative Expenses	35,328	58,610	81,263	(22,653)	-28%	43,846	102,457	128,450	(25,993)
Interest Expense	-	16,963	16,963	-	0%	15,702	32,665	32,665	(0)
Real Estate Expenses	8,521	16,972	17,417	(444)	-3%	22,328	39,300	39,300	-
Occupancy Expense	8,508	17,475	16,642	833	5%	31,011	48,486	47,157	1,329
Bad Debt Expense (recovery)	-	-	-	-	0%	-	-	-	-
Membership & Event Expense	1,800	3,300	11,425	(8,125)	-71%	8,950	12,250	11,875	375
TOTAL EXPENSES BEFORE DEPRECIATION	\$ 295,550	\$ 587,069	\$ 702,873	\$ (115,805)	-16%	\$ 635,512	\$ 1,222,581	\$ 1,370,398	\$ (147,817)
NET INCOME BEFORE DEPRECIATION & PROGRAM ACTIVITY	\$ 55,600	\$ 8,939	\$ (106,773)	\$ 115,712	-108%	\$ 180,955	\$ 189,894	\$ 36,181	\$ 153,713
DEPRECIATION	\$ -	\$ -	\$ -	\$ -	0%	\$ 208,519	\$ 208,519	\$ 208,519	\$ -
NET INCOME (LOSS) AFTER DEPRECIATION	\$ 55,600	\$ 8,939	\$ (106,773)	\$ 115,712	-108%	\$ (27,564)	\$ (18,625)	\$ (172,338)	\$ 153,713
PROJECT & PROGRAM REVENUE									
Blight to Betterment	\$ -	\$ 152,400	\$ -	\$ 152,400	100%	\$ -	152,400	\$ -	\$ 152,400
Downtown Tactical Plan	-	-	-	-	0%	20,000	20,000	-	20,000
New York Main Street	-	-	-	-	0%	236,250	236,250	-	236,250
Total Program Income	\$ -	\$ 152,400	\$ -	\$ 152,400	0%	\$ 256,250	\$ 408,650	\$ -	\$ 408,650
PROJECT & PROGRAM EXPENSE									
Blight to Betterment	\$ -	\$ 142,110	\$ -	\$ 142,110	100%	\$ -	142,110	\$ -	\$ 142,110
Downtown Tactical Plan	-	150	50,000	(49,850)	100%	143,795	143,945	100,000	43,945
New York Main Street	-	-	-	-	0%	225,000	225,000	-	225,000
Total Program Expense	\$ -	\$ 142,260	\$ 50,000	\$ 92,260	0%	\$ 368,795	\$ 511,055	\$ 100,000	\$ 411,055
NET INCOME (LOSS) FROM PROGRAM ACTIVITY	\$ -	\$ 10,140	\$ (50,000)	\$ 60,140	0%	\$ (112,545)	\$ (102,405)	\$ (100,000)	\$ (2,405)
NET INCOME (LOSS) AFTER DEPRECIATION & PROGRAM ACTIVITY	\$ 55,601	\$ 19,079	\$ (156,773)	\$ 175,852	-112%	\$ (140,109)	\$ (121,030)	\$ (272,338)	\$ 151,308

CAPITALIZE ALBANY CORPORATION
Comparative Balance Sheets
Pre-Audited Draft

	June 30, 2015	Projected December 31, 2015	December 31, 2014
Assets			
Current Assets:			
Cash and cash equivalents	\$ 4,410,051	\$ 3,965,499	\$ 4,088,737
Investments	3,450,436	3,483,214	3,411,362
Restricted cash	554,021	588,734	515,529
Mortgage notes receivable, net	2,330,173	2,549,897	2,822,105
Net investment in direct financing leases	505,501	521,055	671,521
Accrued interest receivable	44,902	44,902	58,671
Grants receivable	-	-	-
Receivables from the City of Albany and City agencies	68,957	68,957	101,013
Other receivables, net	98,166	85,712	97,086
Property held for investment and lease, net	2,571,690	2,396,143	2,571,690
Property and equipment, net	405,512	376,540	403,263
Other assets	654,517	651,736	648,532
Total assets	\$ 15,093,926	\$ 14,732,389	\$ 15,389,509
Deferred Outflows of Resources	\$ -	\$ -	\$ -
Liabilities			
Current Liabilities:			
Accounts payable and accrued expenses	\$ 109,146	\$ 52,712	\$ 264,848
Due to the City of Albany	72,892	72,899	99,521
Unearned grant and other income	480,860	480,860	480,860
Bonds payable	2,515,000	2,350,000	2,650,000
Revolving loan fund liability	703,185	703,185	702,825
Unearned program support	83,305	83,306	80,997
Total liabilities	\$ 3,964,388	\$ 3,742,961	\$ 4,279,051
Deferred Inflows of Resources	\$ -	\$ -	\$ -
Net Position			
Net invested in capital assets	\$ 914,953	\$ 914,953	\$ 914,953
Restricted for:			
Debt service	171,446	171,446	171,446
CDBG eligible activities	124,519	124,519	120,278
Other program specific activities	13,269	13,269	13,269
Impact Downtown Albany	-	-	-
Unrestricted	9,905,352	9,765,241	9,890,512
Total net position	\$ 11,129,539	\$ 10,989,428	\$ 11,110,458

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

Pre Audited Draft

	YTD June 30, 2015	Projected December 31, 2015	Year Ended December 31, 2014
Revenues			
Grant income and Contribution Income	\$ 398,087	\$ 910,250	\$ 698,397
Rental income	73,102	298,365	344,500
Other interest and investment income	43,187	139,789	170,426
Interest income on mortgage notes	47,285	103,013	88,737
Gain on sale of properties	-	-	1,457,824
Fees and other income	186,747	369,707	375,036
Total revenues	<u>748,408</u>	<u>1,821,124</u>	<u>3,134,920</u>
Expenses			
Salaries and fringe benefits	321,808	713,326	668,159
Program and project costs	162,532	729,652	592,458
Interest expense	16,963	32,665	68,262
Bad debt expenses (recovery)	-	-	(202,751)
Administrative Expenses	228,026	466,511	546,737
Total expenses	<u>729,329</u>	<u>1,942,154</u>	<u>1,672,865</u>
Excess of (expenses over revenues) revenues over expenses	19,079	(121,030)	1,462,055
Net Position, Beginning of Year	<u>11,110,458</u>	<u>11,110,458</u>	<u>9,648,403</u>
Net Position, End of Month	<u>\$ 11,129,539</u>	<u>\$ 10,989,428</u>	<u>\$ 11,110,458</u>

CAPITALIZE ALBANY CORPORATION
STATEMENTS OF CASH FLOWS
Pre-Audited Draft

	June 30, 2015	Projected December 31, 2015	December 31, 2014
Cash Flows From Operating Activities			
Cash received from customers	\$ 161,454	\$ 519,060	\$ 545,091
Cash received from grantors	398,447	910,610	668,165
Other operating cash receipts	186,747	369,707	374,136
Cash payments to suppliers and grantees	(572,886)	(1,226,402)	(859,974)
Cash payments to employees	(321,808)	(713,324)	(668,159)
Net cash provided by operating activities	<u>(148,046)</u>	<u>(140,349)</u>	<u>59,259</u>
Cash Flows From Capital and Related Financing Activities			
Proceeds from sale of property held for sale	-	-	1,661,383
Purchase of property held for investment and lease	-	-	-
Purchase of property and equipment	(2,249)	(6,249)	(8,928)
Purchase of other assets including purchase options	-	-	-
Principal payments on bonds payable	(135,000)	(300,000)	(1,218,590)
Interest paid on bonds payable	(16,962)	(32,665)	(74,452)
Net cash used in capital and related financing activities	<u>(154,211)</u>	<u>(338,913)</u>	<u>359,413</u>
Cash Flows From Investing Activities			
Interest on cash and cash equivalents and investments	29,551	64,775	69,295
Net decrease (increase) in restricted cash	(38,492)	(73,205)	(66,545)
Proceeds from sales and maturities of investments	1,070,502	1,070,502	2,668,552
Purchase of investments	(1,095,940)	(1,128,718)	(3,221,860)
Issuance of mortgage notes receivable	-	(275,000)	(900,000)
Repayments received on mortgage notes receivable	491,932	547,209	401,621
Principal payments received under direct financing leases	166,017	150,461	1,067,359
Net cash used in investing activities	<u>623,571</u>	<u>356,023</u>	<u>18,422</u>
Change in cash and cash equivalents	321,313	(123,239)	437,094
Cash and cash equivalents:			
Beginning of year	<u>4,088,738</u>	<u>4,088,738</u>	<u>3,651,644</u>
End of year	<u>\$ 4,410,051</u>	<u>\$ 3,965,499</u>	<u>\$ 4,088,738</u>

	June 30, 2015	Projected December 31, 2015	December 31, 2014
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	\$ 19,080	\$ (121,030)	\$ 1,462,055
Adjustments to reconcile excess of (expenses over revenues) revenues over expenses to net cash provided by operating activities:			
Depreciation and amortization	-	208,519	212,181
Adjustment for losses on mortgage notes and other receivables	-	-	(203,201)
Gain on sale of property	-	-	(1,457,824)
Net realized and unrealized losses (gains) on investments	(13,636)	(13,636)	(660)
Interest income on cash and cash equivalents and investments	(29,551)	(64,776)	(69,831)
Interest expense on bonds payable	16,962	32,665	68,262
Changes in:			
Grants receivable	-	-	-
Other receivables, accrued interest receivable and other assets	41,068	56,306	10,456
Accounts payable and accrued expenses	(155,700)	(212,136)	67,026
Due to the City of Albany	(26,629)	(26,622)	14
Unearned grant and other income	-	-	(29,796)
Revolving loan fund liability	360	360	577
Net cash provided by operating activities	<u>\$ (148,046)</u>	<u>\$ (140,349)</u>	<u>\$ 59,259</u>

**RESOLUTION 8-2015
OF THE
CAPITALIZE ALBANY CORPORATION**

WHEREAS, the mission of the Capitalize Albany Corporation (“CAC”) is to facilitate the creation of new employment opportunities, retention of existing jobs and encouragement of investment that will expand the commercial and industrial tax base within the City of Albany; and

WHEREAS, Resolution 29-2011 authorized the Vice-President of Finance to execute a 5-year purchase option agreement for the acquisition of the properties at 445 Manning Boulevard, 524 and 526 Central Avenue and Rear 526 Central Avenue (“Development Site”), by Citywide Property Holdings LLC, and deposit \$500,000 with the City upon execution of the agreement.

WHEREAS, the Development Site is a 3.41 acre development opportunity along Central Avenue located within the Central BID, identified by the BID as an outstanding potential site location for developing new services, job opportunities and investment for the area; and

WHEREAS, CAC issued an RFP on May 13, 2015 to identify a Real Estate Broker to market the Development Site for sale or lease; and

WHEREAS, staff reviewed the RFP responses received against the RFP requirements and presented the responses to the Finance & Investment Committee for further review; and

WHEREAS, the Finance & Investment Committee reviewed and discussed the responses from RFP respondents on July 21, 2015;

NOW, therefore be it resolved that the Board of Directors of the Capitalize Albany Corporation authorizes the President to execute a contract with _____ to serve as the Real Estate Broker to market the Development Site for sale or lease at a commission not to exceed ___%.

Signed: _____
Sarah Reginelli
President

Date of Authorization: July 28, 2015
Prepared by Andy Corcione