



**Tuesday, October 27, 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 August 25, 2015
2. Report of Audit Committee
3. Report of Governance Committee
4. Report of Finance & Investment Committee
  - a. Quarterly Financial Report
  - b. Annual Budget Review
  - c. Resolution 9-2015 2016 Budget Adoption
  - d. Resolution 10-2015 Annual Review Investment Policy
  - e. Resolution 11-2015 Authorization for Negotiations and Execution of a Banking Services Contract
5. Impact Downtown Albany Update
  - a. Capital 20.20 plan submission
6. Other Business
  - a. Best Practices (highlights from recent conferences)
  - b. Conflict of Interest Forms
  - c. Review Board member terms for Annual member Meeting
7. Project Update
8. Executive Session (if necessary)

**Capitalize Albany Corporation Board Meeting**  
**MINUTES**  
**Tuesday, August 25, 2015**

The meeting of the Capitalize Albany Corporation Board of Directors was held at 8:00 a.m., Tuesday, August 25, 2015 at 21 Lodge Street.

The following were in attendance:

**Board of Directors:**

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

**Other:**

Thomas M. Owens, Esq.

**Staff:**

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

Chairman Michael Castellana called the regular meeting of the Capitalize Albany Corporation (“Corporation”) Board to order at 8:06 a.m. (Robert Jones joined the meeting after the vote of the approval of the minutes).

**Approval of Minutes for July 28, 2015 Board Meeting**

The Board reviewed the minutes of the July 28, 2015 meeting. Mark Sullivan made a motion for approval. John Harris seconded. The Board agreed unanimously to approve the minutes.

**Communications Update**

Staff gave an update on the Corporation’s Communications’ efforts. Staff is able to control the Corporation’s messaging, by being proactive with the media. Staff advised the Board that Staff has been using a filtering process when the media reaches out, which has allowed Staff the time to assess a strategic response. This increased accessibility has led to several positive news articles and improved relationships with all local newsrooms. Staff is directing traffic from Twitter and Facebook back to our website. Staff informed the Board that Impact Downtown investors receive bi-weekly update emails and the Corporation’s current investors receive bi-monthly e-newsletters. Staff estimates the Corporation has received roughly \$150,000 worth of earned media coverage since March. Staff informed the Board that over 500 visitors came to the Corporation’s website when Impact Downtown Albany was released. Also, Staff advised the Board that they worked with Mayor Sheehan’s staff to make changes to the City of Albany’s

website, which would direct visitors looking for real estate, business development and economic strategy information to the Corporation's website. The Board commended Staff, Michael Bohne in particular, for the success of their proactive communications' efforts.

### **Other Business**

Staff advised the Board that the Corporation's annual event will be on Tuesday, November 10<sup>th</sup> at the Renaissance Hotel. It will be a networking event which will showcase numerous projects. Staff is currently working on the annual marketing piece to distribute at the event and throughout the upcoming year.

Staff advised the Board that the CEO for Cities' national meeting is October 12-14 in Indianapolis.

Staff thanked the Board for sending along their biographies, which will be added to the Corporation's website shortly.

Staff gave a brief update on the commercial real estate brokerage services for 526 Central Avenue, stating that Vanguard-Fine, LLC should be signing the contract this week and a sign should be up on the site early next week.

### **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 Bob Curley to discuss the employment history of certain individuals. The Board entered into executive session at 8:34 a.m. All of Staff left the room. The following Directors were present: Michael Castellana, Jeff Sperry, Dorsey Whitehead, Matt Peter, Nancy Zimpher, Mark Sullivan, Bob Curley, Robert Jones, John Harris, Susan Pedo, John Vero, David Parente and Michele Vennard. Anders Tomson joined executive session via tele-conference. The Board left executive session at 9:02 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 9:03 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 3rd Quarter Financial Reports  
DATE: October 20, 2015

**BUDGET PERFORMANCE**

On a pre-audit basis, through September 30, 2015, the Capitalize Albany Corporation (CAC) had net income of approximately \$7,390. This position compares favorably to the year-to-date (YTD) budgeted net loss of approximately \$181,983. CAC had a net income of approximately \$1,452,600 at September 30, 2014. This large net income was a result of the Corporation selling off real estate assets in the 3<sup>rd</sup> Quarter of 2014.

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

- ***YTD 2015 revenue is \$1,017,700 which is \$127,286 (14%) above the 2015 budget.***
  - ***Real Estate Income.*** Real Estate income is approximately \$109,089 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 \$71,640 or 14% under budget. This negative variance is a direct result of an early loan repayment.
  - ***Investment & Interest Income.*** Interest and Investment Income is approximately \$16,230 which is 25% under budget. This negative variance is a direct result of market performance that occurred during the third quarter.
  - ***Project & Program Revenue.*** Project and Program revenue is \$173,900. This revenue is from grant monies received for the Blight to Betterment program as well as a Main Street technical assistance grant for the Impact Downtown Albany study. This revenue was not budgeted for in the 2015 since staff believed that these projects would have been closed out in 2014.

- **YTD 2015 expenses are \$1,010,313 which is \$62,090 below the 2015 budget.**
- **Salaries & Fringe Benefits Expense.** This category is under budget by approximately \$146,250 or 22%. 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 \$46,125, is currently being expensed in the professional fees category.
- **Professional Fees.** This category is over budget by approximately \$33,450 or 19%. 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 \$32,120 or 31%. This is mainly attributable to the Board opt-outs for the Impact Downtown Albany Plan as well lower insurance and meeting expenses.
- **Membership & Event Expense.** This category is under budget by \$8,208 or 69%. This negative variance is mainly attributable to CAC's annual event being moved to November 2015.
- **Project & Program Expense.** Project and Program over budget by approximately \$92,580 or 185%. This is attributable to unbudgeted expenses for the Blight to Betterment program. This expense was not budgeted for in the 2015 budget since staff believed that these projects would have been closed out in 2014.

## **LOANS**

- We have received notice from Albany County that they have begun the foreclosure process on three properties which Capitalize Albany has mortgage lien in place. These loans all are non performing loans and they have an allowance recorded on the Corporation's balance sheet. Staff is currently working with legal counsel on this matter.

## **BALANCE SHEET**

- As of September 30, 2015, compared to December 31, 2014, unrestricted cash has increased by approximately \$111,860. This is primarily attributable to program income received as well principal payments received on mortgage receivables.
- Restricted cash has increased approximately \$45,800 due to loan repayments.
- Mortgage notes receivable has decreased by approximately \$244,790. This is a result of scheduled loan payment activity.

- Net investment in direct financing leases has been reduced by approximately \$147,365. 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 \$333,200. This is due to reduced accounts payable as of September 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 increase by approximately \$45,150 to \$4.13 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								
	3rd Qtr	YTD Actual	YTD Budget	Variance - \$	Variance - %	Oct -Dec 2015 Forecast	2015 Projection	Original Budget	Projected Variance from Budget
<b>REVENUE</b>									
General Economic & Community Development Support Income	\$ 62,500	\$ 308,187	\$ 308,187	\$ -	0%	\$ 193,413	\$ 501,600	\$ 501,600	\$ -
Real Estate Income	37,249	109,089	94,993	14,096	15%	187,027	296,116	277,397	18,719
Professional Service Agreement Income	75,000	225,000	225,000	-	0%	75,000	300,000	300,000	-
Loan Interest Income	24,246	71,641	83,593	(11,952)	-14%	24,814	96,455	111,457	(15,002)
Fee Income	7,035	26,783	27,440	(657)	-2%	6,730	33,513	34,170	(657)
Direct Finance Lease Income	55,935	57,205	57,191	14	0%	6,441	63,646	63,632	14
Investment & Interest Income	15,112	44,656	63,017	(18,361)	-29%	16,169	60,825	84,823	(23,998)
FMV Adj on Fidelity Inv	(62,402)	(71,668)	-	(71,668)	100%	-	(71,668)	-	(71,668)
G/L on Sale/Redemption	20,342	43,245	-	43,245	100%	-	-	-	43,245
Membership & Event Support	12,670	29,670	31,000	(1,330)	-4%	7,000	36,670	33,500	3,170
<b>TOTAL REVENUE</b>	<b>\$ 247,687</b>	<b>\$ 843,806</b>	<b>\$ 890,420</b>	<b>\$ (46,614)</b>	<b>-5%</b>	<b>\$ 516,595</b>	<b>\$ 1,360,400</b>	<b>\$ 1,406,578</b>	<b>\$ (46,178)</b>
<b>EXPENSE</b>									
Salaries Expense	\$ 184,934	\$ 506,742	\$ 652,986	\$ (146,245)	-22%	\$ 205,367	\$ 712,109	\$ 895,676	\$ (183,567)
Professional Fees	56,333	208,274	174,821	33,452	19%	49,421	257,694	215,275	42,419
Administrative Expenses	12,702	71,312	103,431	(32,120)	-31%	23,893	95,205	128,450	(33,245)
Interest Expense	10,494	27,456	27,456	-	0%	5,209	32,665	32,665	0
Real Estate Expenses	8,521	25,493	26,625	(1,132)	-4%	12,277	37,770	39,300	(1,530)
Occupancy Expense	7,346	24,791	25,207	(416)	-2%	22,654	47,445	47,157	288
Bad Debt Expense (recovery)	-	-	-	-	-	-	-	-	-
Membership & Event Expense	367	3,667	11,875	(8,208)	-69%	8,133	11,800	11,875	(75)
<b>TOTAL EXPENSES BEFORE DEPRECIATION</b>	<b>\$ 280,696</b>	<b>\$ 867,735</b>	<b>\$ 1,022,403</b>	<b>\$ (154,668)</b>	<b>-15%</b>	<b>\$ 326,953</b>	<b>\$ 1,194,688</b>	<b>\$ 1,370,398</b>	<b>\$ (175,709)</b>
<b>NET INCOME BEFORE DEPRECIATION &amp; PROGRAM ACTIVITY</b>	<b>\$ (33,009)</b>	<b>\$ (23,929)</b>	<b>\$ (131,983)</b>	<b>\$ 108,054</b>	<b>-82%</b>	<b>\$ 189,641</b>	<b>\$ 165,712</b>	<b>\$ 36,181</b>	<b>\$ 129,531</b>
<b>DEPRECIATION</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0%</b>	<b>\$ 208,519</b>	<b>\$ 208,519</b>	<b>\$ 208,519</b>	<b>\$ -</b>
<b>NET INCOME (LOSS) AFTER DEPRECIATION</b>	<b>\$ (33,009)</b>	<b>\$ (23,929)</b>	<b>\$ (131,983)</b>	<b>\$ 108,054</b>	<b>-82%</b>	<b>\$ (18,878)</b>	<b>\$ (42,807)</b>	<b>\$ (172,338)</b>	<b>\$ 129,531</b>
<b>PROJECT &amp; PROGRAM REVENUE</b>									
Blight to Betterment	\$ -	\$ 152,400	\$ -	\$ 152,400	0%	\$ -	152,400	\$ -	\$ 152,400
Downtown Tactical Plan	21,500	21,500	-	21,500	0%	-	21,500	-	21,500
New York Main Street	-	-	-	-	0%	236,250	236,250	-	236,250
<b>Total Program Income</b>	<b>\$ 21,500</b>	<b>\$ 173,900</b>	<b>\$ -</b>	<b>\$ 173,900</b>	<b>0%</b>	<b>\$ 236,250</b>	<b>\$ 410,150</b>	<b>\$ -</b>	<b>\$ 410,150</b>
<b>PROJECT &amp; PROGRAM EXPENSE</b>									
Blight to Betterment	\$ -	\$ 142,110	\$ -	\$ 142,110	0%	\$ -	142,110	\$ -	\$ 142,110
Downtown Tactical Plan	318	468	50,000	(49,532)	0%	143,795	144,263	100,000	44,263
New York Main Street	-	-	-	-	0%	225,000	225,000	-	225,000
<b>Total Program Expense</b>	<b>\$ 318</b>	<b>\$ 142,578</b>	<b>\$ 50,000</b>	<b>\$ 92,578</b>	<b>0%</b>	<b>\$ 368,795</b>	<b>\$ 511,373</b>	<b>\$ 100,000</b>	<b>\$ 411,373</b>
<b>NET INCOME (LOSS) FROM PROGRAM ACTIVITY</b>	<b>\$ 21,182</b>	<b>\$ 31,322</b>	<b>\$ (50,000)</b>	<b>\$ 81,322</b>	<b>0%</b>	<b>\$ (132,545)</b>	<b>\$ (101,223)</b>	<b>\$ (100,000)</b>	<b>\$ (1,223)</b>
<b>NET INCOME (LOSS) AFTER DEPRECIATION &amp; PROGRAM ACTIVITY</b>	<b>\$ (11,826)</b>	<b>\$ 7,393</b>	<b>\$ (181,983)</b>	<b>\$ 189,376</b>	<b>-104%</b>	<b>\$ (151,423)</b>	<b>\$ (144,030)</b>	<b>\$ (272,338)</b>	<b>\$ 128,308</b>

**CAPITALIZE ALBANY CORPORATION**  
**Comparative Balance Sheets**  
**Pre-Audited Draft**

	September 30, 2015	Projected December 31, 2015	December 31, 2014
<b>Assets</b>			
Current Assets:			
Cash and cash equivalents	\$ 4,200,599	\$ 4,130,869	\$ 4,088,737
Investments	3,416,898	3,431,943	3,411,362
Restricted cash	561,322	578,678	515,529
Mortgage notes receivable, net	2,577,315	2,405,113	2,822,105
Net investment in direct financing leases	524,156	520,102	671,521
Accrued interest receivable	41,323	41,323	58,671
Grants receivable	-	-	-
Receivables from the City of Albany and City agencies	-	100,000	101,013
Other receivables, net	110,314	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	654,544	651,763	648,532
<b>Total assets</b>	<b>\$ 15,063,673</b>	<b>\$ 14,718,186</b>	<b>\$ 15,389,509</b>
<b>Deferred Outflows of Resources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Liabilities</b>			
Current Liabilities:			
Accounts payable and accrued expenses	\$ 90,439	\$ 61,374	\$ 264,848
Due to the City of Albany	72,892	72,892	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	703,325	703,325	702,825
Unearned program support	83,305	83,305	80,997
<b>Total liabilities</b>	<b>\$ 3,945,820</b>	<b>\$ 3,751,755</b>	<b>\$ 4,279,051</b>
<b>Deferred Inflows of Resources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Position</b>			
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	9,893,667	9,742,243	9,890,512
<b>Total net position</b>	<b>\$ 11,117,854</b>	<b>\$ 10,966,430</b>	<b>\$ 11,110,458</b>



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

Pre Audited Draft

	YTD <u>September 30, 2015</u>	Projected <u>December 31, 2015</u>	Year Ended <u>December 31, 2014</u>
Revenues			
Grant income and Contribution Income	\$ 482,087	\$ 911,750	\$ 698,397
Rental income	110,866	298,332	344,500
Other interest and investment income	71,660	93,831	170,426
Interest income on mortgage notes	71,641	96,455	88,737
Gain on sale of properties	-	-	1,457,824
Fees and other income	281,453	370,183	375,036
	<u>1,017,707</u>	<u>1,770,551</u>	<u>3,134,920</u>
Total revenues			
Expenses			
Salaries and fringe benefits	506,742	712,109	668,159
Program and project costs	171,371	727,991	592,458
Interest expense	27,456	32,665	68,262
Bad debt expenses (recovery)	-	-	(202,751)
Administrative Expenses	304,743	441,815	546,737
	<u>1,010,312</u>	<u>1,914,580</u>	<u>1,672,865</u>
Total expenses			
Excess of (expenses over revenues) revenues over expenses	7,395	(144,029)	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>\$ 11,117,854</u>	<u>\$ 10,966,430</u>	<u>\$ 11,110,458</u>

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

	September 30, 2015	Projected December 31, 2015	December 31, 2014
<b>Cash Flows From Operating Activities</b>			
Cash received from customers	\$ 341,936	\$ 484,983	\$ 545,091
Cash received from grantors	482,587	912,250	668,165
Other operating cash receipts	281,453	370,183	374,136
Cash payments to suppliers and grantees	(677,150)	(1,191,388)	(859,974)
Cash payments to employees	(506,742)	(712,107)	(668,159)
Net cash provided by operating activities	<u>(77,915)</u>	<u>(136,079)</u>	<u>59,259</u>
<b>Cash Flows From Capital and Related Financing Activities</b>			
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	(134,999)	(300,000)	(1,218,590)
Interest paid on bonds payable	(30,043)	(32,665)	(74,452)
Net cash used in capital and related financing activities	<u>(167,291)</u>	<u>(338,913)</u>	<u>359,413</u>
<b>Cash Flows From Investing Activities</b>			
Interest on cash and cash equivalents and investments	44,671	60,870	69,295
Net decrease (increase) in restricted cash	(45,793)	(63,149)	(66,545)
Proceeds from sales and maturities of investments	1,292,147	1,292,147	2,668,552
Purchase of investments	(1,326,107)	(1,341,152)	(3,221,860)
Issuance of mortgage notes receivable	(275,000)	(275,000)	(900,000)
Repayments received on mortgage notes receivable	519,790	691,992	401,621
Principal payments received under direct financing leases	147,360	151,415	1,067,359
Net cash used in investing activities	<u>357,068</u>	<u>517,123</u>	<u>18,422</u>
<b>Change in cash and cash equivalents</b>	<b>111,861</b>	<b>42,131</b>	<b>437,094</b>
<b>Cash and cash equivalents:</b>			
Beginning of year	<u>4,088,738</u>	<u>4,088,738</u>	<u>3,651,644</u>
End of year	<u>\$ 4,200,599</u>	<u>\$ 4,130,869</u>	<u>\$ 4,088,738</u>

	September 30, 2015	Projected December 31, 2015	December 31, 2014
<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	\$ 7,395	\$ (144,029)	\$ 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	28,424	28,424	(660)
Interest income on cash and cash equivalents and investments	(44,671)	(60,871)	(69,831)
Interest expense on bonds payable	30,043	32,665	68,262
Changes in:			
Grants receivable	-	-	-
Other receivables, accrued interest receivable and other assets	101,429	28,816	10,456
Accounts payable and accrued expenses	(174,406)	(203,474)	67,026
Due to the City of Albany	(26,629)	(26,629)	14
Unearned grant and other income	-	-	(29,796)
Revolving loan fund liability	500	500	577
Net cash provided by operating activities	<u>\$ (77,915)</u>	<u>\$ (136,079)</u>	<u>\$ 59,259</u>

TO: CAC Finance Committee  
FROM: Mark Opalka  
DATE: October 20, 2015  
RE: Capitalize Albany Corporation Preliminary Draft 2016 Budget

Net income for 2016 before Depreciation Expense and Program Activity is budgeted to be approximately \$54,600. Overall, the preliminary budget anticipates a deficit of approximately \$249,615. The major contributors to this budgeted deficit are related to approximately \$168,000 depreciation, the sale of previously leased income-generating properties, and a strategic allocation of \$100,000 toward implementation of the Impact Downtown strategy.

The projected ending cash balance for 2015 is anticipated to be \$4,130,869. Given the proposed Draft Budget, the anticipated ending cash balance for 2016 would be \$3,595,873.

Below are identified significant revenue and expense variances for the projected 2015 budget to actual performance and the assumptions that have been used in the construction of the attached 2016 Draft Budget.

### **2016 REVENUE ASSUMPTIONS:**

Revenue derived from non-program activity is budgeted at approximately \$1.37 million.

- **Real Estate Income**

Real Estate income is budgeted to be approximately \$298,150 which is \$20,750 more than the 2015 budget. This is a direct result of the entering into a lease with the DBID in 2015 to lease space at 21 Lodge Street.

- **Lending Income**

Lending income is budgeted to be approximately \$128,800 which is approximately \$16,780 lower than the 2015 budget. This is a direct result of scheduled loan payments to occur in 2016.

- **Investment & Interest Income**

Investment Income is budgeted to be approximately \$64,900 which is approximately \$20,000 lower than the 2015 budget. This is a direct result of lower interest rates earned on our fixed income investments.

## **2016 EXPENSE ASSUMPTIONS:**

Expense incurred from non-program activity is budgeted at approximately \$1.32 million.

- **Salary and Benefits**

Salary and expense is budgeted to increase 13% or approximately \$91,600 over the projected 2015 Salary and Benefit Expense. This is a direct result of the Corporation hiring staff in 2015 and is now fully staffed.

- **Professional Fees**

Professional fees are budgeted to increase 4% or \$9,520 compared to 2015 forecasted expenses. The main component to this increase is a result of the corporation budgeting its legal expenses with its current three year average.

- **Administrative Expenses**

Administrative Expenses are budget to increase 30% or approximately \$29,200. This is directly attributed to the Board Member opt-out for the initial phase for the Impact Downtown Albany plan ending.

- **Depreciation Expense**

Depreciation Expense for 2016 is approximately \$204,200. Of this amount, \$168,500 (85%) is attributable to the anticipated recording of depreciation expense for the Corning Preserve.

**Capitalize Albany Corporation**  
**Proposed 2016 Budget Summary**

	2015 Budget	2015 Projected	Variance 2015 Projected v. 2015 Budget	2016 Budget	Variance	
					2016 Budget v. 2015 Projected - \$	2016 Budget v. 2015 Projected - %
<b>Revenue</b>						
General Economic and Community Development Support Income	\$ 501,600	\$ 501,600	\$ -	\$ 497,443	\$ (4,157)	-0.83%
Real Estate Income	277,397	296,116	18,719	298,152	2,036	0.69%
Professional Service Agreement Income	300,000	300,000	-	300,000	-	0.00%
Lending Income	145,627	129,967	(15,659)	128,843	(1,124)	-0.86%
Direct Financing Lease Income	63,632	63,646	14	47,643	(16,003)	-25.14%
Investment & Interest Income	84,823	32,401	(52,422)	64,894	32,493	100.28%
Membership & Event Support	33,500	36,670	3,170	33,500	(3,170)	-8.64%
<b>Total</b>	<b>\$ 1,406,578</b>	<b>\$ 1,360,400</b>	<b>\$ (46,178)</b>	<b>\$ 1,370,475</b>	<b>\$ 10,075</b>	<b>0.74%</b>
<b>Expenses</b>						
Salary & Benefits	\$ 895,676	\$ 712,109	\$ (183,567)	\$ 803,721	\$ 91,612	12.86%
Professional Fees	215,275	256,194	40,919	265,714	9,520	3.72%
Administration Expenses	128,450	96,705	(31,745)	125,940	29,236	30.23%
Interest Expense	32,665	32,665	-	24,594	(8,071)	-24.71%
Real Estate Expenses	39,300	37,770	(1,530)	38,270	500	1.32%
Occupancy Expense	47,157	47,445	288	45,444	(2,001)	-4.22%
Membership & Event Expense	11,875	11,800	(75)	12,175	375	3.18%
Bad Debt (Recovery)	-	-	-	-	-	100.00%
<b>Total</b>	<b>\$ 1,370,398</b>	<b>\$ 1,194,688</b>	<b>\$ (175,710)</b>	<b>\$ 1,315,859</b>	<b>\$ 121,171</b>	<b>10.14%</b>
<b>Net Income/Loss Before Depreciation and Program Activity</b>	<b>\$ 36,181</b>	<b>\$ 165,713</b>	<b>\$ 129,532</b>	<b>\$ 54,616</b>	<b>\$ (111,096)</b>	<b>-67.04%</b>
<b>Depreciation</b>	<b>208,519</b>	<b>208,519</b>	<b>-</b>	<b>204,232</b>	<b>(4,288)</b>	<b>-2.06%</b>
<b>Net Income/Loss after Depreciation</b>	<b>\$ (172,339)</b>	<b>\$ (42,807)</b>	<b>\$ 129,532</b>	<b>\$ (149,615)</b>	<b>\$ (106,809)</b>	<b>249.51%</b>
<b>Program Activity</b>						
<i>Program Revenue</i>						
Blight to Betterment	-	152,400	152,400	-	(152,400)	-100.00%
Downtown Tactical Plan	-	1,500	1,500	-	(1,500)	-100.00%
Regional Economic Development Council Grant	-	-	-	-	-	100.00%
New York Main Street	-	256,250	256,250	-	(256,250)	-100.00%
<i>Program Expenses</i>						
Blight to Betterment	-	(142,110)	(142,110)	-	142,110	-100.00%
Downtown Tactical Plan	(102,500)	(144,263)	(41,763)	(100,000)	44,263	-30.68%
New York Main Street	-	(225,000)	(225,000)	-	225,000	-100.00%
<b>Net Income (Loss) from Program Activity</b>	<b>\$ (102,500)</b>	<b>\$ (101,223)</b>	<b>\$ 1,277</b>	<b>\$ (100,000)</b>	<b>\$ 1,223</b>	<b>-1.21%</b>
<b>Net Income(Loss) after Depreciation and Program Activity</b>	<b>\$ (274,839)</b>	<b>\$ (144,030)</b>	<b>\$ 130,809</b>	<b>\$ (249,615)</b>	<b>\$ (105,586)</b>	<b>-80.72%</b>

**Capitalize Albany Corporation**  
**Proposed** 2016 Budget

	2014 Actual	2015 Budget	2015 Projected	2016 Budget	Variances					
					2015 Projected V. 2015 Budget		2016 Budget V. 2015 Budget		2016 Budget V. 2015 Projected	
					\$	%	\$	%	\$	%
<b>REVENUE</b>										
<b><i>General Economic and Community Development Support Income</i></b>										
CAIDA	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00	\$ -		\$ -		\$ -	
ACDA	171,013.39	170,000.00	170,000.00	165,843.00	-		(4,157)		(4,157)	
Renaissance Support	51,700.00	51,700.00	51,700.00	51,700.00	-		-		-	
CHF - Redevelopment Support	29,900.00	29,900.00	29,900.00	29,900.00	-		-		-	
<b>Total Support Income</b>	<b>\$ 502,613.39</b>	<b>\$ 501,600.00</b>	<b>\$ 501,600.00</b>	<b>\$ 497,443.00</b>	<b>\$ -</b>	<b>0.00%</b>	<b>\$ (4,157)</b>	<b>-0.83%</b>	<b>\$ (4,157)</b>	<b>100.00%</b>
<b><i>Real Estate Income</i></b>										
<b>Leases</b>										
677 Broadway	\$ 53,333.28	\$ -	\$ -	\$ -	\$ -		\$ -		\$ -	
Quakenbush House	31,200.00	31,980.00	33,716.00	34,727.48	1,736.00		2,747.48		1,011	
Riverfront Bar & Grill	7,649.11	11,741.01	11,609.89	12,093.23	(131.12)		352.22		483	
DBID Lease	-	-	17,615.04	17,667.89	17,615.04		17,667.89		53	
Port of Albany	147,805.66	148,003.01	148,003.01	148,062.44	-		59.43		59	
245 Lark Street	15,600.00	-	-	-	-		-		-	
174 North Pearl Street	-	-	-	-	-		-		-	
<b>Licenses</b>										
Albany Convention Center Authority- 10 Dallius Street	48,101.04	48,173.09	47,672.16	48,101.04	(500.93)		(72.05)		429	
Albany Parking Authority - Quakenbush Lot	37,500.00	37,500.00	37,500.00	37,500.00	-		-		-	
<b>Gain on Sale of Property</b>	<b>1,457,824.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>		<b>-</b>	
<b>Total Real Estate Income</b>	<b>\$ 1,799,013.09</b>	<b>\$ 277,397.11</b>	<b>\$ 296,116.10</b>	<b>\$ 298,152.08</b>	<b>\$ 18,719</b>	<b>6.75%</b>	<b>\$ 20,755</b>	<b>7.48%</b>	<b>\$ 2,036</b>	<b>0.69%</b>
<b><i>Professional Service Agreement Income</i></b>										
CAIDA	\$ 300,000.00	\$ 300,000.00	\$ 300,000.00	\$ 300,000.00	\$ -		\$ -		\$ -	
	-	-	-	-	-		-		-	
<b>Total Professional Service Agreement Income</b>	<b>\$ 300,000.00</b>	<b>\$ 300,000.00</b>	<b>\$ 300,000.00</b>	<b>\$ 300,000.00</b>	<b>\$ -</b>	<b>0.00%</b>	<b>\$ -</b>	<b>0.00%</b>	<b>\$ -</b>	<b>100.00%</b>
<b><i>Lending Income</i></b>										
<b>Interest</b>										
CDBG	\$ 1,455.69	\$ 1,703.03	\$ 1,741.16	\$ 1,290.00	\$ 38		\$ (413)		\$ (451)	
CAC Miscellaneous	84,824.24	105,877.43	91,467.18	92,148.00	(14,410.25)		(13,729.43)		680.82	
Ten Broeck	2,456.91	3,876.40	3,246.27	3,876.40	(630.13)		-		630.13	
<b>Fees</b>										
Commitment Fees	9,000.00	4,000.00	2,750.00	4,000.00	(1,250.00)		-		1,250.00	
Application Fees	1,750.00	250.00	(500.00)	250.00	(750.00)		-		750.00	
Legal Fees	6,000.00	3,000.00	3,000.00	3,000.00	-		-		-	
Enterprise Comm Admin Cost Allowance	29,696.35	26,919.70	28,147.65	24,279.00	1,227.95		(2,640.70)		(3,868.65)	
Other Fees	-	-	115.00	-	115.00		-		(115.00)	
<b>Total Lending Income</b>	<b>\$ 135,183.19</b>	<b>\$ 145,626.56</b>	<b>\$ 129,967.26</b>	<b>\$ 128,843.40</b>	<b>\$ (15,659)</b>	<b>-10.75%</b>	<b>\$ (16,783)</b>	<b>-11.52%</b>	<b>\$ (1,124)</b>	<b>-0.86%</b>

**Capitalize Albany Corporation**  
**Proposed 2016 Budget**

	2014 Actual	2015 Budget	2015 Projected	2016 Budget	Variances					
					2015 Projected V. 2015 Budget		2016 Budget V. 2015 Budget		2016 Budget V. 2015 Projected	
					\$	%	\$	%	\$	%
<b><u>Direct Financing Lease Income</u></b>										
2004 Port Warehouse	\$ 30,408.61	\$ -	\$ -	\$ -	\$ -		\$ -		\$ -	
200 Henry Johnson Blvd.	69,525.86	61,415.72	61,415.72	46,313.15	-		(15,103)		(15,103)	
170 Henry Johnson Blvd	3,311.00	2,216.05	2,216.05	1,329.69	-		(886.36)		(886.36)	
245 Lark Street	-	-	-	-	-		-		-	
Other Interest Income	43.99	-	13.90	-	13.90		-		(14)	
<b>Total Direct Financing Lease Income</b>	<b>\$ 103,289.46</b>	<b>\$ 63,631.77</b>	<b>\$ 63,645.67</b>	<b>\$ 47,642.84</b>	<b>\$ 14</b>	<b>0.02%</b>	<b>\$ (15,989)</b>	<b>-25.13%</b>	<b>\$ (16,003)</b>	<b>-25.14%</b>
<b><u>Investment &amp; Interest Income</u></b>										
<b>Investment Income</b>										
Gain/Loss on Sale/Disposal of Investments	\$ (5,935.35)	\$ -	\$ 43,244.56	\$ -	\$ 43,245		\$ -		\$ (43,245)	
Interest and Dividends - Fidelity	64,845.15	80,000.00	56,222.60	60,000.00	(23,777.40)		(20,000)		3,777	
Change in FV Mkt Adj on Fidelity Investments	6,594.82	-	(71,668.23)	-	(71,668.23)		-		71,668	
<b>Interest Income</b>										
Key Bank	13.92	-	62.81	308.00	62.81		308		245	
First Niagara Bank	4,910.07	4,800.00	4,524.13	4,561.00	(275.87)		(239)		37	
Fidelity Cash Account	18.31	23.00	15.51	25.00	(7.49)		2		9	
Other interest	-	-	-	-	-		-		-	
<b>Total Investment and Interest Income</b>	<b>\$ 70,446.92</b>	<b>\$ 84,823.00</b>	<b>\$ 32,401.38</b>	<b>\$ 64,894.00</b>	<b>\$ (52,422)</b>	<b>-61.80%</b>	<b>\$ (19,929)</b>	<b>-23.49%</b>	<b>\$ 32,493</b>	<b>100.28%</b>
<b><u>Membership &amp; Event Support</u></b>										
Membership Fees	\$ 22,150.00	\$ 25,000.00	\$ 28,150.00	\$ 25,000.00	\$ 3,150.00		\$ -		(3,150)	
Sponsorship Revenue	5,500.00	8,500.00	8,500.00	8,500.00	-		-		-	
Event Revenue	-	-	-	-	-		-		-	
Miscellaneous	40.00	-	20.00	-	20		-		(20)	
<b>Total Membership &amp; Event Support</b>	<b>\$ 27,690.00</b>	<b>\$ 33,500.00</b>	<b>\$ 36,670.00</b>	<b>\$ 33,500.00</b>	<b>\$ 3,170</b>	<b>9.46%</b>	<b>\$ -</b>	<b>0.00%</b>	<b>\$ (3,170)</b>	<b>-8.64%</b>
<b>TOTAL REVENUE</b>	<b>\$ 2,938,236.05</b>	<b>\$ 1,406,578.44</b>	<b>\$ 1,360,400.41</b>	<b>\$ 1,370,475.32</b>	<b>\$ (46,178)</b>	<b>-3.28%</b>	<b>\$ (36,103)</b>	<b>-2.57%</b>	<b>\$ 10,075</b>	<b>0.74%</b>
<b><u>EXPENSES</u></b>										
<b><u>Salary &amp; Benefits</u></b>										
Salaries	\$ 498,984.69	\$ 687,519.00	\$ 533,892.69	\$ 580,635.00	\$ (153,626)		\$ (106,884)		\$ 46,742	
Fringe Benefits	169,174.22	208,157.00	178,216.48	223,086.35	(29,941)		14,929		44,870	
<b>Total Salary &amp; Benefits</b>	<b>\$ 668,158.91</b>	<b>\$ 895,676.00</b>	<b>\$ 712,109.17</b>	<b>\$ 803,721.35</b>	<b>\$ (183,567)</b>	<b>-20.49%</b>	<b>\$ (91,955)</b>	<b>-10.27%</b>	<b>\$ 91,612</b>	<b>12.86%</b>
<b><u>Professional Fees</u></b>										
Legal	\$ 77,678.75	\$ 63,000.00	\$ 51,216.95	\$ 60,000.00	\$ (11,783.05)		\$ (3,000.00)		8,783	
Accounting	94,211.75	42,000.00	104,815.50	108,000.00	62,816		66,000		3,185	
ITS Contract	10,787.00	24,100.00	14,479.75	11,573.00	(9,620)		(12,527)		(2,907)	
Other	-	-	-	-	-		-		-	
Usherwood Contract	8,597.51	10,500.00	10,781.53	9,500.00	282		(1,000)		(1,282)	
Development & Planning Contract	160,000.00	53,480.00	53,480.00	53,480.00	-		-		-	
Connectivity Support	8,715.68	10,820.00	9,513.65	11,000.00	(1,306)		180		1,486	
Fidelity Brokerage Fees	11,020.23	11,375.00	11,906.63	12,161.43	532		786		255	
<b>Total Professional Fees</b>	<b>\$ 371,010.92</b>	<b>\$ 215,275.00</b>	<b>\$ 256,194.01</b>	<b>\$ 265,714.43</b>	<b>\$ 40,919</b>	<b>19.01%</b>	<b>\$ 50,439.43</b>	<b>23.43%</b>	<b>9,520</b>	<b>3.72%</b>





**Capitalize Albany Corporation**  
**Proposed 2016 Budget**

AND PROGRAM ACTIVITY	2014 Actual	2015 Budget	2015 Projected	2016 Budget	Variances					
					2015 Projected V. 2015 Budget		2016 Budget V. 2015 Budget		2016 Budget V. 2015 Projected	
					\$	%	\$	%	\$	%
	\$ 1,843,805.31	\$ 36,180.71	\$ 165,712.63	\$ 54,616.25	\$ 129,532	358.01%	\$ 18,436	50.95%	\$ (111,096)	-67.04%
<b><u>Depreciation</u></b>										
Property & Equipment	\$ 21,596.58	\$ 20,421.54	\$ 20,421.54	\$ 16,606.64	\$ -		\$ (3,815)		\$ (3,815)	
245 Lark Street	2,972.51	-	-	-	-		-		-	
Quakenbush Parking Lot Improvements	-	-	-	-	-		-		-	
174 N Pearl Street	-	-	-	-	-		-		-	
Quakenbush House	6,933.44	6,998.32	6,998.32	6,933.44	-		(65)		(65)	
Corning Preserve	168,549.09	168,549.18	168,549.18	168,549.18	-		-		-	
21 Lodge Street	12,131.01	12,550.42	12,550.42	12,142.33	-		(408)		(408)	
<b>Total Depreciation</b>	\$ 212,182.63	\$ 208,519.46	\$ 208,519.46	\$ 204,231.59	\$ -	0.00%	\$ (4,288)	-2.06%	\$ (4,288)	100.00%
<b>NET INCOME AFTER DEPRECIATION</b>	\$ 1,631,622.68	\$ (172,338.75)	\$ (42,806.83)	\$ (149,615.34)	\$ 129,532	-75.16%	\$ 22,723	-13.19%	\$ (106,809)	249.51%
<b><u>Program Income</u></b>										
<b>Blight to Betterment</b>	\$ 47,683.60	\$ -	\$ 152,400.00	\$ -	\$ 152,400		\$ -		\$ (152,400)	
<b>Downtown Tactical Plan</b>										
Contributions	\$ 99,000.00	-	1,500.00	-	1,500.00		-		(1,500)	
Regional Economic Development Council Grant		-	-	-	-		-		-	
CAIDA Grant	50,000.00	-	-	-	-		-		-	
<b>New York Main Street</b>										
Grant Income	-	-	245,000.00	-	245,000.00		-		(245,000)	
Grant Admin Cost Recovery	-	-	11,250.00	-	11,250.00		-		(11,250)	
<b>Total Program Income</b>	\$ 196,683.60	\$ -	\$ 410,150.00	\$ -	\$ 410,150	100.00%	\$ -	100.00%	\$ (410,150)	-100.00%
<b><u>Program Expenses</u></b>										
<b>Blight to Betterment</b>	\$ 42,183.60	\$ -	\$ 142,110.00	\$ -	\$ 142,110		\$ -		\$ (142,110)	
<b>Downtown Tactical Plan</b>										
Implementation	323,846.26	100,000.00	144,262.70	100,000.00	44,263		-		(44,263)	
Web Site Design and Maintenance	120.00	-	-	-	-		-		-	
<b>New York Main Street</b>	-	-	225,000.00	-	225,000		-		(225,000)	
<b>Total Program Expenses</b>	\$ 366,149.86	\$ 100,000.00	\$ 511,372.70	\$ 100,000.00	\$ 411,372.70	411.37%	\$ -	0.00%	\$ (411,373)	-80.44%
<b>NET INCOME (LOSS) FROM PROGRAM ACTIVITY</b>	\$ (169,466.26)	\$ (100,000.00)	\$ (101,222.70)	\$ (100,000.00)	\$ (1,223)	1.22%	\$ -	0.00%	\$ 1,223	-1.21%
<b>NET INCOME (LOSS) AFTER DEPRECIATION AND PROGRAM ACTIVITY</b>	\$ 1,462,156.42	\$ (272,338.75)	\$ (144,029.53)	\$ (249,615.34)	\$ 128,309	-47.11%	\$ 22,723.41	-8.34%	\$ (105,586)	73.31%

# CAPITALIZE ALBANY CORPORATION

## Comparative Balance Sheets

### Pre-Audited Draft

	Projected December 31, 2015	Projected December 31, 2016
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 4,130,869	\$ 3,595,873
Investments	3,431,943	3,491,943
Restricted cash	578,678	672,756
Mortgage notes receivable, net	2,405,113	2,577,162
Net investment in direct financing leases	520,102	360,808
Accrued interest receivable	41,323	41,323
Grants receivable	-	-
Receivables from the City of Albany and City agencies	100,000	100,000
Other receivables, net	85,712	85,712
Property held for investment and lease, net	2,396,143	2,220,661
Property and equipment, net	376,540	347,791
Other assets	651,763	651,763
<b>Total assets</b>	<b>\$ 14,718,186</b>	<b>\$ 14,145,792</b>
<b>Deferred Outflows of Resources</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Liabilities</b>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 61,374	\$ 58,594
Due to the City of Albany	72,892	72,892
Unearned grant and other income	480,860	480,860
Bonds payable	2,350,000	2,030,000
Revolving loan fund liability	703,325	703,325
Unearned program support	83,305	83,305
<b>Total liabilities</b>	<b>\$ 3,751,756</b>	<b>\$ 3,428,976</b>
<b>Deferred Inflows of Resources</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Position</b>		
Net invested in capital assets	\$ 914,953	\$ 914,953
Restricted for:		
Debt service	171,446	171,446
CDBG eligible activities	124,519	124,519
Other program specific activities	13,269	13,269
Impact Downtown Albany	-	-
Unrestricted	9,742,243	9,492,630
<b>Total net position</b>	<b>\$ 10,966,430</b>	<b>\$ 10,716,817</b>

## Capitalize Albany Corporation

### STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN NET ASSETS

Pre Audited Draft

	<u>Projected December 31, 2015</u>	<u>Projected December 31, 2016</u>
Revenues		
Grant income and Contribution Income	\$ 911,750	\$ 497,443
Rental income	298,332	299,482
Other interest and investment income	93,831	111,207
Interest income on mortgage notes	96,455	97,314
Gain on sale of properties	-	-
Fees and other income	370,183	365,029
	<u>1,770,551</u>	<u>1,370,475</u>
Total revenues		
Expenses		
Salaries and fringe benefits	712,109	803,721
Program and project costs	727,991	317,928
Interest expense	32,665	24,594
Bad debt expenses (recovery)	-	-
Administrative Expenses	441,815	473,846
	<u>1,914,580</u>	<u>1,620,089</u>
Total expenses		
Excess of (expenses over revenues) revenues over expenses	(144,029)	(249,614)
Net Position, Beginning of Year	<u>11,110,458</u>	<u>10,966,430</u>
Net Position, End of Month	<u>\$ 10,966,430</u>	<u>\$ 10,716,816</u>

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

	Projected December 31, 2015	Projected December 31, 2016
<b>Cash Flows From Operating Activities</b>		
Cash received from customers	\$ 484,983	\$ 445,537
Cash received from grantors	912,250	497,443
Other operating cash receipts	370,183	365,029
Cash payments to suppliers and grantees	(1,191,388)	(589,677)
Cash payments to employees	(712,107)	(803,721)
	<u>(136,079)</u>	<u>(85,389)</u>
Net cash provided by operating activities		
<b>Cash Flows From Capital and Related Financing Activities</b>		
Proceeds from sale of property held for sale	-	-
Purchase of property held for investment and lease	-	-
Purchase of property and equipment	(6,249)	-
Purchase of other assets including purchase options	-	-
Principal payments on bonds payable	(300,000)	(320,000)
Interest paid on bonds payable	(32,665)	(27,372)
	<u>(338,913)</u>	<u>(347,372)</u>
Net cash used in capital and related financing activities		
<b>Cash Flows From Investing Activities</b>		
Interest on cash and cash equivalents and investments	60,870	64,600
Net decrease (increase) in restricted cash	(63,149)	(94,078)
Proceeds from sales and maturities of investments	1,292,147	2,074,017
Purchase of investments	(1,341,152)	(2,134,017)
Issuance of mortgage notes receivable	(275,000)	(400,000)
Repayments received on mortgage notes receivable	691,992	227,951
Principal payments received under direct financing leases	151,415	159,293
	<u>517,123</u>	<u>(102,234)</u>
Net cash used in investing activities		
<b>Change in cash and cash equivalents</b>	42,131	(534,995)
<b>Cash and cash equivalents:</b>		
Beginning of year	<u>4,088,738</u>	<u>4,130,869</u>
End of year	<u>\$ 4,130,869</u>	<u>\$ 3,595,873</u>

	Projected December 31, 2015	Projected December 31, 2016
<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	\$ (144,029)	\$ (249,614)
Adjustments to reconcile excess of (expenses over revenues) revenues over expenses to net cash provided by operating activities:		
Depreciation and amortization	208,519	204,231
Adjustment for losses on mortgage notes and other receivables	-	-
Gain on sale of property	-	-
Net realized and unrealized losses (gains) on investments	28,424	-
Interest income on cash and cash equivalents and investments	(60,871)	(64,601)
Interest expense on bonds payable	32,665	27,375
Changes in:		
Grants receivable	-	-
Other receivables, accrued interest receivable and other assets	28,816	-
Accounts payable and accrued expenses	(203,474)	(2,780)
Due to the City of Albany	(26,629)	-
Unearned grant and other income	-	-
Revolving loan fund liability	500	-
	<u>(136,079)</u>	<u>(85,389)</u>
Net cash provided by operating activities		

**RESOLUTION 9-2015  
OF THE  
CAPITALIZE ALBANY CORPORATION**

**WHEREAS**, the Capitalize Albany Corporation (CAC) has developed a Proposed Budget for 2016; 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 2016 Budget as presented.

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

Date of Authorization: October 27, 2015

Prepared by Mark J. Opalka

TO: Capitalize Albany Corporation (“CAC”) Board of Directors  
FROM: Thomas M. Owens, Esq.  
DATE: October 27, 2015  
RE: Capitalize Albany Corporation Investment Policy Review

Attached are proposed Investment Guidelines.

Our existing Investment Guidelines do a good job of spelling out what type of investments are permitted and the diversification requirements for such investments, but there are other PAAA requirements which the existing Guidelines do not address.

Specifically, our Investment Guidelines must meet the requirements of PAL section 2925(3) – this section lays out what must be contained (as a minimum) in a public authority’s Investment Guidelines – there are 6 paragraphs (subparagraphs (a) thru (f)) – see below:

- (a) List of permitted investments;
- (b) When investments must be fully secured and when they don’t have to be fully secured;
- (c) When written contracts are required for investments;
- (d) Diversification requirements;
- (e) Qualification standard for investment bankers, brokers, agents, dealers and other investment advisers and agents; and.
- (f) Reporting requirements/annual independent audit/annual review and approval of investment guidelines.

Our existing Guidelines do a good job of addressing (a) and (d), but are silent on (b), (c), (e), and (f). The new Guidelines are intended to address all of the legal requirements – without changing any of the substantive parts of our existing Guidelines (permitted investments, diversification).

## **GUIDELINES FOR INVESTMENTS CAPITALIZE ALBANY CORPORATION**

These guidelines detail the operative policy regarding the investing, monitoring and reporting of funds of the Capitalize Albany Corporation (“CAC”).

### 1) Purpose.

These investment guidelines (“Guidelines”) are intended to:

- a) Establish a system whereby current funds on hand, in excess of immediate and near-term needs, are invested to assure that such investment assets are adequately safeguarded and collateralized.
- b) Assure that such investments are adequately liquid to meet the operational needs of the CAC;
- c) Assure that an adequate system of internal control is maintained; and
- d) Assure that such investments produce a reasonable rate of return.

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

### 2) Authorization and Management.

The Board Members of the CAC have delegated the authorization to make day-to-day investment decisions to the President and/or Controller (“Authorized Persons”), subject to the direction from the Board and/or Finance and Investment Committee. Detailed reports of the corporation’s investments will be provided to the Finance and Investment Committee and the Committee will provide a summary of such report/required actions to the Board at the next scheduled meeting.

These Authorized Persons are to make certain that all CAC investment decisions/actions conform to:

- a. section 2925 of the Public Authorities Law; and
- b. these Guidelines.

The Authorized Persons are authorized to deposit all funds received by the CAC (in excess of those needed for on-going operations) consistent with these guidelines. Additionally, subject to Board/Finance and Investment Committee Approval, a professional investment advisor (“Advisor”) may be retained to assist the CAC’s implementation of these Guidelines and the CAC may grant the advisor discretion to execute transactions within the context of these Guidelines. The advisor will be expected to act as a fiduciary at all times in the best interest of the CAC.

### 3) Investment Strategy

CAC's investment objectives will be achieved primarily with fixed-income investments and, to a lesser extent, with 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 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 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%	BCS Int. Govt./Credit**
Cash or Equivalents	5%	20%	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 CAC.

### 4) Types of Investments.

a. Cash and Fixed-Income. Subject to the conditions and restrictions contained in 3(A)(8) below, the following types of cash or fixed income investments are approved:

1. Deposits in Savings, Checking and/or Money Market Type accounts of banks doing business in New York that are collateralized or fully insured by the FDIC as to principal and expected interest.
2. 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.
3. Certificates of Deposit collateralized or fully insured by the Federal Deposit Insurance Corporation as to principal and expected interest.



4. Corporate debt obligations as follows:
  - a. Commercial Paper; and
  - 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.

5. Money market funds managed by nationally recognized investment management companies in funds with net assets of \$1 billion or more.

6. Tax-Exempt or Taxable Municipal Securities as follows:
  - a. Municipal notes and bonds;
  - b. Adjustable rate municipals; and
  - 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".

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

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

- a. No less than 25% of the portfolio will possess a final maturity of one year or less.
- b. 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.
- c. No less than 50% of the fixed-income securities must be obligations of the U.S. Treasury or Government Agency.
- d. Fixed income securities with a maturity, expected average maturity, or reset period greater than 10 years are prohibited.
- e. Fixed income or interest rate futures are prohibited
- f. Risky or volatile derivative securities as commonly defined by the financial industry are prohibited.
- g. Zero coupon Treasury bonds are permitted.
- h. CMO securities of any type are not permitted.
- i. Cash reserves should be invested in interest bearing securities or in an appropriate money market fund or saving/checking account.

Since it is not a regular business practice for a written contract with respect to these types of investments, no written contract is required. The operating practices herein shall govern.

- b. Equity. 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. 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.
  - c. Collateral and Securitization. Other than those investments identified in 4(a)(1) and 4(a)(3), no collateralization or securitization of the investments are required.
  - d. Written Contracts. No written contracts are required for any of the approved CAC investments except for all normal and customary investment/account documents (e.g. account statements, etc.) which provide that CAC is the full and only owner of the respective investment.
- 4) Operating Procedures.
- a) Approvals: The Advisor will be consulted by the Authorized Persons prior to executing any investment transactions. Authorized Persons must approve all investment transactions before they are executed.
  - b) Collateral: The custodian of all collateral involved in any investment transaction must be either the CAC or third party custodian acceptable to the CAC. If at any time the required collateral does not equal the value of the investment, the CAC shall inform the third party custodian of additional collateral required. If additional collateral is not added immediately by the third party custodian involved, the CAC shall demand the return of the amount invested. Any custodian or trustee of securities in any transaction of which the CAC is a principal may not relinquish control over such securities without written consent of the CAC and the bank. Whenever investments require collateralization, such investments must be collateralized by direct obligations of the United States or New York State Government or obligations the principal and interest of which are guaranteed by the United States, one of its agencies or New York State Government.
  - c) Tracking and Accounting. CAC will account for investments in accordance with generally accepted accounting principles (GAAP) for all financial statements. CAC shall receive reports monthly from any custodian/bank holding CAC investments. The Controller will review such reports monthly and verify the principal amount and market values of all investments and collateral.
- 5) Guidelines Annual Review or Modifications.

- a) The CAC Finance and Investment Committee and Board will review these Guidelines at least annually and may by Board resolution modify these Guidelines at any time.
- 6) Reports and Audits.
- a) Quarterly reports of investment activity and portfolio reporting will be provided to the CAC's Finance & Investment Committee and a summary of each such quarterly report will be provided by the Committee to the Board. At least annually, and additionally as determined by the CAC Finance & Investment Committee, a report on the investment portfolio and activity will be provided to the Board. 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.
- b) Any retained investment advisor will meet with the CAC Board at least annually to discuss the portfolio and any questions of the CAC Board.
- c) Annual Investment Audit. Each year, the CAC shall cause its independent auditors to conduct an audit (the "Annual Investment Audit") regarding the CAC's investments. The Annual Investment Audit shall determine whether CAC has complied with:
1. its own investment policies; adequate accounts and records are maintained which accurately reflect all transactions and report on the disposition of the CAC's assets; and a system of adequate internal controls is maintained; and
  2. applicable laws and regulations.
- d) Annual Investment Report. The CAC Controller shall prepare and submit an annual investment report to the Board within 90 days after the close of each fiscal year of the CAC. Upon Board approval, the report shall be filed with the City of Albany and entered/certified into the Public Authority Reporting Information System ("PARIS"). Such report shall include the following:
1. The Guidelines required by Section 2925(3);
  2. The results of the Annual Investment Audit described above;
  3. The investment income results of the CAC; and
  4. A list of the total fees, commissions or other charges paid for CAC investment associated services by the CAC since the date of the last investment report.
- The Annual Investment Report shall be filed within ninety (90) days after the close of the CAC's fiscal year.
- 7) Criteria for Selection of Investment Banks or Firms and Brokers.

The following are criteria for the selection of Investment Banks or Firms and Brokers:

- a) Investment Banks or Firms and Brokers authorized to do business within New York State.
- b) Investment Banks or Firms and Brokers in business for over (5) five years.
- c) Investment Banks or Firms and Brokers that have demonstrated a proven record of returns, that meet or exceed the yield and total return generated from Treasury benchmarks.
- e) Investment Managers/Advisors must be registered with the Securities and Exchange Commission (SEC) while Investment Brokers/Dealers must be members in good standing with the Securities Investors Protection Corporation (SIPC) and the Financial Industry Regulatory Authority (FINRA).

**RESOLUTION 10-2015  
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 ("Policy"); and

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

**WHEREAS**, the staff and Committee completed their review of the Policy and recommend Board adoption of the attached Policy to (i) emphasize the Corporation's primary objectives of capital preservation, liquidity, and prudent growth of principal, and (ii) comply with relevant statutory requirements; and

**NOW THEREFORE BE IT RESOLVED**, that the CAC Board of Directors approves the Investment Policy dated October 27, 2015.

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

Date of Authorization: October 27, 2015

**RESOLUTION 11-2015  
OF THE  
CAPITALIZE ALBANY CORPORATION**

**WHEREAS**, pursuant to the direction of the Finance and Investment Committee, CAC issued an Request for Proposals in for Banking Services (“RFP”) in July 2015 to each of the sixteen (16) banking institutions which have an office in the City of Albany; and

**WHEREAS**, the RFP objective was to seek a banking institution which would provide CAC with quality services at competitive interest rates, and at the lowest cost; and

**WHEREAS**, the RFP contained certain criteria against which proposals would be evaluated including the bidder’s services fees, interest rates, financial strength, quality of references, and convenience of location; and

**WHEREAS**, in response to the RFP, CAC received proposals from four (4) banking institutions; and

**WHEREAS**, staff reviewed the four (4) proposals in accordance with the RFP-stated criteria, graded each proposal with the National Union Bank of Kinderhook (“Kinderhook”) receiving the highest proposal score, and such staff review process/results were discussed and reviewed by the Finance and Investment Committee during its September and October meetings;

**WHEREAS**, the Finance and Investment Committee recommends that Kinderhook be retained to provide banking services to the Corporation; and

**NOW, THEREFORE BE IT RESOLVED**, that the Board of Directors authorizes the President to negotiate and execute a contract (in accordance with the stated RFP terms and conditions) with Kinderhook to provide banking services to the Corporation.

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

Date of Authorization: October 27, 2015



**CAPITALIZE ALBANY**  
**CORPORATION**

## MEMORANDUM

TO: Capitalize Albany Corporation Board of Directors  
FROM: Sarah Reginelli  
RE: Capital 20.20 plan  
DATE: October 23, 2015

Please follow the link below to the Capital 20.20 strategic plan:

[https://www.ny.gov/sites/ny.gov/files/atoms/files/CRREDC\\_URI\\_FinalPlan.pdf](https://www.ny.gov/sites/ny.gov/files/atoms/files/CRREDC_URI_FinalPlan.pdf)



**CAPITALIZE ALBANY  
CORPORATION**

## **MEMORANDUM**

**TO:** Capitalize Albany Corporation (CAC) Board of Directors  
**FROM:** Sarah Reginelli  
**DATE:** October 23, 2015  
**RE:** Annual Conflict of Interest Declaration

Resolution 13-2004 established CAC's Corporate Governance Policy. The Corporate Governance Policy created a Conflict of Interest Policy and requires the annual completion of a Conflict of Interest Declaration by the CAC Board. Enclosed is a copy of the Conflict of Interest Policy and the Declaration. Please complete the Declaration and return to Mark Opalka's attention via fax (434-9846), email (mopalka@capitalizealbany.com) or mail (CAC, 21 Lodge Street, Albany, NY 12207).

If you have any questions, please contact me at 434-2532 ext. 22. Thank you for your assistance.



## **Conflict of Interest Policy**

A major strength of the Capitalize Albany Corporation (CAC) is the insight and knowledge provided by its Board of Directors. Due to their respective business/government positions, member of the CAC Board are active in the community and in business transactions within the City of Albany. Inevitably, perceived or real conflicts of interests and governance issues may arise. Conflict of interests (real and perceived) should not prevent an individual from serving as a director or staff member unless the extent of the interest is so significant that the potential for divided loyalty is present in a significant number of situations. CAC's **Conflict of Interest policy** requires that members of the Board of Directors and staff reveal any personal, family or business interests that they have, that, by creating a divided loyalty, could influence their judgment as it relates to CAC. **A conflict of interest exists** whenever an individual could benefit, directly or indirectly, from access to information or from a decision over which they might have influence, or, where someone might reasonably perceive there to be such a benefit and influence. Examples of possible conflict of interest situation with respect to CAC include, but are not limited to:

- A board or staff member has a personal or business relationship with the CAC as a supplier of goods or services or as a landlord or tenant
- A board or staff member has a direct or indirect interest financially in any contract entered into by CAC or accepts any gratuity, financial or otherwise, from any vendor of CAC
- A board or staff member has a personal or financial relationship with a client/borrower of CAC
- CAC is employing someone who is directly related to, or has a personal or financial relationship with, a board member or other staff member
- Conduct that is disloyal, disruptive, competitive, or damaging to CAC; for example, staff should not accept outside employment if that employment is to be conducted during the hours that the staff member is working for CAC, or if such employment conflicts with the effectiveness of the staff member's work for CAC
- A board or staff member is utilizing CAC information or services for their personal use
- A staff member is performing activities that are unrelated to CAC work during working hours
- A staff member of CAC shall not directly or indirectly, solicit any gift, or accept or receive any gift having a value of seventy-five dollars or more, whether in the form of money, services, loan, travel, entertainment, hospitality, thing or promise, or any other form.

## Procedure for Handling an Actual, Perceived or Possible Conflict of Interest

1. The Board shall annually complete a “Conflict of Interest Declaration” which shall be reviewed by the CAC Governance/Audit Committees to determine if the potential for a conflict of interest exists. Additionally, prior to election of any new member of the Board, such member will complete/submit the declaration to the CAC Governance/Audit Committees.
2. In addition to the declaration submitted in accordance with #1 above, members of the Board and staff have a duty to disclose (as soon as practicable) any personal, family, or business interests that may, in the eyes of another person, influence their judgment.
3. The Board as a whole has a duty to disclose specific conflicts or interests to the CAC Governance Committee when that interest may affect the reputation or credibility of the organization, and to disclose the Board’s procedure for operating in the presence of such conflicts.
4. Board members and staff have a duty to recuse themselves from participating in any discussion and voting on matters on which they have a conflict of interest. Such exemptions should be recorded in minutes of meetings if normally kept.
5. Any business relationship between an individual (or a company where the individual is an owner or in a position of authority) and CAC, outside of their relationship as a Board or staff member, must be formalized in writing and approved by the Audit/Governance Committee and the full Board of Directors.

**Annual Completion of Conflict of Interest Declaration**

To: Capitalize Albany Corporation Nominating/Governance Committee  
21 Lodge Street  
Albany, NY 12207

This Annual Statement is made pursuant to the Conflict of Interest Policy of the Capitalize Albany Corporation. The undersigned has received a copy of the CAC Conflict of Interest Policy, has read and understands such policy, and has complied and agrees to comply with such policy. In addition to specific disclosures by the undersigned of actual or possible conflicts of interest as matters have arisen at meetings attended by the undersigned, please be advised of the following (indicate any other affiliations, boards, etc. that may lead to discloseable conflicts of interest; if none, please so state):

- 1. Please list primary employer and address:

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- 2. Please list any office, trusteeships, directorship, position, or relationship of ANY nature (e.g. lawyer, lobbyist, consultant, etc.), whether compensated or not, held by you with any person, firm, corporation or other organization who or which is known by you have any matter pending or financial relationship with Capitalize Albany Corporation.

<u>Agency</u>	<u>Nature of Affiliation/Relationship</u>
<hr/>	<hr/>
<hr/>	<hr/>
<hr/>	<hr/>
<hr/>	<hr/>

Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Capitalize Albany Corporation  
21 Lodge Street  
Albany, New York 12207

MEMORANDUM

TO: CAC Board of Directors  
FROM: Capitalize Albany Corporation Staff  
RE: Review of Board Member Terms  
DATE: October 27, 2015

As stated in Article III Section 2 of the Corporation's By-Laws, "a Director shall be elected as terms expire and each shall continue in office for a term of three (3) years and until his successor shall have been elected and qualified, or until his death, resignation, or removal."

The following Board members are up for re-election in 2015.

Michael Castellana  
James Linnan  
David Parente  
Jeffrey Sperry  
John Vero  
Nancy Zimpher

It is the recommendation of staff that the Board nominate these Directors for re-appointment. Upon nomination the Directors will be placed on the ballot for election by the membership during the 2015 Annual Business Meeting which will be held on Tuesday December 15, 2015.