



**Wednesday, January 20, 2016**  
21 Lodge Street, 8:30 a.m.

**CAPITALIZE ALBANY  
CORPORATION**

**Capitalize Albany Corporation  
Finance and Investment Committee Meeting  
Agenda**

1. Review of the minutes from the Finance & Investment Committee meeting of December 8, 2015
2. Quarterly Financial Report
3. Quarterly Investment Update
4. Review Finance Committee Charter
5. Loan Allowances 2016
6. Riverfront Barge Lease Request Update
7. Other Business

**Capitalize Albany Corporation Finance & Investment Committee Meeting  
MINUTES  
December 8, 2015**

The meeting of the Capitalize Albany Corporation Finance & Investment Committee was held at 8:30 a.m., Tuesday, December 8, 2015 at 21 Lodge Street.

The following were in attendance:

**Committee Members:**

Jeff Sperry, John Harris, and John Vero

**Other:**

Thomas M. Owens, Esq.

Anders Tomson and Bob Curley (participated via teleconference but not counted for quorum purposes)

**Staff:**

Sarah Reginelli, Brad Chevalier, Mark Opalka, and Chantel Burnash

The regular meeting of the Capitalize Albany Corporation Finance & Investment Committee was called to order at 8:30 a.m.

**Approval of Minutes for October 20, 2015 Finance & Investment Committee Meeting**

The Committee reviewed the minutes of the October 20, 2015 meeting. Jeff Sperry made a motion for approval. John Vero seconded. The Committee agreed unanimously to approve the minutes.

**Riverfront Barge Lease Request**

The Committee discussed the existing and proposed renewal lease for the Riverfront Bar and Grill.

**Historic Albany Foundation Request**

The Committee discussed the letter the Corporation received from the Historic Albany Foundation asking for forgiveness of their remaining loan interest charges. Following discussion, the Committee agreed unanimously not to waive the interest charges and to move it to the full Board for discussion.

**National Grid Easement Request**

Staff advised the Committee that the Corporation received a letter from National Grid requesting the Corporation grant an easement on two parcels of land owned by the Corporation, behind the Pump Station. The Committee instructed staff to proceed with an appraisal, which National Grid is willing to pay for; follow-up with the City engineer; discuss it with the developer and bring back to the Committee.

**Foreclosure Notices**

Chair Anders Tomson recused himself from discussions regarding recommendations for the property at 147 South Pearl Street, due to a potential conflict of interest. After discussion regarding the three properties in which delinquent tax lien foreclosure proceedings have commenced, the Committee advised staff to notify the landbank that the properties are going into foreclosure.

**Palace Theatre Update**

The Committee discussed options for the Corporation's properties near the Palace Theatre.

**526 Central Avenue Update**

Staff updated the Committee on the sale of 526 Central Avenue.

**Other Business**

None.

There being no further business the Capitalize Albany Corporation Finance & Investment Committee meeting was adjourned at 9:35 a.m.

Capitalize Albany Corporation  
21 Lodge Street  
Albany, New York 12207

## MEMORANDUM

TO: Capitalize Albany Corporation Finance & Investment Committee  
FROM: Mark Opalka  
RE: Capitalize Albany Corporation 4<sup>th</sup> Quarter Financial Reports  
DATE: January 20, 2016

### **BUDGET PERFORMANCE**

On a pre-audit basis, through December 31, 2015, the Capitalize Albany Corporation had a net loss of approximately \$162,570 which compares favorably to the year-to-date (YTD) budgeted net loss of approximately \$272,340. Capitalize Albany had a net income of approximately \$1,462,160 at December 31, 2014. This large net income was mainly attributable to 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 \$1,529,760 which is \$123,182 (9%) above the 2015 budget.***
  - ***Real Estate Income.*** Real Estate income is approximately \$292,050 which is 5% 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 \$94,920 or 15% under budget. This negative variance is a direct result of two early loan repayments.
  - ***Investment & Interest Income.*** Interest and Investment Income is approximately \$38,870 which is 54% under budget. This negative variance is a direct result of market performance that occurred during the last half of 2015.
  - ***Membership & Event Support.*** Membership and Event Support is approximately \$38,400 or 15% over budget. This positive variance is direct result of increased membership for 2015.
  - ***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.

- **YTD 2015 expenses are \$1,685,440 which is \$6,523 above the 2015 budget.**
  - **Salaries & Fringe Benefits Expense.** This category is under budget by approximately \$161,760 or 18%. The variance in this category is attributable to position vacancies 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 \$60,560, is currently being expensed in the professional fees category.
  - **Professional Fees.** This category is over budget by approximately \$43,170 or 20%. 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 in 2015.
  - **Administrative Expense.** This category is under budget by approximately \$37,960 or 30%. This variance is mainly attributable to the Board opt-outs for the Impact Downtown Albany Plan totaling \$21,400 as well lower insurance and meeting expenses.
  - **Real Estate Expense.** This category is under budget by approximately \$2,000 or 5%. This variance is mainly attributable to lower maintenance costs incurred on the Corporation's rental property at 1 Quackenbush Square.
  - **Occupancy Expenses.** This category is under budget by approximately \$9,600 or 20%. This is mainly attributable to lower maintenance costs which were incurred in 2015 as well as lower utility costs due to the DBID sharing a percentage of utility costs for 21 Lodge Street.
  - **Project & Program Expense.** Project and Program over budget by approximately \$186,223 or 186%. This is attributable to unbudgeted expenses for the Blight to Betterment program as well as final payment to the consultant for the Impact Albany Plan. These expenses were not budgeted for in the 2015 budget.

## LOANS

- In December 2015, Capitalize Albany received a recovery of \$500 related to the ACE Holding, LLC loan.

## **BALANCE SHEET**

- At December 31, 2015, compared to December 31, 2014, unrestricted cash has increased by approximately \$61,100. This is primarily attributable to program income received as well early principal payments received on mortgage receivables.
- Restricted cash has increased approximately \$68,860 due to loan repayments.
- Mortgage notes receivable has decreased by approximately \$416,470. This is a result of scheduled loan payment activity and two early loan repayments.
- Net investment in direct financing leases has been reduced by approximately \$151,540. 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 \$435,250. This is due to reduced accounts payable, principal payments applied against Capitalize Albany's bond indebtedness, and reduced professional service fees due to the City of Albany due to new structure of direct employment of all Corporation staff.

## **CASH FLOW STATEMENT**

- Capitalize Albany's December 31, 2015 cash and cash equivalents increased by approximately \$61,100 to \$4.15 million.
- Projected 2015 cash flow provided by operational activities reflected 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.

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

	December 31, 2015	December 31, 2014	\$ Change
<b>Assets</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 4,149,834	\$ 4,088,737	\$ 61,097
Investments	3,437,044	3,411,362	25,682
Restricted cash	584,389	515,529	68,860
Mortgage notes receivable, net	2,405,637	2,822,105	(416,468)
Net investment in direct financing leases	519,983	671,521	(151,538)
Accrued interest receivable	39,643	58,671	(19,028)
Grants receivable	-	-	-
Receivables from the City of Albany and City agencies	100,000	101,013	(1,013)
Other receivables, net	121,991	97,086	24,906
Property held for investment and lease, net	2,396,208	2,571,690	(175,482)
Property and equipment, net	378,070	403,263	(25,193)
Other assets	658,891	648,532	10,359
<b>Total assets</b>	<b>\$ 14,791,690</b>	<b>\$ 15,389,509</b>	<b>\$ (597,819)</b>
<b>Deferred Outflows of Resources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Liabilities</b>			
<b>Current Liabilities:</b>			
Accounts payable and accrued expenses	\$ 133,663	\$ 264,848	\$ (131,185)
Due to the City of Albany	72,892	99,521	(26,629)
Unearned grant and other income	500,330	480,860	19,470
Bonds payable	2,350,000	2,650,000	(300,000)
Revolving loan fund liability	703,612	702,825	788
Unearned program support	83,307	80,997	2,310
<b>Total liabilities</b>	<b>\$ 3,843,804</b>	<b>\$ 4,279,051</b>	<b>\$ (435,247)</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	\$ -
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	9,723,699	9,886,271	\$ (162,572)
Total net position	<b>\$ 10,947,886</b>	<b>\$ 11,110,458</b>	<b>\$ (162,572)</b>

		January 1, 2015 - December 31, 2015			2015 Projection	Original Budget	Projected Variance from Budget
	4th Quarter	YTD Actual	YTD Budget	Variance - \$	Variance - %		
<b>REVENUE</b>							
General Economic & Community Development Support Income							
Real Estate Income	\$ 192,400	\$ 500,587	\$ 501,600	\$ (1,013)	0%	\$ 501,600	\$ (1,013)
Professional Service Agreement Income	182,962	292,051	277,397	14,654	5%	292,051	277,397
Loan Interest Income	75,000	300,000	300,000	-	0%	300,000	300,000
Fee Income	23,279	94,920	111,457	(16,537)	-15%	94,920	(16,537)
Direct Finance Lease Income	6,607	33,390	34,170	(780)	-2%	33,390	(780)
Investment & Interest Income	443	57,648	63,632	(5,984)	-9%	57,648	(5,984)
FMV Adj on Fidelity Inv	14,967	59,623	84,823	(25,200)	-30%	59,623	(25,200)
G/L on Sale/Redemption	13,615	(58,053)	-	(58,053)	100%	(58,053)	(58,053)
Membership & Event Support	(5,943)	37,301	-	37,301	100%	-	-
TOTAL REVENUE	8,725	38,395	33,500	4,895	15%	38,395	4,895
	\$ 512,054	\$ 1,355,860	\$ 1,406,578	\$ (50,718)	-4%	\$ 1,355,860	\$ (50,718)
<b>EXPENSE</b>							
Salaries Expense	\$ 227,177	\$ 733,920	\$ 895,676	\$ (161,756)	-18%	\$ 733,920	\$ 895,676
Professional Fees	50,169	238,443	215,275	43,168	20%	258,443	43,168
Administrative Expenses	19,182	90,494	128,450	(37,956)	-30%	90,494	215,275
Interest Expense	2,369	29,826	32,665	(2,839)	-9%	29,826	(37,956)
Real Estate Expenses	9,090	37,364	39,300	(1,936)	-5%	37,364	(2,839)
Occupancy Expense	12,753	37,544	47,157	(9,613)	-20%	37,544	(1,936)
Bad Debt Expense (recovery)	(500)	(500)	-	(500)	100%	(500)	(9,613)
Membership & Event Expense	7,799	11,466	11,875	(409)	-3%	11,466	(500)
TOTAL EXPENSES BEFORE DEPRECIATION	\$ 328,040	\$ 1,198,556	\$ 1,370,398	\$ (171,841)	-13%	\$ 1,198,556	(409)
	\$ 184,015	\$ 157,304	\$ 36,181	\$ (121,123)	335%	\$ 157,304	\$ (171,841)
	\$ 207,553	\$ 207,553	\$ 208,519	\$ (967)	0%	\$ 207,553	\$ 121,123
	\$ (23,538)	\$ (50,249)	\$ (172,338)	\$ 122,090	71%	\$ (50,249)	\$ (967)
<b>NET INCOME BEFORE DEPRECIATION &amp; PROGRAM ACTIVITY</b>							
<b>DEPRECIATION</b>							
<b>NET INCOME (LOSS) AFTER DEPRECIATION</b>							
<b>PROJECT &amp; PROGRAM REVENUE</b>							
Blight to Betterment	\$ -	\$ 152,400	\$ -	\$ 152,400	100%	\$ 152,400	\$ 152,400
Downtown Tactical Plan	-	21,500	-	21,500	100%	21,500	21,500
New York Main Street	-	-	-	-	-	-	-
Total Program Income	-	\$ 173,900	-	\$ 173,900	100%	\$ 173,900	\$ 173,900
<b>PROJECT &amp; PROGRAM EXPENSE</b>							
Blight to Betterment	\$ -	\$ 142,110	\$ -	\$ 142,110	100%	\$ 142,110	\$ 142,110
Downtown Tactical Plan	-	144,113	100,000	44,113	44%	144,113	44,113
New York Main Street	-	-	-	-	-	-	-
Total Program Expense	-	\$ 286,223	\$ 100,000	\$ 186,223	186%	\$ 286,223	\$ 186,223
<b>NET INCOME (LOSS) FROM PROGRAM ACTIVITY</b>							
<b>NET INCOME (LOSS) AFTER DEPRECIATION &amp; PROGRAM ACTIVITY</b>							

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

	<u>Projected</u> <u>December 31, 2015</u>	<u>Year Ended</u> <u>December 31, 2014</u>
Revenues		
Grant income and Contribution Income	\$ 674,487	\$ 698,397
Rental income	294,267	344,500
Other interest and investment income	94,302	170,426
Interest income on mortgage notes	94,920	88,737
Gain on sale of properties	-	1,457,824
Fees and other income	371,785	375,036
Total revenues	<u>1,529,761</u>	<u>3,134,920</u>
Expenses		
Salaries and fringe benefits	733,920	668,159
Program and project costs	502,369	592,458
Interest expense	29,826	68,262
Bad debt expenses (recovery)	(500)	(202,751)
Administrative Expenses	426,718	546,737
Total expenses	<u>1,692,333</u>	<u>1,672,865</u>
Excess of (expenses over revenues) revenues over expenses	<u>(162,572)</u>	<u>1,462,055</u>
Net Position, Beginning of Year	<u>11,110,458</u>	<u>9,648,403</u>
Net Position, End of Month	<u>\$ 10,947,886</u>	<u>\$ 11,110,458</u>

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

	Projected December 31, 2015	December 31, 2014
<b>Cash Flows From Operating Activities</b>		
Cash received from customers	\$ 431,657	\$ 545,091
Cash received from grantors	69,745	668,165
Other operating cash receipts	371,785	374,136
Cash payments to suppliers and grantees	(875,347)	(859,974)
Cash payments to employees	(735,918)	(668,159)
Net cash provided by operating activities	<u>(115,078)</u>	<u>59,259</u>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Proceeds from sale of property held for sale	(6,877)	(8,926)
Purchase of property held for investment and lease	(300,000)	(1,218,590)
Purchase of property and equipment	(29,226)	(74,452)
Principal payments on bonds payable	<u>(336,703)</u>	<u>359,413</u>
Net cash used in capital and related financing activities	<u>59,295</u>	<u>661,383</u>
<b>Cash Flows From Investing Activities</b>		
Interest on cash and cash equivalents and investments	59,668	(66,545)
Net decrease (increase) in restricted cash	(68,960)	2,668,552
Proceeds from sales and maturities of investments	1,703,918	(3,221,860)
Purchase of investments	(1,750,351)	(275,000)
Issuance of mortgage notes receivable	(250,000)	(900,000)
Repayments received on mortgage notes receivable	69,1969	401,621
Principal payments received under direct financing leases	151,533	1,067,359
Net cash used in investing activities	<u>512,876</u>	<u>18,422</u>
Change in cash and cash equivalents	61,095	437,094
<b>Cash and cash equivalents:</b>		
<b>Beginning of year</b>	<u>4,088,738</u>	<u>3,651,644</u>
<b>End of year</b>	<u>\$ 4,149,833</u>	<u>\$ 4,088,738</u>
<b>Projected December 31, 2015</b>		
<b>Reconciliation of Excess or (Excesses Over Revenues) Revenues Over Expenses to Net Cash Provided by Operating Activities</b>		
Excess of (expenses over revenues) revenues over expenses	\$ (162,574)	\$ 1,462,055
Adjustments to reconcile excess of (expenses over revenues) revenues over expenses to net cash provided by operating activities:		
Depreciation and amortization	207,553	212,181
Adjustment for losses on mortgage notes and other receivables	(500)	(203,201)
Gain on sale of property	29,752	(1,457,824)
Net realized and unrealized losses (gains) on investments	(59,669)	(669)
Interest income on cash and cash equivalents and investments	29,826	(69,831)
Interest expense on bonds payable	788	68,262
Changes in:		
Grants receivable		
Other receivables, accrued interest receivable and other assets	(12,916)	10,456
Accounts payable and accrued expenses	(131,179)	67,026
Due to the City of Albany	(26,628)	14
Unearned grant and other income	19,470	(29,756)
Revolving loan fund liability	788	577
Net cash provided by operating activities	<u>\$ (115,078)</u>	<u>\$ 59,259</u>

Capitalize Albany Corporation  
21 Lodge Street  
Albany, New York 12207

MEMORANDUM

TO: Capitalize Albany Corporation Finance & Investment Committee  
FROM: Mark Opalka  
RE: Capitalize Albany Corporation 4<sup>th</sup> Quarter Investment Report  
DATE: January 20, 2016

In the 4<sup>th</sup> Quarter of 2015 the value of the investment portfolio of Capitalize Albany increased by \$20,093 to \$3,436,948.

**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%	25%	Treasury Bill

**Portfolio Composition**

- **Cash and Cash Equivalents** – Currently cash and cash equivalents are approximately \$101,460 or 3% of the portfolio. Capitalize Albany's investment policy states that cash and cash equivalents should have a minimum weight of 5% and a maximum weight of 25% of the investment portfolio. Although the cash and cash equivalent balance is approximately \$70,387 short of meeting the minimum weight of 5%. Staff feels that this is an acceptable variance given the current interest rate on cash balances is .07%.
- **Fixed Income** – Currently fixed income investments are approximately \$2,935,525 or 85% of the portfolio. Fixed income investments in Capitalize Albany's portfolio consist of corporate notes, bonds, and certificate of deposits. Certificate of deposits make up the largest portion of the fixed income investments at 60% or approximately \$2,051,000. Capitalize Albany's investment policy contains many conditions and restrictions that apply to fixed income investments. At December 31, 2015 Capitalize Albany's fixed income investments are in compliance with all conditions and restrictions set forth in the investment policy.
- **Equities** – Currently equities are approximately \$399,970 or 12% of the portfolio. Capitalize Albany's investment policy states that no more than 30% of the market value of the equity portion should be in any one industry and no more than 10% in any one security. Additionally all equities in this portfolio are to be chosen from the NYSE, AMEX,

the regional exchanges, or the national otc markets. Currently all of the equity holdings in Capitalize Albany's portfolio meet these requirements.

Comment [O1]:

## **ALDECAC FINANCE & INVESTMENT COMMITTEE CHARTER**

The Finance & Investment Committee Charter was adopted by the Board of Directors of the Albany Local Development Capitalize Albany Corporation ("ALDECAC") on March 31, 2009.

### **Purpose**

The purpose of the Finance & Investment Committee shall be to (1) ensure the financial health of ALDECAC (2) ensure that ALDECAC assets are protected and resources are used appropriately and (3) assist the Board in understanding ALDECAC's financial condition.

### **Scope of Responsibilities**

The ALDECAC Finance & Investment Committee shall be responsible for the following:

- Project review
  - As necessary, rReview projects and recommend action for Board approval.
    - Review proposals for the issuance of debt.
- Involvement with ALDECAC finance department management.
  - Work with management to ensure timely and accurate financial data is presented to the Board.
  - In conjunction with the ALDC Audit Committee, rReview and recommend new or revised financial policies to the Board for approval.
- Budget Oversight
  - Provide guidelines for the development of the annual operating budget.
  - Review and recommend an annual operating budget for Board approval.
  - Review the financial performance of ALDECAC against budget projections for the period to-date.
- Investment Oversight
  - Develop the investment policy for ALDECAC and review this policy annually.
  - As necessary, recommend investment policy changes to the Board for approval.
  - Meet with the investment manager (if any) at least annually to review the performance. As appropriate, conduct a search for and select a new investment manager.
  - Coordinate with Audit Committee to deliver annual investment report to ALDECAC Board of Directors.
- Meet with ALDECAC staff or outside counsel, as necessary.

DRAFT

- Retaining, at the ALDCCAC's expense, such outside counsel, experts and other advisors as the Finance & Investment Committee may deem appropriate, upon approval of said expenditure(s) by the ALDCCAC Board of Directors.
- Conducting an annual self evaluation of its performance, including its effectiveness and compliance with the charter, effectiveness of the Recommend any recommend changes to its Committee charterCharter, and requesting board approval for proposed changes to the Board.
- Reviewing and providing guidance to the full Board and management about all of the above.

The ALDCCAC boardBoard will ensure that the Finance & Investment Committee has sufficient resources to carry out its duties.

**Composition of Committee and Selection of Members**

The membership of the Committee shall be as set forth in accordance with and pursuant to Article IV, Section 9 of the Corporation's bylaws. The Finance and Investment Committee shall be comprised of not less than three (3) independent members. The members shall serve until their resignation, retirement, removal by the Board or until their successors shall be appointed and qualified. When feasible, the immediate past Finance and Investment Committee Chair will continue serving as a member of the Committee for at least one year to ensure an orderly transition. The ALDC Governance/Nominating Committee will recommend and the ALDC Board will approve the Finance & Investment Committee members and the Committee's Chair.

Ideally, all members on the Finance & Investment Committee members shall possess or obtain a basic understanding of financial reporting, accounting, and auditing.

**Meetings**

The Committee will meet a minimum of four times per year, with the expectation that additional meetings may be required to adequately fulfill all the obligations and duties outlined in the charter. Meeting agendas will be prepared for every meeting and provided to Committee members at least three days in advance of the scheduled meeting, along with the appropriate materials needed to make informed decisions. The Committee shall act only on the affirmative vote of a majority of the members at a meeting or by unanimous consent. Minutes of these meetings are to be recorded.

Members of the Committee, as well as the CFO, Presidentappropriate senior staff or their respective designees, are expected to attend each committee meeting, in person or via telephone or videoconference.

The Committee may invite other individuals to attend meetings and provide pertinent information, as necessary.