



Tuesday, April 19, 2016
21 Lodge Street, 9:00 a.m.

CAPITALIZE ALBANY
CORPORATION

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

Agenda

1. Review of the minutes from the Finance & Investment Committee meeting of March 15, 2016
2. Hugh Johnson Advisors update
3. Quarterly Financial Report
4. 526 Central Avenue Update
5. 99 Pine Street
6. Other Business

Capitalize Albany Corporation Finance & Investment Committee Meeting
MINUTES
March 15, 2016

The meeting of the Capitalize Albany Corporation Finance & Investment Committee was held at 8:30 a.m., Tuesday, March 15, 2016 at 21 Lodge Street.

The following were in attendance:

Committee Members:

Anders Tomson, Jeff Sperry, John Harris, and John Vero

Other:

Thomas M. Owens, Esq.

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 8:32 a.m.

Approval of Minutes for January 20, 2016 Finance & Investment Committee Meeting

The Committee reviewed the minutes of the January 20, 2016 meeting. Jeff Sperry made a motion for approval. John Vero seconded. The Committee agreed unanimously to approve the minutes.

Annual Review of Corporate Policies

Review Investment Policy

Staff reviewed the two proposed changes to be made to part three of the investment guidelines, based on the Committee's previous discussion and recommendation. The first change proposed is to state that the asset allocation listed in the guidelines is to apply only to funds under advisement. The second change proposed is to lower the minimum weight of cash or equivalents from 5% to 3%.

A motion to accept the changes to the investment guidelines and move it to the full Board was made by Jeff Sperry and seconded by John Harris. A vote being taken, the motion passed unanimously.

526 Central Avenue Update

Staff updated the Committee on the activity at 526 Central Avenue.

Real Estate Development

Staff and the Committee discussed potential real estate development opportunities.

Other Business

Staff informed the Committee that the City of Albany's new tentative assessments roll was released, which could have an effect on the Corporation's property assessments.

Staff informed the Committee that the Downtown Retail Grant and Amplify Albany programs would be announced on Wednesday, March 23rd at 11am at 59 North Pearl Street.

There being no further business the Capitalize Albany Corporation Finance & Investment Committee meeting was adjourned at 9:45 a.m.

Capitalize Albany Corporation
21 Lodge Street
Albany, New York 12207

MEMORANDUM

TO: CAC Finance & Investment Committee
FROM: Capitalize Albany Staff
RE: Review of the 1st Quarter Hugh Johnson Investment Portfolio
DATE: April 19, 2016

Staff has reviewed the Hugh Johnson portfolio to ensure that it is compliance with the guidelines of the Capitalize Albany investment policy. After reviewing the investment policy Capitalize Albany is in compliance with all aspects of this policy.

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	3%	25%	Treasury Bill

Currently CAC's portfolio composition for the first quarter consists of 13% Equities, 83% Fixed Income, and 4% cash.

Capitalize Albany Corporation
21 Lodge Street
Albany, New York 12207

MEMORANDUM

TO: CAC Finance & Investment Committee
FROM: Capitalize Albany Staff
RE: Capitalize Albany Corporation 1st Quarter Financial Reports
DATE: April 19, 2016

BUDGET PERFORMANCE

On a pre-audit basis, through March 31, 2016, the Capitalize Albany Corporation had a net loss of approximately \$87,300. This position compares favorably to the year-to-date (YTD) budgeted net loss of approximately \$142,049. The Corporation had a net loss of approximately \$36,410 at December 31, 2015.

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

- ***YTD 2016 revenue is \$488,967 which is \$269,706 (123%) above the 2016 budget.***
 - ***Real Estate Income.*** Real Estate income is approximately \$38,600 which is 12% over budget. This positive variance is a direct result of monies received from the Riverfront Barge and transaction.
 - ***Loan Interest Income.*** Loan interest income is approximately \$22,300 or 8% under budget. This negative variance is a direct result of mortgage interest that was budgeted for in the 2016 for that was paid off in the fourth quarter of 2015.
 - ***Investment & Interest Income.*** Interest and Investment Income is approximately \$35,580 which is 119% over budget. This positive variance is a direct result of market performance that occurred during the first quarter of 2016.
 - ***Project & Program Revenue.*** Project and Program revenue is \$236,250. This revenue is from grant monies received from the Main Street program. This revenue was not budgeted for in the 2016 since staff believed that these projects would have been closed out in 2015.

- **YTD 2016 expenses are \$576,263 which is \$214,953 (60%) above the 2016 budget.**
 - **Administrative Expense.** This category is under budget by approximately \$7,500 or 20%. This variance is mainly attributable to lower office expenses and Director fees.
 - **Project & Program Expense.** Project and Program Expenses were \$225,050. This expense was for the disbursement of Main Street grant funds received during the first quarter. This expense was not budgeted for in the 2016 budget since staff believed that these projects would have been closed out in 2015.

BALANCE SHEET

- At March 31, 2016, compared to December 31, 2015, unrestricted cash has decreased by approximately \$48,285.
- Restricted cash has increased approximately \$7,850 due to loan repayments.
- Mortgage notes receivable has decreased by approximately \$68,025. This is a result of scheduled loan payment activity.
- Net investment in direct financing leases has been reduced by approximately \$164,175. 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 \$190,680. This is due to reduced accounts payable, principal payments applied against the Corporation's bond indebtedness, and reduced professional service fees due to the City of Albany.

CASH FLOW STATEMENT

- Currently, the Corporation's December 31, 2016 cash and cash equivalents are anticipated to decrease by approximately \$461,000 to \$3.7 million. This decrease is primarily attributable to a budgeted loan disbursement to occur during 2016.
- Projected 2016 cash flow provided by operational activities reflect scheduled project grants activity, receipt of payment under the CAIDA Professional Service Agreement, scheduled lease and rental receipts, and payment of various administrative expenses
- Cash used in capital and financing activities reflects scheduled debt service payments during 2016.
- Cash flow from investing activities reflects projected loan disbursement and repayment activity, direct finance lease payments, and investment activity.

January 1, 2016 - December 31, 2016

	1st Quarter	YTD Actual	YTD Budget	Variance - \$	Variance - %	Apr-Dec 2016 Forecast	2016 Projection	Original Budget	Projected Variance from Budget
REVENUE									
General Economic & Community Development Support Income	\$ 62,500	\$ 62,500	\$ 62,500	\$ -	0%	\$ 434,943	\$ 497,443	\$ 497,443	\$ -
Real Estate Income	38,626	38,626	34,499	4,127	12%	264,948	303,574	298,152	5,422
Professional Service Agreement Income	87,146	87,146	75,000	12,146	0%	261,437	348,582	300,000	48,582
Loan Interest Income	22,336	22,336	24,329	(1,992)	-8%	72,986	95,322	97,314	(1,992)
Fee Income	4,636	4,636	6,320	(1,683)	-27%	25,209	29,846	31,529	(1,683)
Direct Finance Lease Income	393	393	390	3	1%	47,252	47,646	47,643	3
Investment & Interest Income	17,666	17,666	16,223	1,443	9%	61,728	79,394	64,894	14,500
FMV Adj on Fidelity Inv	17,343	17,343	-	17,343	100%	-	17,343	-	17,343
G/L on Sale/Redemption	571	571	-	571	100%	-	571	-	571
Membership & Event Support	1,500	1,500	-	1,500	100%	33,500	35,000	33,500	1,500
TOTAL REVENUE	\$ 252,217	\$ 252,217	\$ 219,261	\$ 33,456	15%	\$ 1,202,003	\$ 1,454,720	\$ 1,370,475	\$ 84,244
EXPENSE									
Salaries Expense	\$ 200,266	\$ 200,266	\$ 204,859	\$ (4,593)	-2%	\$ 629,056	\$ 829,322	\$ 829,322	\$ -
Professional Fees	93,102	93,102	89,554	3,549	4%	184,576	277,678	265,714	11,964
Administrative Expenses	30,133	30,133	37,659	(7,527)	-20%	91,629	121,761	126,940	(5,179)
Interest Expense	13,081	13,081	13,081	-	0%	11,513	24,594	24,594	1
Real Estate Expenses	8,451	8,451	8,451	0	0%	28,819	37,270	37,270	0
Occupancy Expense	7,617	7,617	7,706	(89)	-1%	37,858	45,474	45,444	31
Bad Debt Expense (recovery)	(1,437)	(1,437)	-	(1,437)	100%	-	(1,437)	-	(1,437)
Membership & Event Expense	351,213	351,213	361,310	(10,097)	3%	12,175	12,175	12,175	-
TOTAL EXPENSES BEFORE DEPRECIATION	\$ (98,496)	\$ (98,496)	\$ (142,049)	\$ 43,553	31%	\$ 206,378	\$ 107,881	\$ 29,016	\$ 78,865
NET INCOME BEFORE DEPRECIATION & PROGRAM ACTIVITY	\$ (98,496)	\$ (98,496)	\$ (142,049)	\$ 43,553	31%	\$ 206,378	\$ 107,881	\$ 29,016	\$ 78,865
DEPRECIATION	\$ -	\$ -	\$ -	\$ -	0%	\$ 204,232	\$ 204,232	\$ 204,232	\$ -
NET INCOME (LOSS) AFTER DEPRECIATION	\$ (98,496)	\$ (98,496)	\$ (142,049)	\$ 43,553	31%	\$ 2,146	\$ (96,351)	\$ (175,216)	\$ 78,865
PROJECT & PROGRAM REVENUE									
Blight to Betterment	\$ -	\$ -	\$ -	\$ -	0%	\$ -	\$ -	\$ -	\$ -
Downtown Tactical Plan	236,250	236,250	-	236,250	100%	-	236,250	-	236,250
New York Main Street	236,250	236,250	-	236,250	100%	-	236,250	-	236,250
Total Program Income	\$ 236,250	\$ 236,250	\$ -	\$ 236,250	0%	\$ -	\$ 236,250	\$ -	\$ 236,250
PROJECT & PROGRAM EXPENSE									
New York Main Street	\$ 225,000	\$ 225,000	\$ -	\$ 225,000	100%	\$ -	225,000	\$ -	\$ 225,000
Downtown Tactical Plan	50	50	-	50	0%	99,950	100,000	100,000	-
Total Program Expense	\$ 225,050	\$ 225,050	\$ -	\$ 225,050	0%	\$ 99,950	\$ 325,000	\$ 100,000	\$ 225,000
NET INCOME (LOSS) FROM PROGRAM ACTIVITY	\$ 11,200	\$ 11,200	\$ -	\$ 11,200	0%	\$ (99,950)	\$ (88,750)	\$ (100,000)	\$ 11,250
NET INCOME (LOSS) AFTER DEPRECIATION & PROGRAM ACTIVITY	\$ (87,296)	\$ (87,296)	\$ (142,049)	\$ 54,753	39%	\$ (97,804)	\$ (185,101)	\$ (275,216)	\$ 90,115

CAPITALIZE ALBANY CORPORATION
Comparative Balance Sheets
Pre-Audited Draft

	March 31, 2016	Projected December 31, 2016	December 31, 2015
Assets			
Current Assets:			
Cash and cash equivalents	\$ 4,113,912	\$ 3,701,082	\$ 4,162,197
Investments	3,462,944	3,507,955	3,437,044
Restricted cash	587,448	639,436	579,606
Mortgage notes receivable, net	2,362,303	2,680,916	2,430,328
Net investment in direct financing leases	356,815	367,175	520,990
Accrued interest receivable	37,703	37,703	45,103
Grants receivable	-	-	-
Receivables from the City of Albany and City agencies	20	-	100,020
Other receivables, net	170,943	87,140	88,131
Property held for investment and lease, net	2,396,208	2,220,725	2,396,208
Property and equipment, net	378,070	349,321	378,070
Other assets	652,243	652,243	658,891
Total assets	\$ 14,518,609	\$ 14,243,696	\$ 14,796,588
Deferred Outflows of Resources	\$ -	\$ -	\$ -
Liabilities			
Current Liabilities:			
Accounts payable and accrued expenses	\$ 103,290	\$ 101,181	\$ 132,293
Due to the City of Albany	59,521	59,521	72,892
Unearned grant and other income	500,330	500,330	503,781
Bonds payable	2,205,000	2,030,000	2,350,000
Revolving loan fund liability	703,758	703,758	703,612
Unearned program support	77,147	77,147	77,147
Total liabilities	\$ 3,649,046	\$ 3,471,937	\$ 3,839,725
Deferred Inflows of Resources	\$ -	\$ -	\$ -
Net Position			
Net invested in capital assets	\$ 879,278	\$ 879,278	\$ 879,278
Restricted for:			
Debt service	171,466	171,466	171,466
CDBG eligible activities	123,033	123,033	123,033
Other program specific activities	5,412	5,412	5,412
Impact Downtown Albany	-	-	-
Unrestricted	9,690,376	9,592,570	9,777,671
Total net position	\$ 10,869,565	\$ 10,771,759	\$ 10,956,861

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

	YTD March 31 2016	Projected December 31, 2016	Year Ended December 31, 2015
Revenues			
Grant income and Contribution Income	\$ 298,750	\$ 733,693	\$ 674,487
Rental income	39,016	304,904	294,170
Other interest and investment income	35,583	143,621	94,077
Interest income on mortgage notes	22,336	95,322	91,889
Gain on sale of properties	-	-	-
Fees and other income	93,282	413,428	384,101
Total revenues	488,967	1,690,968	1,538,724
Expenses			
Salaries and fringe benefits	200,266	829,322	733,919
Program and project costs	233,501	541,428	502,438
Interest expense	13,081	24,594	29,825
Bad debt expenses (recovery)	(1,437)	(1,437)	(2,787)
Administrative Expenses	130,852	482,162	428,926
Total expenses	576,263	1,876,069	1,692,321
Excess of (expenses over revenues) revenues over expenses	(87,296)	(185,101)	(153,597)
Net Position, Beginning of Year	10,956,861	10,956,861	11,110,458
Net Position, End of Month	\$ 10,869,566	\$ 10,771,759	\$ 10,956,861

CAPITALIZE ALBANY CORPORATION
STATEMENTS OF CASH FLOWS
Pre-Audited Draft

Cash Flows From Operating Activities
Cash received from customers
Cash received from grantors
Other operating cash receipts
Cash payments to suppliers and grantees
Cash payments to employees
Net cash provided by operating activities

Cash Flows From Capital and Related Financing Activities
Proceeds from sale of property held for sale
Purchase of property held for investment and lease
Purchase of property and equipment
Purchase of other assets, including purchase options
Principal payments on bonds payable
Interest paid on bonds payable
Net cash used in capital and related financing activities

Cash Flows From Investing Activities
Interest on cash and cash equivalents and investments
Net decrease (increase) in restricted cash
Proceeds from sales and maturities of investments
Purchase of investments
Issuance of mortgage notes receivable
Repayments received on mortgage notes receivable
Principal payments received under direct financing leases
Net cash used in investing activities

Change in cash and cash equivalents
Cash and cash equivalents:
Beginning of year
End of year

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
Adjustments to reconcile excess of (expenses over revenues) revenues over expenses to net cash provided by operating activities:
Depreciation and amortization
Adjustment for losses on mortgage notes and other receivables
Gain on sale of property
Net realized and unrealized losses (gains) on investments
Interest income on cash and cash equivalents and investments
Interest expense on bonds payable
Changes in:
Grants receivable
Other receivables, accrued interest receivable and other assets
Accounts payable and accrued expenses
Due to the City of Albany
Unearned grant and other income
Revolving loan fund liability
Net cash provided by operating activities

	March 31, 2016	Projected December 31, 2016	December 31, 2015
Cash Flows From Operating Activities			
Cash received from customers	\$ 92,378	\$ 481,345	\$ 444,149
Cash received from grantors	295,445	730,388	685,981
Other operating cash receipts	93,282	413,428	371,785
Cash payments to suppliers and grantees	(406,725)	(753,841)	(869,134)
Cash payments to employees	(200,265)	(629,320)	(733,519)
Net cash provided by operating activities	(125,885)	12,000	(91,139)
Cash Flows From Capital and Related Financing Activities			
Proceeds from sale of property held for sale	-	-	-
Purchase of property held for investment and lease	-	0	(6,879)
Purchase of property and equipment	-	-	-
Purchase of other assets, including purchase options	(145,000)	(320,000)	(300,000)
Principal payments on bonds payable	(13,081)	(24,594)	(32,413)
Interest paid on bonds payable	-	-	-
Net cash used in capital and related financing activities	(158,081)	(344,594)	(339,291)
Cash Flows From Investing Activities			
Interest on cash and cash equivalents and investments	17,667	79,437	63,146
Net decrease (increase) in restricted cash	(7,842)	(59,830)	(64,077)
Proceeds from sales and maturities of investments	214,169	1,994,644	1,994,644
Purchase of investments	(221,944)	(266,935)	(2,001,079)
Issuance of mortgage notes receivable	-	(400,000)	(275,000)
Repayments received on mortgage notes receivable	69,482	150,849	675,723
Principal payments received under direct financing leases	154,169	153,808	150,531
Net cash used in investing activities	235,681	(128,622)	603,889
Change in cash and cash equivalents	(48,286)	(461,116)	73,460
Cash and cash equivalents:			
Beginning of year	4,182,198	4,182,198	4,086,738
End of year	\$ 4,133,912	\$ 3,701,082	\$ 4,162,198
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	\$ (87,296)	\$ (185,101)	\$ (153,597)
Adjustments to reconcile excess of (expenses over revenues) revenues over expenses to net cash provided by operating activities:			
Depreciation and amortization	-	204,232	207,555
Adjustment for losses on mortgage notes and other receivables	(1,437)	(1,437)	(8,946)
Gain on sale of property	(18,125)	(18,125)	20,752
Net realized and unrealized losses (gains) on investments	(17,669)	(79,438)	(59,412)
Interest income on cash and cash equivalents and investments	13,081	24,594	29,625
Interest expense on bonds payable	-	-	-
Changes in:			
Grants receivable	-	-	-
Other receivables, accrued interest receivable and other assets	31,239	15,063	2,671
Accounts payable and accrued expenses	(29,003)	(31,112)	(118,693)
Due to the City of Albany	(13,371)	86,629	(25,636)
Unearned grant and other income	(3,450)	(3,450)	11,248
Revolving loan fund liability	145	145	3,095
Net cash provided by operating activities	\$ (125,885)	\$ 12,000	\$ (91,139)