



**CAPITALIZE ALBANY**  
CORPORATION

**Tuesday, September 20, 2016**  
9:30 a.m.  
21 Lodge Street, Albany NY 12207

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

## Agenda

1. Review of the minutes from the Finance & Investment Committee meeting of July 28, 2016
2. Review 2017 Draft Proposed Annual Budget
3. Annual Review of Corporate Policies
  - a) Review Investment Policy
4. 526 Central Avenue Update
5. Restore NY Discussion
6. Other Business

**Capitalize Albany Corporation Finance & Investment Committee Meeting  
MINUTES  
July 28, 2016**

The meeting of the Capitalize Albany Corporation Finance & Investment Committee was held at 12:00 p.m., Thursday, July 28, 2016 at 21 Lodge Street.

The following were in attendance:

**Committee Members:**

Jeff Sperry, Ander Tomson and John Vero

**Other:**

Thomas M. Owens, Esq.

**Staff:**

Sarah Reginelli, Brad Chevalier, Mark Opalka and Andy Corcione

**Excused:**

John Harris, Bob Curley

The regular meeting of the Capitalize Albany Corporation Finance & Investment Committee was called to order at 12:00 p.m.

**Approval of Minutes for June 16, 2016 Finance & Investment Committee Meeting**

The Committee reviewed the minutes of the June 16, 2016 meeting. Jeff Sperry made a motion for approval. John Vero seconded. The Committee agreed unanimously to approve the minutes.

**Quarterly Financial Report**

Staff discussed the financial performance for the second quarter. On a pre-audited basis, through June 30<sup>th</sup>, the Corporation had net income of approximately \$12,000 which compares favorably to the year-to-date budgeted net loss of approximately \$114,821.

**Quarterly Investment Report**

Mr. Opalka discussed the Investment Portfolio and its performance. Mr. Opalka advised the Committee that Corporation's Investment Portfolio remains appropriate and in compliance with the Corporation's Investment Policy. The Committee members discussed the Policy, and concluded that the Corporation's strategy and policy is both appropriate and prudent.

**Chamber Loan Update**

Staff discussed the history and status of the Corporation's participation in the Albany Regional Chamber's loan fund. Staff and the Committee discussed the future participation in the valuable community loan program.

**Ten Broeck Loan Update**

Staff discussed the status of the Corporation's Ten Broeck Loan Portfolio. Staff and the Committee discussed options available for when the loans start to come due in late 2016. Staff

will continue outreach to the borrowers to provide them with updates. Staff will need to take note of the Corporations obligations as it relates to repaid funds.

**Other Business**

Staff updated the Committee on the status of 526 Central Ave and the Corporation's involvement with the 2016 Restore NY grant process. There being no further business the Capitalize Albany Corporation Finance & Investment Committee meeting was adjourned at 1:00 p.m.

TO: Capitalize Albany Corporation Finance Committee  
FROM: Mark Opalka  
DATE: September 20, 2016  
RE: Capitalize Albany Corporation Preliminary Draft 2017 Budget

Net income for 2017 before Depreciation Expense and Program Activity is budgeted to be approximately \$131,548. Overall, the preliminary budget anticipates a deficit of approximately \$164,450. The major contributors to this budgeted deficit are related to approximately \$168,000 depreciation and a strategic allocation of \$100,000 toward implementation of the Impact Downtown strategy.

The projected ending cash balance for 2016 is anticipated to be \$3,944,719. Given the proposed Draft Budget, the anticipated ending cash balance for 2017 would be \$3,423,845.

Below are identified significant revenue and expense variances for the projected 2017 budget compared to the 2016 approved budget.

#### **2017 REVENUE ASSUMPTIONS:**

Revenue derived from non-program activity is budgeted at approximately \$1.41 million.

- **Professional Service Income**

Professional Service Income is budgeted to be \$348,582 which is \$48,582 more than the 2016 approved budget. This is a direct result of the IDA approving an increase to the Professional Service agreement in 2016.

- **Investment & Interest Income**

Investment Income is budgeted to be approximately \$71,770 which is approximately \$6,875 higher than the 2016 approved budget. This is a direct result of higher interest rates being earned on the Corporation's money market account.

- **Direct Financing Lease Income**

Direct Finance Lease income is budgeted to be approximately \$23,100 which is \$24,545 lower than the 2016 approved budget. This is a direct result of the amortized lease payments that are scheduled to be made in 2017.

## **2017 EXPENSE ASSUMPTIONS:**

Expense incurred from non-program activity is budgeted at approximately \$1.47 million.

- **Professional Fees**

Professional fees are budgeted to decrease 9% or approximately \$25,100 compared to the 2016 approved budget. The main component to this decrease is a change in providers resulting in lower budgeted accounting professional service expenses.

- **Administrative Expenses**

Administrative Expenses are budgeted to decrease 29% or approximately \$36,400 compared to the 2016 approved budget. This is directly attributed to the Board Member opt-outs.

- **Depreciation Expense**

Depreciation Expense for 2017 is budgeted to be approximately \$196,000. Of this amount, \$168,500 (86%) is attributable to the anticipated recording of depreciation expense for the Corning Preserve.

**Capitalize Albany Corporation  
2017 Budget Summary**

	2016 Budget	2016 Projected	Variance 2016 Projected v. 2016 Budget	2017 Budget	Variance	
					2017 Budget v. 2016 Projected - \$	2017 Budget v. 2016 Projected - %
<b>Revenue</b>						
General Economic and Community Development Support Income	\$ 497,443	\$ 497,443	\$ -	\$ 497,443	\$ -	0.00%
Real Estate Income	298,152	304,625	6,473	298,709	(5,916)	-1.94%
Professional Service Agreement Income	300,000	348,582	48,582	348,582	-	0.00%
Lending Income	128,843	125,232	(3,612)	132,334	7,102	5.67%
Direct Financing Lease Income	47,643	40,917	(6,726)	23,098	(17,820)	-43.55%
Investment & Interest Income	64,894	116,067	51,173	71,766	(44,301)	-38.17%
Membership & Event Support	33,500	40,525	7,025	33,500	(7,025)	-17.33%
<b>Total</b>	<b>\$ 1,370,475</b>	<b>\$ 1,473,391</b>	<b>\$ 102,915</b>	<b>\$ 1,405,432</b>	<b>\$ (67,959)</b>	<b>-4.61%</b>
<b>Expenses</b>						
Salary & Benefits	\$ 829,322	\$ 787,495	\$ (41,828)	\$ 830,352	\$ 42,858	5.44%
Professional Fees	265,714	242,122	(23,592)	240,619	(1,503)	-0.62%
Administration Expenses	125,940	97,240	(28,700)	89,507	(7,733)	-7.95%
Interest Expense	24,594	27,542	2,948	13,712	(13,830)	-50.22%
Real Estate Expenses	38,270	37,746	(524)	39,085	1,339	3.55%
Occupancy Expense	45,444	42,261	(3,183)	47,909	5,648	13.36%
Membership & Event Expense	12,175	12,200	25	12,700	500	4.10%
Bad Debt (Recovery)	-	(1,437)	(1,437)	-	1,437	-100.00%
<b>Total</b>	<b>\$ 1,341,460</b>	<b>\$ 1,245,169</b>	<b>\$ (96,291)</b>	<b>\$ 1,273,884</b>	<b>\$ 28,715</b>	<b>2.31%</b>
<b>Net Income/Loss Before Depreciation and Program Activity</b>	<b>\$ 29,016</b>	<b>\$ 228,222</b>	<b>\$ 199,207</b>	<b>\$ 131,548</b>	<b>\$ (96,674)</b>	<b>-42.36%</b>
<b>Depreciation</b>	204,232	199,307	(4,925)	196,006	(3,301)	-1.66%
<b>Net Income/Loss after Depreciation</b>	<b>\$ (175,216)</b>	<b>\$ 28,915</b>	<b>\$ 204,131</b>	<b>\$ (64,458)</b>	<b>\$ (93,373)</b>	<b>-322.92%</b>
<b>Program Activity</b>						
<i>Program Revenue</i>						
New York Main Street	-	225,000	225,000	-	(225,000)	-100.00%
New York Main Street Admin Cost Recovery	-	11,250	11,250	-	(11,250)	-100.00%
Capitalize Albany Retail and Amplify Albany Grants	-	400,000	400,000	-	(400,000)	-100.00%
<i>Program Expenses</i>						
New York Main Street	-	(225,000)	(225,000)	-	225,000	-100.00%
Downtown Tactical Plan	(100,000)	(100,000)	-	(100,000)	-	0.00%
Capitalize Albany Retail and Amplify Albany Grants	-	(400,000)	(400,000)	-	400,000	-100.00%
<b>Net Income (Loss) from Program Activity</b>	<b>\$ (100,000)</b>	<b>\$ (88,750)</b>	<b>\$ 11,250</b>	<b>\$ (100,000)</b>	<b>\$ (11,250)</b>	<b>12.68%</b>
<b>Net Income(Loss) after Depreciation and Program Activity</b>	<b>\$ (275,216)</b>	<b>\$ (59,835)</b>	<b>\$ 215,381</b>	<b>\$ (164,458)</b>	<b>\$ (104,623)</b>	<b>-48.58%</b>

Capitalize Albany Corporation  
Proposed 2017 Budget

	2015 Actual	2016 Budget	2016 Projected	2017 Budget	Variances						
					2016 Projected V. 2016 Budget		2017 Budget V. 2016 Budget		2017 Budget V. 2016 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	168,986.61	165,843.00	165,843.00	165,843.00	-		-		-		
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>\$ 500,586.61</b>	<b>\$ 497,443.00</b>	<b>\$ 497,443.00</b>	<b>\$ 497,443.00</b>	<b>\$ -</b>	<b>0.00%</b>	<b>\$ -</b>	<b>0.00%</b>	<b>\$ -</b>	<b>100.00%</b>	
<b><i>Real Estate Income</i></b>											
<b>Leases</b>											
Quakenbush House	\$ 33,716.00	\$ 34,727.48	\$ 34,189.45	\$ 34,941.08	(538.03)		213.60		752		
Riverfront Bar & Grill	7,649.11	12,093.23	16,770.45	9,441.26	4,677.22		(2,651.97)		(7,329)		
DBID Lease	17,615.04	17,667.89	17,654.59	17,833.05	(13.30)		165.16		178		
Port of Albany	147,898.92	148,062.44	150,158.60	150,158.60	2,096.16		2,096.16		-		
174 North Pearl Street	-	-	-	-	-		-		-		
<b>Licenses</b>											
Albany Convention Center Authority- 10 Dallius Street	47,672.16	48,101.04	48,351.82	48,835.34	250.78		734.30		484		
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>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>		<b>-</b>		
<b>Total Real Estate Income</b>	<b>\$ 292,051.23</b>	<b>\$ 298,152.08</b>	<b>\$ 304,624.91</b>	<b>\$ 298,709.33</b>	<b>\$ 6,473</b>	<b>2.17%</b>	<b>\$ 557</b>	<b>0.19%</b>	<b>\$ (5,916)</b>	<b>-1.94%</b>	
<b><i>Professional Service Agreement Income</i></b>											
CAIDA	\$ 300,000.00	\$ 300,000.00	\$ 348,582.00	\$ 348,582.00	\$ 48,582.00		\$ 48,582.00		\$ -		
	-	-	-	-	-		-		-		
<b>Total Professional Service Agreement Income</b>	<b>\$ 300,000.00</b>	<b>\$ 300,000.00</b>	<b>\$ 348,582.00</b>	<b>\$ 348,582.00</b>	<b>\$ 48,582</b>	<b>16.19%</b>	<b>\$ 48,582</b>	<b>16.19%</b>	<b>\$ -</b>	<b>0.00%</b>	
<b><i>Lending Income</i></b>											
<b>Interest</b>											
CDBG	\$ 513.56	\$ 1,290.00	\$ 1,337.46	\$ 980.00	\$ 47		\$ (310)		\$ (357)		
CAC Miscellaneous	89,619.09	92,148.00	88,715.28	101,178.00	(3,432.72)		9,030.00		12,462.72		
Ten Broeck	1,757.00	3,876.40	3,344.54	2,290.92	(531.86)		(1,585.48)		(1,053.62)		
<b>Fees</b>											
Commitment Fees	2,750.00	4,000.00	4,000.00	4,000.00	-		-		-		
Application Fees	(500.00)	250.00	500.00	250.00	250.00		-		(250.00)		
Legal Fees	3,040.00	3,000.00	3,000.00	3,000.00	-		-		-		
Enterprise Comm Admin Cost Allowance	27,984.55	24,279.00	24,334.56	20,635.00	55.56		(3,644.00)		(3,699.56)		
Other Fees	115.00	-	-	-	-		-		-		
<b>Total Lending Income</b>	<b>\$ 125,279.20</b>	<b>\$ 128,843.40</b>	<b>\$ 125,231.84</b>	<b>\$ 132,333.92</b>	<b>\$ (3,612)</b>	<b>-2.80%</b>	<b>\$ 3,491</b>	<b>2.71%</b>	<b>\$ 7,102</b>	<b>5.67%</b>	

**Capitalize Albany Corporation**  
Proposed 2017 Budget

	2015 Actual	2016 Budget	2016 Projected	2017 Budget	Variances					
					2016 Projected V. 2016 Budget		2017 Budget V. 2016 Budget		2017 Budget V. 2016 Projected	
					\$	%	\$	%	\$	%
<b><u>Direct Financing Lease Income</u></b>										
200 Henry Johnson Blvd.	\$ 55,413.72	\$ 46,313.15	\$ 39,587.66	\$ 22,403.14	\$ (6,725.49)		\$ (23,910.01)		\$ (17,185)	
170 Henry Johnson Blvd	2,119.15	1,329.69	1,329.68	694.66	(0.01)		(635)		(635)	
Other Interest Income	-	-	-	-	-		-		-	
<b>Total Direct Financing Lease Income</b>	<b>\$ 57,532.87</b>	<b>\$ 47,642.84</b>	<b>\$ 40,917.34</b>	<b>\$ 23,097.80</b>	<b>\$ (6,726)</b>	<b>-14.12%</b>	<b>\$ (24,545)</b>	<b>-51.52%</b>	<b>\$ (17,820)</b>	<b>-43.55%</b>
<b><u>Investment &amp; Interest Income</u></b>										
<b>Investment Income</b>										
Gain/Loss on Sale/Disposal of Investments	\$ 37,301.45	\$ -	\$ 3,883.97	\$ -	\$ 3,884		\$ -		\$ (3,884)	
Interest and Dividends - Fidelity	54,771.76	60,000.00	55,980.65	55,000.00	(4,019.35)		(5,000)		(981)	
Change in FV Mkt Adj on Fidelity Investments	(58,053.45)	-	36,196.94	-	36,196.94		-		(36,197)	
<b>Interest Income</b>										
Key Bank	66.11	308.00	0.60	-	(307.40)		(308)		(1)	
Kinderhook Bank	3.42	-	19,157.61	16,750.00	19,157.61		16,750			
First Niagara Bank	4,537.99	4,561.00	747.06	-	(3,813.94)		(4,561)		(747)	
Fidelity Cash Account	15.67	25.00	17.60	16.00	(7.40)		(9)		(2)	
Other interest	19.80	-	82.26	-	82.26		-		(82)	
<b>Total Investment and Interest Income</b>	<b>\$ 38,662.75</b>	<b>\$ 64,894.00</b>	<b>\$ 116,066.69</b>	<b>\$ 71,766.00</b>	<b>\$ 51,173</b>	<b>78.86%</b>	<b>\$ 6,872</b>	<b>10.59%</b>	<b>\$ (41,893)</b>	<b>-36.09%</b>
<b><u>Membership &amp; Event Support</u></b>										
Membership Fees	\$ 28,875.00	\$ 25,000.00	\$ 31,025.00	\$ 25,000.00	\$ 6,025.00		\$ -		(6,025)	
Sponsorship Revenue	9,500.00	8,500.00	9,500.00	8,500.00	1,000		-		(1,000)	
Event Revenue	-	-	-	-	-		-		-	
Miscellaneous	20.00	-	-	-	-		-		-	
<b>Total Membership &amp; Event Support</b>	<b>\$ 38,395.00</b>	<b>\$ 33,500.00</b>	<b>\$ 40,525.00</b>	<b>\$ 33,500.00</b>	<b>\$ 7,025</b>	<b>20.97%</b>	<b>\$ -</b>	<b>0.00%</b>	<b>\$ (7,025)</b>	<b>-17.33%</b>
<b>TOTAL REVENUE</b>	<b>\$ 1,352,507.66</b>	<b>\$ 1,370,475.32</b>	<b>\$ 1,473,390.78</b>	<b>\$ 1,405,432.05</b>	<b>\$ 102,915</b>	<b>7.51%</b>	<b>\$ 34,957</b>	<b>2.55%</b>	<b>\$ (67,959)</b>	<b>-4.61%</b>
<b><u>EXPENSES</u></b>										
<b><u>Salary &amp; Benefits</u></b>										
Salaries	\$ 571,564.25	\$ 602,635.00	\$ 576,061.29	\$ 592,125.08	\$ (26,574)		\$ (10,510)		\$ 16,064	
Fringe Benefits	162,354.74	226,687.00	211,433.21	238,227.27	(15,254)		11,540		26,794	
<b>Total Salary &amp; Benefits</b>	<b>\$ 733,918.99</b>	<b>\$ 829,322.00</b>	<b>\$ 787,494.50</b>	<b>\$ 830,352.35</b>	<b>\$ (41,828)</b>	<b>-5.04%</b>	<b>\$ 1,030</b>	<b>0.12%</b>	<b>\$ 42,858</b>	<b>5.44%</b>
<b><u>Professional Fees</u></b>										
Legal	\$ 52,841.70	\$ 60,000.00	\$ 60,443.75	\$ 60,000.00	\$ 443.75		\$ -		(444)	
Accounting	98,651.75	108,000.00	89,834.00	79,592.00	(18,166)		(28,408)		(10,242)	
ITS Contract	11,376.50	11,573.00	7,791.43	8,946.00	(3,782)		(2,627)		1,155	
Other	7,500.00	-	-	-	-		-		-	
Usherwood Contract	10,781.53	9,500.00	7,952.82	9,500.00	(1,547)		-		1,547	
City of Albany MOU	53,484.00	53,480.00	53,480.00	53,480.00	-		-		-	
Connectivity Support	9,199.68	11,000.00	10,370.00	16,729.00	(630)		5,729		6,359	
Fidelity Brokerage Fees	12,087.45	12,161.43	12,250.00	12,372.00	89		211		122	
<b>Total Professional Fees</b>	<b>\$ 255,922.61</b>	<b>\$ 265,714.43</b>	<b>\$ 242,122.00</b>	<b>\$ 240,619.00</b>	<b>\$ (23,592)</b>	<b>-8.88%</b>	<b>\$ (25,095.43)</b>	<b>-9.44%</b>	<b>(1,503)</b>	<b>-0.62%</b>





Capitalize Albany Corporation  
Proposed 2017 Budget

AND PROGRAM ACTIVITY	2015 Actual	2016 Budget	2016 Projected	2017 Budget	Variances					
					2016 Projected V. 2016 Budget		2017 Budget V. 2016 Budget		2017 Budget V. 2016 Projected	
					\$	%	\$	%	\$	%
	\$ 154,031.24	\$ 29,015.60	\$ 228,222.11	\$ 131,548.18	\$ 199,207	686.55%	\$ 102,533	353.37%	\$ (96,674)	-42.36%
<b><u>Depreciation</u></b>										
Property & Equipment	\$ 19,969.90	\$ 16,606.64	\$ 11,600.41	\$ 8,695.74	\$ (5,006)		\$ (7,911)		\$ (2,905)	
174 N Pearl Street	-	-	-	-	-		-		-	
Quakenbush House	6,933.44	6,933.44	6,933.44	6,933.44	-		-		-	
Corning Preserve	168,549.09	168,549.09	168,549.09	168,549.09	-		-		-	
21 Lodge Street	12,100.47	12,142.33	12,224.01	11,827.58	81.68		(315)		(396)	
<b>Total Depreciation</b>	\$ 207,552.90	\$ 204,231.50	\$ 199,306.95	\$ 196,005.85	\$ (4,925)	-2.41%	\$ (8,226)	-4.03%	\$ (3,301)	-1.66%
<b>NET INCOME AFTER DEPRECIATION</b>	\$ (53,521.66)	\$ (175,215.90)	\$ 28,915.16	\$ (64,457.67)	\$ 204,131	-116.50%	\$ 110,758	-63.21%	\$ (93,373)	-322.92%
<b><u>Program Income</u></b>										
Blight to Betterment	\$ 152,400.00	\$ -		\$ -	\$ -		\$ -		\$ -	
Downtown Tactical Plan										
Contributions	\$ 21,500.00	-		-	-		-		-	
Regional Economic Development Council Grant		-		-	-		-		-	
CAIDA Grant				-	-		-		-	
New York Main Street										
Grant Income	-		225,000.00		225,000.00		-		(225,000)	
Grant Admin Cost Recovery			11,250.00		11,250.00		-		(11,250)	
Amplify Albany/Retail Grant Programs	-		400,000.00		400,000.00		-		(400,000)	
Other Program Income	12,315.92	-	-		-		-		-	
<b>Total Program Income</b>	\$ 186,215.92	\$ -	\$ 636,250.00	\$ -	\$ 636,250	100.00%	\$ -	100.00%	\$ (636,250)	-100.00%
<b><u>Program Expenses</u></b>										
Blight to Betterment	\$ 142,180.00	\$ -	\$ -	\$ -	\$ -		\$ -		\$ -	
Downtown Tactical Plan										
Implementation	143,825.20	100,000.00	100,000.00	100,000.00	-		-		-	
Web Site Design and Maintenance	287.50	-	-	-	-		-		-	
New York Main Street	-	-	225,000.00	-	225,000		-		(225,000)	
Other Program Expenses	-	-	400,000.00	-	400,000		-		(400,000)	
<b>Total Program Expenses</b>	\$ 286,292.70	\$ 100,000.00	\$ 725,000.00	\$ 100,000.00	\$ 625,000.00	625.00%	\$ -	0.00%	\$ (625,000)	-86.21%
<b>NET INCOME (LOSS) FROM PROGRAM ACTIVITY</b>	\$ (100,076.78)	\$ (100,000.00)	\$ (88,750.00)	\$ (100,000.00)	\$ 11,250	-11.25%	\$ -	0.00%	\$ (11,250)	12.68%
<b>NET INCOME (LOSS) AFTER DEPRECIATION AND PROGRAM ACTIVITY</b>	\$ (153,598.44)	\$ (275,215.90)	\$ (59,834.84)	\$ (164,457.67)	\$ 215,381	-78.26%	\$ 110,758.23	-40.24%	\$ (104,623)	174.85%

# CAPITALIZE ALBANY CORPORATION

## Comparative Balance Sheets

### Pre-Audited Draft

	Projected December 31, 2016	Projected December 31, 2017
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 3,944,719	\$ 3,423,845
Investments	3,520,840	3,580,840
Restricted cash	640,762	738,015
Mortgage notes receivable, net	2,482,746	2,748,888
Net investment in direct financing leases	319,694	147,034
Accrued interest receivable	48,239	48,239
Grants receivable	-	-
Receivables from the City of Albany and City agencies	100,000	100,000
Other receivables, net	87,140	87,140
Property held for investment and lease, net	2,220,725	2,045,242
Property and equipment, net	354,245	332,888
Other assets	651,938	652,178
<b>Total assets</b>	<b>\$ 14,371,048</b>	<b>\$ 13,904,309</b>
<b>Deferred Outflows of Resources</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Liabilities</b>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 72,358	\$ 69,579
Due to the City of Albany	59,521	59,521
Unearned grant and other income	530,827	561,324
Bonds payable	2,030,000	1,700,000
Revolving loan fund liability	704,166	704,166
Unearned program support	77,147	77,147
<b>Total liabilities</b>	<b>\$ 3,474,019</b>	<b>\$ 3,171,736</b>
<b>Deferred Inflows of Resources</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Position</b>		
Net invested in capital assets	\$ 879,278	\$ 879,278
Restricted for:		
Debt service	171,466	171,466
CDBG eligible activities	123,033	123,033
Other program specific activities	5,412	5,412
Impact Downtown Albany	-	-
Unrestricted	9,717,840	9,553,384
<b>Total net position</b>	<b>\$ 10,897,029</b>	<b>\$ 10,732,573</b>

## Capitalize Albany Corporation

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

Pre Audited Draft

	<u>Projected December 31, 2016</u>	<u>Projected December 31, 2017</u>
Revenues		
Grant income and Contribution Income	\$ 1,133,693	\$ 497,443
Rental income	305,955	299,404
Other interest and investment income	155,654	94,169
Interest income on mortgage notes	93,397	104,449
Gain on sale of properties	-	-
Fees and other income	420,942	409,967
Total revenues	<u>2,109,641</u>	<u>1,405,432</u>
Expenses		
Salaries and fringe benefits	787,495	830,352
Program and project costs	941,929	317,767
Interest expense	27,542	13,712
Bad debt expenses (recovery)	(1,437)	-
Administrative Expenses	413,944	408,057
Total expenses	<u>2,169,473</u>	<u>1,569,888</u>
Excess of (expenses over revenues) revenues over expenses	(59,832)	(164,456)
Net Position, Beginning of Year	<u>10,956,861</u>	<u>10,897,029</u>
Net Position, End of Month	<u>\$ 10,897,029</u>	<u>\$ 10,732,573</u>

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

	Projected December 31, 2016	Projected December 31, 2017
<b>Cash Flows From Operating Activities</b>		
Cash received from customers	\$ 443,596	\$ 432,111
Cash received from grantors	1,161,292	527,940
Other operating cash receipts	420,942	409,967
Cash payments to suppliers and grantees	(1,229,874)	(534,838)
Cash payments to employees	(787,495)	(830,352)
Net cash provided by operating activities	<u>8,462</u>	<u>4,828</u>
<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	0	-
Purchase of other assets including purchase options	-	-
Principal payments on bonds payable	(320,000)	(330,000)
Interest paid on bonds payable	(27,542)	(16,731)
Net cash used in capital and related financing activities	<u>(347,542)</u>	<u>(346,731)</u>
<b>Cash Flows From Investing Activities</b>		
Interest on cash and cash equivalents and investments	75,949	71,766
Net decrease (increase) in restricted cash	(61,156)	(97,253)
Proceeds from sales and maturities of investments	2,085,176	2,074,017
Purchase of investments	(2,128,680)	(2,134,017)
Issuance of mortgage notes receivable	(400,000)	(400,000)
Repayments received on mortgage notes receivable	349,020	133,858
Principal payments received under direct financing leases	201,294	172,658
Net cash used in investing activities	<u>121,602</u>	<u>(178,971)</u>
<b>Change in cash and cash equivalents</b>	<u>(217,478)</u>	<u>(520,874)</u>
<b>Cash and cash equivalents:</b>		
Beginning of year	<u>4,162,197</u>	<u>3,944,719</u>
End of year	<u>\$ 3,944,719</u>	<u>\$ 3,423,845</u>

	Projected December 31, 2016	Projected December 31, 2017
<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	\$ (59,832)	\$ (164,456)
Adjustments to reconcile excess of (expenses over revenues) revenues over expenses to net cash provided by operating activities:		
Depreciation and amortization	199,308	196,841
Adjustment for losses on mortgage notes and other receivables	(1,437)	-
Gain on sale of property	-	-
Net realized and unrealized losses (gains) on investments	(40,292)	-
Interest income on cash and cash equivalents and investments	(75,950)	(71,767)
Interest expense on bonds payable	27,542	16,491
Changes in:		
Grants receivable	-	-
Other receivables, accrued interest receivable and other assets	4,831	-
Accounts payable and accrued expenses	(59,937)	(2,779)
Due to the City of Albany	(13,371)	-
Unearned grant and other income	27,046	30,498
Revolving loan fund liability	553	-
Net cash provided by operating activities	<u>\$ 8,462</u>	<u>\$ 4,828</u>

TO: Capitalize Albany Corporation Finance Committee  
FROM: Capitalize Albany Corporation Staff  
DATE: September 20, 2016  
RE: Capitalize Albany Corporation Investment Policy Review

The Finance & Investment Committee Charter was adopted by the Board of Directors of the Capitalize Albany Corporation on March 31, 2009. As part of the scope of responsibilities the Committee was tasked with developing the investment policy for Capitalize Albany Corporation. The policy should be reviewed annually and, as necessary, the Committee should recommend investment policy changes to the Board for approval.

## **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	3%	25%	Treasury Bill

\* The Asset Allocation requirements contained above are only intended to apply to those funds directed by the Finance and Investment Committee to be placed with the Advisor. All other funds of the Corporation are to be placed in the "Cash or Equivalents" category.

\*\* 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.

5) 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.

6) 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.

7) 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.

8) 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).