



**CAPITALIZE ALBANY**  
CORPORATION

**Friday, April 16, 2018**  
21 Lodge Street, 11:00 a.m.

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

1. Review of the minutes from the Finance & Investment Committee meeting of January 22, 2018
2. Hugh Johnson Advisors Update
3. Quarterly Financial Report
4. 420 Broadway Albany, LLC Loan Request
5. Other Business

**Capitalize Albany Corporation Finance & Investment Committee Meeting  
MINUTES  
January 22, 2018**

The meeting of the Capitalize Albany Corporation Finance & Investment Committee was held at 11:00 a.m., Monday, January 22, 2018 at 21 Lodge Street.

The following were in attendance:

**Committee Members:**

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

**Other:**

Thomas M. Owens, Esq.

**Staff:**

Sarah Reginelli, Mark Opalka, Joe Landy, Andy Corcione, and Chantel Burnash

The regular meeting of the Capitalize Albany Corporation Finance & Investment Committee was called to order at 11:03 a.m.

**Approval of Minutes for December 8, 2017 Finance & Investment Committee Meeting**

The Committee reviewed the minutes of the December 8, 2017 meeting. John Vero made a motion for approval. Jeff Sperry seconded. The Committee agreed unanimously to approve the minutes.

**Quarterly Financial Report**

Staff discussed the financial performance for the fourth quarter. On a pre-audit basis, through December 31, 2017, the Capitalize Albany Corporation had net income of \$77,213. This position compares favorably to the year-to-date (YTD) budgeted net loss of \$164,458.

**Quarterly Investment Report**

Staff reviewed the Investment Portfolio and its performance. Staff advised the Committee that the Corporation's Investment Portfolio is in compliance with the Corporation's Investment Policy.

**Review Draft Annual Real Property Report**

Staff reviewed the Real Property Report with the Committee.

**Loan Allowances 2018**

Staff reviewed the existing bad debt allowance with the Committee.

**420 Broadway Albany, LLC Loan Request**

John Vero disclosed that he was representing an entity or individual involved with 420 Broadway. Due to a potential conflict of interest as a result of representing an entity or individual involved with 420 Broadway, John Vero recused himself from this discussion and left the room.

Staff discussed the loan request from 420 Broadway Albany, LLC.

The proposed project includes the acquisition and renovation of an approximately 9,400 square foot building at 420 Broadway and the conversion into mixed use. Staff discussed the Applicant's previous projects in Albany.

The Committee advised Staff to continue to work through the loan request analysis. No formal action was taken.

John Vero entered the room again.

### **Annual Review of Corporate Policies**

#### *Review Draft Annual Real Property Report*

Staff reviewed the Corporation's Real Property report with the Committee.

#### *Review Finance Committee Charter*

Staff reviewed the Corporation's Finance and Investment Committee Charter. There are no changes at this time.

#### *Review Investment Policy*

Staff reviewed the Corporation's Investment Policy with the Committee. There are no changes at this time.

#### *Review Procurement Policy*

Staff reviewed the Corporation's Procurement Policy with the Committee. There are no changes at this time.

### **Other Business**

None.

There being no further business the Capitalize Albany Corporation Finance & Investment Committee meeting was adjourned at 11:55am.

Capitalize Albany Corporation  
21 Lodge Street  
Albany, New York 12207

MEMORANDUM

TO: Capitalize Albany Finance & Investment Committee  
FROM: Mark Opalka  
RE: Capitalize Albany Corporation 1st Quarter Financial Reports  
DATE: April 16, 2018

**BUDGET PERFORMANCE**

On a pre-audit basis, through March 31, 2018, the Capitalize Albany Corporation had net loss of \$66,945. This position compares favorably to the year-to-date (YTD) budgeted net loss of \$79,287. Capitalize Albany Corporation had net loss of \$41,529 at March 31, 2017.

My comments below address those categories that deviate in excess of 5% and greater than \$5,000 from the YTD budget.

- ***YTD 2017 revenue is \$218,687, which is \$17,235 (7%) below the 2018 budget.***
  - **Loan Interest Income.** Loan Interest Income is \$19,414 which is 6,792 (26%) under budget. This variance is a direct result of loan payoffs that occurred during the 4<sup>th</sup> quarter 2017 as well as a budgeted loan disbursement that did not occur in 2017.
  - **Investment & Interest Income.** Interest and Investment Income is \$2,834 which is 16,135 (85%) under budget. This variance is a direct result of a fair market value adjustment of (\$32,034.37) which occurred, primarily in the equity portion, in the Corporation's investment portfolio during the 1<sup>st</sup> Quarter. The last time the portfolio had a negative fair market value adjustment was in the 3<sup>rd</sup> Quarter of 2015.
  - **Project & Program Revenue.** Project and Program revenue is \$5,000. This revenue is from grant monies realized for the Amplify Albany grant program. These revenues have offsetting project and program expenses. This revenue was not budgeted for in the 2018 budget.
- ***YTD 2017 expenses are \$285,633 which is \$29,666 (9%) below the 2018 budget.***
  - **Salary & Fringe Expense.** Salary and Fringe expense are \$151,971 which is \$48,628 (24%) under budget. This variance is attributable to a staff vacancy.
  - **Professional Fee Expense.** Professional fee expenses are \$83,783 which is \$6,549 (7%) under budget. The variance is attributable to lower general legal and accounting fees incurred by the Corporation during the 1<sup>st</sup> quarter.

- **Project & Program Expense.** Project and Program Expenses are \$23,662. This expense was for the grant disbursements for the Amplify Albany program as well as due diligence expenses incurred for the Liberty Park project. These expenses were not budgeted for in the 2017 budget.

## **BALANCE SHEET**

- At March 31, 2018, compared to December 31, 2017, unrestricted cash has increased by \$191,644.
- Restricted cash has decreased \$148,445 due to the final payment for the 200 Henry Johnson Blvd bonds being paid out of escrow funds.
- Mortgage notes receivable has decreased by \$27,286. This is a result of scheduled loan payment activity.
- Net investment in direct financing leases has been reduced by approximately \$184,738. 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 \$216,892. This is due to reduced accounts payable and principal payments applied against CAC's bond indebtedness.

## **CASH FLOW STATEMENT**

- Currently, CAC's December 31, 2017 cash and cash equivalents are anticipated to decrease by approximately \$543,581 to \$4.37 million. This decrease is primarily attributable to a budgeted loan disbursement that is projected to occur during 2018 as well as projected Amplify Albany and Retail grant disbursements.
- Projected 2017 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 2018.
- Cash flow from investing activities reflects projected loan disbursement and repayment activity, direct finance lease payments, and investment activity.

	January 1, 2018 - December 31, 2018								
	Q1	YTD Actual	YTD Budget	Variance - \$	Variance - %	Apr -Dec 2018 Forecast	2018 Projection	Original Budget	Projected Variance from Budget
<b>REVENUE</b>									
General Economic & Community Development Support Income	\$ 62,500	\$ 62,500	\$ 62,500	\$ -	0%	\$ 434,943	\$ 497,443	\$ 497,443	\$ -
Real Estate Income	35,668	35,668	35,263	406	1%	258,100	293,768	302,963	(9,195)
Professional Service Agreement Income	87,146	87,146	87,146	-	0%	261,437	348,582	348,582	-
Loan Interest Income	19,414	19,414	26,206	(6,792)	-26%	58,240	77,654	104,824	(27,170)
Fee Income	4,231	4,231	4,195	36	1%	23,780	28,011	24,030	3,981
Direct Finance Lease Income	1,855	1,855	1,733	122	7%	28	1,884	1,762	122
Investment & Interest Income	19,566	19,566	18,969	596	3%	62,840	82,405	75,877	6,528
FMV Adj on Fidelity Inv	(32,034)	(32,034)	-	(32,034)	100%	-	(32,034)	-	(32,034)
G/L on Sale/Redemption	15,341	15,341	-	15,341	100%	-	15,341	-	15,341
Membership & Event Support	-	-	-	-	#DIV/0!	33,500	33,500	33,500	-
<b>TOTAL REVENUE</b>	<b>\$ 213,687</b>	<b>\$ 213,687</b>	<b>\$ 236,012</b>	<b>\$ (22,325)</b>	<b>-9%</b>	<b>\$ 1,132,867</b>	<b>\$ 1,346,554</b>	<b>\$ 1,388,981</b>	<b>\$ (42,427)</b>
<b>EXPENSE</b>									
Salaries & Fringe Expense	\$ 156,069	\$ 156,069	\$ 200,599	\$ (44,530)	-22%	\$ 654,590	\$ 810,662	\$ 869,263	\$ (58,601)
Professional Fees	83,783	83,783	90,333	(6,549)	-7%	152,007	235,790	235,790	-
Administrative Expenses	4,654	4,654	6,235	(1,581)	-25%	1,581	6,235	67,986	(61,751)
Interest Expense	1,533	1,533	1,533	-	0%	14,209	15,742	15,742	0
Real Estate Expenses	9,105	9,105	8,864	241	3%	29,636	38,742	38,924	(183)
Occupancy Expense	6,826	6,826	7,735	(909)	-12%	38,011	44,837	44,837	0
Bad Debt Expense (recovery)	-	-	-	-	0%	-	-	-	-
Membership & Event Expense	-	-	-	-	#DIV/0!	12,450	12,450	12,450	-
<b>TOTAL EXPENSES BEFORE DEPRECIATION</b>	<b>\$ 261,971</b>	<b>\$ 261,971</b>	<b>\$ 315,299</b>	<b>\$ (53,328)</b>	<b>-17%</b>	<b>\$ 902,484</b>	<b>\$ 1,164,458</b>	<b>\$ 1,284,992</b>	<b>\$ (120,534)</b>
<b>NET INCOME BEFORE DEPRECIATION &amp; PROGRAM ACTIVITY</b>	<b>\$ (48,284)</b>	<b>\$ (48,284)</b>	<b>\$ (79,287)</b>	<b>\$ 31,003</b>	<b>-39%</b>	<b>\$ 230,383</b>	<b>\$ 182,096</b>	<b>\$ 103,989</b>	<b>\$ 78,107</b>
<b>DEPRECIATION</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>#DIV/0!</b>	<b>\$ 201,299</b>	<b>\$ 201,299</b>	<b>\$ 201,299</b>	<b>\$ -</b>
<b>NET INCOME (LOSS) AFTER DEPRECIATION</b>	<b>\$ (48,284)</b>	<b>\$ (48,284)</b>	<b>\$ (79,287)</b>	<b>\$ 31,003</b>	<b>39%</b>	<b>\$ 29,084</b>	<b>\$ (19,203)</b>	<b>\$ (97,310)</b>	<b>\$ 78,107</b>
<b>PROJECT &amp; PROGRAM REVENUE</b>									
Blight to Betterment	\$ -	\$ -	\$ -	\$ -	0%	\$ -	-	\$ -	\$ -
CACRC Grant	5,000	5,000	-	5,000	100%	297,375	302,375	-	302,375
New York Parks (Skyway Project)	-	-	-	-	100%	375,000	375,000	375,000	-
<b>Total Program Income</b>	<b>\$ 5,000</b>	<b>\$ 5,000</b>	<b>\$ -</b>	<b>\$ 5,000</b>	<b>100%</b>	<b>\$ 672,375</b>	<b>\$ 677,375</b>	<b>\$ 375,000</b>	<b>\$ 302,375</b>
<b>PROJECT &amp; PROGRAM EXPENSE</b>									
Liberty Park Expenses	\$ 18,392	\$ 18,392	\$ -	\$ 18,392	100%	\$ -	18,392	\$ -	\$ 18,392
Capitalize Albany Amplify and Retail Grants	5,000	5,000	-	5,000	100%	297,375	302,375	-	302,375
Impact Downtown Albany (Skyway Project)	270	270	-	270	-100%	469,730	470,000	475,000	(5,000)
<b>Total Program Expense</b>	<b>\$ 23,662</b>	<b>\$ 23,662</b>	<b>\$ -</b>	<b>\$ 23,662</b>	<b>#DIV/0!</b>	<b>\$ 767,105</b>	<b>\$ 790,766</b>	<b>\$ 475,000</b>	<b>\$ 315,766</b>
<b>NET INCOME (LOSS) FROM PROGRAM ACTIVITY</b>	<b>\$ (18,662)</b>	<b>\$ (18,662)</b>	<b>\$ -</b>	<b>\$ (18,662)</b>	<b>#DIV/0!</b>	<b>\$ (94,730)</b>	<b>\$ (113,392)</b>	<b>\$ (100,000)</b>	<b>\$ (13,392)</b>
<b>NET INCOME (LOSS) AFTER DEPRECIATION &amp; PROGRAM ACTIVITY</b>	<b>\$ (66,945)</b>	<b>\$ (66,945)</b>	<b>\$ (79,287)</b>	<b>\$ 12,342</b>	<b>16%</b>	<b>\$ (65,646)</b>	<b>\$ (132,594)</b>	<b>\$ (197,310)</b>	<b>\$ 64,715</b>

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

**Assets**

Current Assets:

	March 31, 2018	Projected December 31, 2018	December 31, 2017
Cash and cash equivalents	\$ 5,108,695	\$ 4,373,470	\$ 4,917,051
Investments	3,615,535	3,660,535	3,626,381
Restricted cash	578,620	627,783	727,065
Mortgage notes receivable, net	1,867,089	2,149,996	1,894,375
Net investment in direct financing leases	3,510	-	188,248
Accrued interest receivable	22,689	22,689	26,603
Grants receivable	-	-	-
Receivables from the City of Albany and City agencies	-	-	100,280
Other receivables, net	95,621	95,621	95,876
Property held for investment and lease, net	2,045,243	1,869,760	2,045,243
Property and equipment, net	330,301	304,484	330,301
Other assets	661,413	661,133	661,133

**Total assets**

\$ 14,328,716	\$ 13,765,471	\$ 14,612,556
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**Deferred Outflows of Resources**

\$ -	\$ -	\$ -
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**Liabilities**

Current Liabilities:

Accounts payable and accrued expenses	\$ 45,885	\$ 40,661	\$ 98,072
Due to the City of Albany	72,892	72,892	72,892
Unearned grant and other income	878,112	575,737	883,112
Bonds payable	1,540,000	1,350,000	1,700,000
Revolving loan fund liability	671,234	671,234	670,944
Unearned program support	20,388	20,384	20,384

**Total liabilities**

\$ 3,228,511	\$ 2,730,908	\$ 3,445,404
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**Deferred Inflows of Resources**

\$ -	\$ -	\$ -
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**Net Position**

Net invested in capital assets	\$ 835,543	\$ 835,543	\$ 835,543
Restricted for:			
Debt service	171,466	171,466	171,466
CDBG eligible activities	114,287	114,287	114,287
Other program specific activities	6,761	6,761	6,761
Impact Downtown Albany	-	-	-
Unrestricted	9,972,148	9,906,506	10,039,095
<b>Total net position</b>	<b>\$ 11,100,206</b>	<b>\$ 11,034,563</b>	<b>\$ 11,167,153</b>

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

Pre Audited Draft

	<b>Year to Date March 31, 2018</b>	<b>Projected December 31, 2018</b>	<b>Year Ended December 31, 2017</b>
Revenues			
Grant income and Contribution Income	\$ 67,500	\$ 1,174,818	\$ 548,417
Rental income	35,739	293,867	300,844
Other interest and investment income	4,656	67,496	161,236
Interest income on mortgage notes	19,414	77,654	82,002
Gain on sale of properties	-	-	-
Fees and other income	91,377	410,093	425,369
Total revenues	218,686	2,023,928	1,517,868
Expenses			
Salaries and fringe benefits	156,069	810,659	704,341
Program and project costs	32,767	1,008,941	317,891
Interest expense	1,533	15,742	25,255
Bad debt expenses (recovery)	-	-	1,017
Administrative Expenses	95,262	321,179	338,757
Total expenses	285,631	2,156,521	1,387,261
Excess of (expenses over revenues) revenues over expenses	(66,945)	(132,594)	130,607
Net Position, Beginning of Year	11,167,153	11,167,153	11,036,546
Net Position, End of Month	\$ 11,100,206	\$ 11,034,563	\$ 11,167,153



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

**Cash Flows From Operating Activities**

	March 31, 2018	Projected December 31, 2018	December 31, 2017
Cash received from customers	\$ 66,647	\$ 380,393	\$ 433,262
Cash received from grantors	62,790	867,733	540,401
Other operating cash receipts	91,377	410,093	409,583
Cash payments to suppliers and grantees	(79,937)	(1,085,947)	(446,061)
Cash payments to employees	(156,069)	(810,659)	(704,341)

Net cash provided by operating activities (15,192) (238,387) 232,844

**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	-	0	-
Purchase of other assets including purchase options	-	-	-
Principal payments on bonds payable	(159,999)	(350,000)	(330,000)
Interest paid on bonds payable	(7,475)	(18,617)	(28,130)

Net cash used in capital and related financing activities (167,474) (368,617) (358,130)

**Cash Flows From Investing Activities**

Interest on cash and cash equivalents and investments	19,689	82,362	59,200
Net decrease (increase) in restricted cash	148,445	99,282	(87,287)
Proceeds from sales and maturities of investments	1,113,134	1,113,134	2,968,537
Purchase of investments	(1,118,982)	(1,163,982)	(3,013,338)
Issuance of mortgage notes receivable	-	-	-
Repayments received on mortgage notes receivable	27,286	(255,621)	572,301
Principal payments received under direct financing leases	184,738	188,248	172,660

Net cash used in investing activities 374,310 63,423 672,073

**Change in cash and cash equivalents**

191,644 (543,581) 546,787

**Cash and cash equivalents:**

**Beginning of year** 4,917,051 4,917,051 4,370,264

**End of year** \$ 5,108,695 \$ 4,373,470 \$ 4,917,051

**Reconciliation of Excess of (Expenses Over Revenues)**

**Revenues Over Expenses to Net Cash Provided by**

**Operating Activities**

	March 31, 2018	Projected December 31, 2018	December 31, 2017
Excess of (expenses over revenues) revenues over expenses	\$ (66,945)	\$ (132,594)	\$ 130,607
Adjustments to reconcile excess of (expenses over revenues) revenues over expenses to net cash provided by operating activities:			
Depreciation and amortization	-	201,300	199,428
Adjustment for losses on mortgage notes and other receivables	-	-	67,304
Gain on sale of property	-	-	-
Net realized and unrealized losses (gains) on investments	16,693	16,693	(54,917)
Interest income on cash and cash equivalents and investments	(19,689)	(82,363)	(60,434)
Interest expense on bonds payable	7,475	18,617	25,255
Changes in:			
Grants receivable	-	-	-
Other receivables, accrued interest receivable and other assets	3,892	4,169	4,531
Accounts payable and accrued expenses	(52,188)	(57,404)	11,159
Due to the City of Albany	100,280	100,280	12,331
Unearned grant, program support and other income	(5,000)	(307,375)	(68,750)
Revolving loan fund liability	290	290	(33,670)

Net cash provided by operating activities \$ (15,192) \$ (238,387) \$ 232,844