



**Tuesday, July 25, 2017**  
21 Lodge Street, 8:00 a.m.

**CAPITALIZE ALBANY**  
**CORPORATION**

**Capitalize Albany Corporation**  
**Board of Directors Meeting**  
**Agenda**

1. Review of Minutes from the Regular Meeting of May 23, 2017
2. Report of Executive Staff – Corporation Update
  - a. State Funding Competitions
    - i. Clinton Avenue Gateway Development Feasibility
  - b. Resolution 6-2017 ACDA Façade Improvement Program
  - c. Grant Programs Implementation Update
3. Report of the Finance & Investment Committee
  - a. 526 Central Avenue Update
  - b. Quarterly Financial Report
4. Other Business
5. Board-only Session
6. Executive Session (if necessary)

**Capitalize Albany Corporation Board Meeting**  
**MINUTES**  
**Tuesday, May 23, 2017**

The meeting of the Capitalize Albany Corporation Board of Directors was held at 8:00 a.m., Tuesday, May 23, 2017 at 21 Lodge Street, Albany, NY.

The following were in attendance:

**Board of Directors:**

Michael Castellana	James Stellar	Michele Vennard
Susan Pedo	Dorsey Whitehead	John Vero
David Parente	Michael Fancher	Anders Tomson participated via phone (participated via conference call but not counted for quorum purposes)
Jeff Sperry	Mark Sullivan	

**Other:**

Thomas M. Owens, Esq.

**Staff:**

Sarah Reginelli, Mark Opalka, Joe Landy, Ashley Mohl, Andy Corcione, Chantel Burnash, and Mike Bohne.

Chairman Michael Castellana called the regular meeting of the Capitalize Albany Corporation (“Corporation”) Board to order at 8:03 a.m. The following directors were excused: Bob Curley, John Harris, Nancy Zimpher, and Matt Peter.

Chairman Castellana made a motion to amend the agenda by moving the Report of the Governance Committee under Executive Session. Jeff Sperry seconded. A vote being taken, the motion passed unanimously.

**Approval of Minutes for April 25, 2017 Board Meeting**

The Board reviewed the minutes of the April 25, 2017 meeting. Jeff Sperry made a motion for approval. Susan Pedo seconded. The Board agreed unanimously to approve the minutes.

**Report of Executive Staff – Corporation Update**

**State Funding Competitions:**

Staff discussed Governor Cuomo’s Downtown Revitalization Initiative and provided an overview of the process, deadlines, and evaluation criteria for the applications. Staff indicated that the City had requested Capitalize Albany’s assistance in drafting and presenting its application for the initiative. The Board discussed and provided suggestions for the application.

Staff informed the Board of the timeline for the CFA Round VII awards. Staff discussed the responsibilities of the Corporation within the process. Staff also reviewed the Board-approved criteria Staff uses when evaluating potential applications and applicants' requests for letters of support. The Board discussed the importance of our communication effort to encourage participation.

Staff mentioned that another round of Restore NY funding is expected to be announced soon. The deadline for indication of intent to apply is anticipated to be before the CFA deadline (July 28).

Staff gave the Board an update on the Corporation-led Warren Street Workshop which focused on the future of the 25,000 square foot property located at 25 Warren Street, owned by the Albany Housing Authority. Staff explained that the various community stakeholders that attended the event discussed their visions for the building and how this property could best serve the neighborhood.

Staff also gave the Board an update on the Corporation-led Livingston Block Forum which focused on the area between North Pearl & Broadway and Livingston Avenue & the rail bridge. More than 45 diverse stakeholders participated and provided feedback on how to best spur development.

Staff reviewed the status of active projects.

#### **Report of the Finance & Investment Committee**

Jeff Sperry informed the Board that the Finance & Investment Committee met with Bob Hennes from Hugh Johnson Advisors to review the Capitalize Albany Investment/Portfolio Report and the Short Term Investment Services Report as of March 31, 2017. The Investment Portfolio was discussed in detail. Mr. Hennes advised the Committee that Corporation's Investment portfolio remains appropriate. The Committee members discussed the Portfolio, and concluded that the Corporation's strategy and portfolio was appropriate and prudent. The Committee recommends that Hugh Johnson Advisors present the portfolio at a full Board meeting.

#### **Other Business**

None.

#### **Executive Session/Report of the Governance Committee**

A motion to enter into executive session was made by Jeff Sperry, seconded by Dorsey Whitehead to discuss the employment history of certain individuals and matters leading to the appointment of a particular person. The Board entered into executive session at 9:02 a.m. Board members, Counsel, Corporation President and Corporation Controller remained in the room. The Board left executive session at 9:27 a.m. and returned to its regular session. Counsel Owens reviewed Resolution 5-2017 with the Board. A motion to adopt the resolution was made by Dorsey Whitehead and seconded by Jeff Sperry. A vote being taken, the motion passed unanimously.

There being no further business, the Capitalize Albany Corporation Board of Directors regular meeting was adjourned at 9:27 a.m.

**RESOLUTION 6-2017  
OF THE  
CAPITALIZE ALBANY CORPORATION**

**WHEREAS**, the mission of the Capitalize Albany Corporation (“CAC”) is to facilitate the creation of new employment opportunities, retention of existing jobs and encouragement of investment that will expand the commercial and industrial tax base within the City of Albany; and

**WHEREAS**, in support of its mission, CAC participates in a multitude of initiatives designed to contribute to the economic growth of the City including but not limited to programs funded by other entities which supports the CAC mission; and

**WHEREAS**, during July 2017, the Albany Community Development Agency (“ACDA”) has approved a program known as “Neighborhood Commercial Façade Improvement Program” pursuant to which “local, small businesses [may] apply for funds to improve the appearance of the exterior façade where the business is located to create a positive environment which benefits the business and the neighborhood as a whole”, and has approved the expenditure of \$150,000 non-federal ACDA funds to support such program (“Program Funds”); and

**WHEREAS**, Program Funds may be used to make exterior improvements (including Americans with Disabilities Act improvements) to that part of a commercial building which is visible from a public way, e.g. exterior signs, lighting, energy conservation, windows, awnings, storefronts and entrances, doors, brickwork, painting, repair/replacement to decorative details, cornices, correction of code violations, and elimination of spot blight.

**WHEREAS**, ACDA has requested that CAC, pursuant to a written agreement between ACDA and CAC, accept from ACDA the Program Funds from ACDA to administer the Neighborhood Commercial Façade Improvement Program; and

**NOW THEREFORE BE IT RESOLVED**, that the Board authorizes the President, to negotiate and execute a contract (and other necessary documentation) with ACDA to accept the Program Funds and administer the Commercial Façade Improvement Program.

Signed: \_\_\_\_\_  
Sarah M. Reginelli  
President

Date of Authorization: July 25, 2017  
Prepared by: Thomas M. Owens, Esq.

Capitalize Albany Corporation  
21 Lodge Street  
Albany, New York 12207

MEMORANDUM

TO: Capitalize Albany Board of Directors  
FROM: Mark Opalka  
RE: Capitalize Albany Corporation 2nd Quarter Financial Reports  
DATE: July 25, 2017

**BUDGET PERFORMANCE**

On a pre-audit basis, through June 30, 2017, the Capitalize Albany Corporation had net income of \$79,862. This position compares favorably to the year-to-date (YTD) budgeted net loss of \$27,595. Capitalize Albany Corporation had net income of \$12,015 at June 30, 2016.

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 \$637,168 which is \$27,443 (5%) above the 2017 budget.***
  - **General Economic & Community Development Support Income.** General Economic & Community Development Support Income is \$230,006 which is \$12,537 (5%) under budget. This variance is directly attributable to the disbursement timing of the ACDA support income for the program year from June 2016 through May 2017. As this income is based on work on CDBG-eligible projects, the Corporation frontloaded disbursements for 2016 when staffing levels were higher.
  - **Investment & Interest Income.** Interest and Investment Income is \$62,488 which is \$26,605 (74%) over budget. This positive variance is a direct result of market performance, primarily in the equity portion, of the Corporation's investment portfolio that occurred during the first half 2017.
  - **Loan Interest Income.** Loan Interest Income is \$44,972 which is \$7,253 (14%) under budget. This is a direct result of early loan payoffs which occurred in the first quarter of 2017.
  - **Membership & Event Support.** Membership and Event Support is \$33,640 which is \$8,640 (35%) over budget. This is a direct result of an investors taking advantage of the early bird discount to sponsor the Corporation's annual event as well the Corporation receiving more investor payments than was budgeted for.
  - **Project & Program Revenue.** Project and Program revenue is \$8,261. 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 2017 budget.

- **YTD 2017 expenses are \$557,306 which is \$83,014 (13%) below the 2017 budget.**
  - **Salary & Fringe Expense.** Salary and Fringe expense are \$327,599 which is \$69,690 (18%) under budget under budget. This variance is attributable to lower staffing levels compared to 2016.
  - **Professional Fee Expense.** Professional fee expenses are \$133,317 which is \$14,978 (10%) under budget. The variance is attributable to lower legal and accounting fees incurred by the Corporation.
  - **Administrative Expense.** Administrative expenses are \$44,845 which is \$5,055 (10%) under budget. The variance is attributable to lower office supply, director and meeting expenses.
  - **Project & Program Expense.** Project and Program Expenses are \$8,261. This expense was for the grant disbursements for the Amplify Albany program. These expenses were not budgeted for in the 2017 budget.

### LOANS

- **Sixty State Place, LLC** – This borrower, who utilized funds from Capitalize Albany’s real estate loan fund, paid their loan in full in February.
- **Ten Broeck Loans** – Two Ten Broeck loans paid their loans in full during 2017.

### BALANCE SHEET

- At June 30, 2017, compared to December 31, 2016, unrestricted cash has increased by \$544,584.
- Restricted cash has increased \$30,717 due to loan repayments.
- Mortgage notes receivable has decreased by \$492,751. This is a result of a loan payoffs as well as loan payment activity.
- Net investment in direct financing leases has been reduced by approximately \$166,734. 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 \$182,804. This is due to reduced accounts payable and principal payments applied against the Corporation’s bond indebtedness.

### CASH FLOW STATEMENT

- Currently, the Corporation’s December 31, 2017 cash and cash equivalents are anticipated to decrease by approximately \$201,750 to \$4,168,514. This decrease is primarily attributable to a budgeted loan disbursement that is projected to occur during 2017 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 2017.
- Cash flow from investing activities reflects projected loan disbursement and repayment activity, direct finance lease payments, and investment activity.

	January 1, 2017 - December 31, 2017								
	Q2	YTD Actual	YTD Budget	Variance - \$	Variance - %	July -Dec 2017 Forecast	2017 Projection	Original Budget	Projected Variance from Budget
<b>REVENUE</b>									
General Economic & Community Development Support Income	\$ 167,506	\$ 230,006	\$ 242,543	\$ (12,537)	-5%	\$ 254,900	\$ 484,906	\$ 497,443	\$ (12,537)
Real Estate Income	36,552	71,461	71,788	(326)	0%	228,708	300,169	298,709	1,460
Professional Service Agreement Income	87,146	174,291	174,291	-	0%	174,291	348,582	348,582	-
Loan Interest Income	20,561	44,972	52,224	(7,253)	-14%	51,214	96,185	104,449	(8,263)
Fee Income	5,489	11,500	10,568	933	9%	17,318	28,818	27,885	933
Direct Finance Lease Income	300	549	429	121	28%	22,669	23,218	23,098	121
Investment & Interest Income	20,782	39,520	35,883	3,637	10%	35,883	75,403	71,766	3,637
FMV Adj on Fidelity Inv	3,147	24,427	-	24,427	100%	-	24,427	-	24,427
G/L on Sale/Redemption	445	(1,459)	-	(1,459)	100%	-	(1,459)	-	(1,459)
Membership & Event Support	33,000	33,640	25,000	8,640	35%	3,500	37,140	33,500	3,640
<b>TOTAL REVENUE</b>	<b>\$ 374,927</b>	<b>\$ 628,907</b>	<b>\$ 612,725</b>	<b>\$ 16,182</b>	<b>3%</b>	<b>\$ 788,482</b>	<b>\$ 1,417,389</b>	<b>\$ 1,405,432</b>	<b>\$ 11,957</b>
<b>EXPENSE</b>									
Salaries & Fringe Expense	\$ 163,653	\$ 327,599	\$ 397,290	\$ (69,690)	-18%	\$ 403,304	\$ 730,903	\$ 830,352	\$ (99,449)
Professional Fees	45,004	133,317	148,296	(14,978)	-10%	96,824	230,141	240,619	(10,478)
Administrative Expenses	25,975	44,845	49,900	(5,055)	-10%	32,810	77,655	90,507	(12,852)
Interest Expense	-	8,913	8,913	-	0%	10,285	19,198	13,712	5,486
Real Estate Expenses	8,889	17,707	17,879	(172)	-1%	20,206	37,913	38,085	(172)
Occupancy Expense	7,414	13,647	16,018	(2,371)	-15%	33,512	47,159	47,909	(750)
Bad Debt Expense (recovery)	-	1,017	-	1,017	100%	-	1,017	-	1,017
Membership & Event Expense	2,000	2,000	2,025	(25)	-1%	10,700	12,700	12,700	-
<b>TOTAL EXPENSES BEFORE DEPRECIATION</b>	<b>\$ 252,935</b>	<b>\$ 549,045</b>	<b>\$ 640,320</b>	<b>\$ (91,274)</b>	<b>-14%</b>	<b>\$ 607,641</b>	<b>\$ 1,156,686</b>	<b>\$ 1,273,884</b>	<b>\$ (117,198)</b>
<b>NET INCOME BEFORE DEPRECIATION &amp; PROGRAM ACTIVITY</b>	<b>\$ 121,992</b>	<b>\$ 79,862</b>	<b>\$ (27,595)</b>	<b>\$ 107,456</b>	<b>-389%</b>	<b>\$ 180,841</b>	<b>\$ 260,703</b>	<b>\$ 131,548</b>	<b>\$ 129,155</b>
<b>DEPRECIATION</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>#DIV/0!</b>	<b>\$ 196,006</b>	<b>\$ 196,006</b>	<b>\$ 196,006</b>	<b>\$ -</b>
<b>NET INCOME (LOSS) AFTER DEPRECIATION</b>	<b>\$ 121,992</b>	<b>\$ 79,862</b>	<b>\$ (27,595)</b>	<b>\$ 107,457</b>	<b>389%</b>	<b>\$ (15,165)</b>	<b>\$ 64,697</b>	<b>\$ (64,458)</b>	<b>\$ 129,155</b>
<b>PROJECT &amp; PROGRAM REVENUE</b>									
Blight to Betterment	\$ -	\$ -	\$ -	\$ -	0%	\$ -	\$ -	\$ -	\$ -
CACRC Grant	2,577	8,261	-	8,261	100%	362,605	370,866	-	370,866
New York Main Street	-	-	-	-	100%	-	-	-	-
<b>Total Program Income</b>	<b>\$ 2,577</b>	<b>\$ 8,261</b>	<b>\$ -</b>	<b>\$ 8,261</b>	<b>100%</b>	<b>\$ 362,605</b>	<b>\$ 370,866</b>	<b>\$ -</b>	<b>\$ 370,866</b>
<b>PROJECT &amp; PROGRAM EXPENSE</b>									
New York Main Street	\$ -	\$ -	\$ -	\$ -	100%	\$ -	\$ -	\$ -	\$ -
Capitalize Albany Amplify and Retail Grants	2,577	8,261	-	8,261	100%	462,605	470,866	100,000	370,866
Impact Downtown Albany	-	-	-	-	-100%	-	-	-	-
<b>Total Program Expense</b>	<b>\$ 2,577</b>	<b>\$ 8,261</b>	<b>\$ -</b>	<b>\$ 8,261</b>	<b>#DIV/0!</b>	<b>\$ 462,605</b>	<b>\$ 470,866</b>	<b>\$ 100,000</b>	<b>\$ 370,866</b>
<b>NET INCOME (LOSS) FROM PROGRAM ACTIVITY</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>#DIV/0!</b>	<b>\$ (100,000)</b>	<b>\$ (100,000)</b>	<b>\$ (100,000)</b>	<b>\$ -</b>
<b>NET INCOME (LOSS) AFTER DEPRECIATION &amp; PROGRAM ACTIVITY</b>	<b>\$ 121,993</b>	<b>\$ 79,862</b>	<b>\$ (27,595)</b>	<b>\$ 107,457</b>	<b>389%</b>	<b>\$ (115,165)</b>	<b>\$ (35,303)</b>	<b>\$ (164,458)</b>	<b>\$ 129,155</b>



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

**Assets**

Current Assets:

	June 30, 2017	Projected December 31, 2017	December 31, 2016
Cash and cash equivalents	\$ 4,914,848	\$ 4,168,514	\$ 4,370,264
Investments	3,570,064	3,570,064	3,525,663
Restricted cash	670,493	708,458	639,776
Mortgage notes receivable, net	2,040,211	2,299,337	2,532,962
Net investment in direct financing leases	194,145	188,147	360,879
Accrued interest receivable	38,950	23,654	38,421
Grants receivable	-	-	-
Receivables from the City of Albany and City agencies	53,306	100,000	112,640
Other receivables, net	93,111	86,123	90,737
Property held for investment and lease, net	2,220,725	2,045,243	2,220,725
Property and equipment, net	354,246	330,421	354,246
Other assets	652,038	651,935	658,768

**Total assets**

\$ 14,802,137	\$ 14,171,896	\$ 14,905,081
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**Deferred Outflows of Resources**

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

Current Liabilities:

Accounts payable and accrued expenses	\$ 63,618	\$ 63,248	\$ 88,781
Due to the City of Albany	72,892	72,892	72,892
Unearned grant and other income	896,619	561,914	904,881
Bonds payable	1,880,000	1,700,000	2,030,000
Revolving loan fund liability	705,231	705,231	704,614
Unearned program support	67,369	67,369	67,365

**Total liabilities**

\$ 3,685,729	\$ 3,170,654	\$ 3,868,533
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**Deferred Inflows of Resources**

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

Net invested in capital assets	\$ 854,971	\$ 854,971	\$ 854,971
Restricted for:			
Debt service	171,483	171,483	171,483
CDBG eligible activities	114,010	114,010	114,010
Other program specific activities	11,774	11,774	11,774
Impact Downtown Albany	-	-	-
Unrestricted	9,964,169	9,849,003	9,884,308
<b>Total net position</b>	<b>\$ 11,116,407</b>	<b>\$ 11,001,242</b>	<b>\$ 11,036,546</b>

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

	Year to Date June 30, 2017	Projected December 31, 2017	Year Ended December 31, 2016
Revenues			
Grant income and Contribution Income	\$ 238,267	\$ 855,772	\$ 775,344
Rental income	71,890	300,864	301,246
Other interest and investment income	62,608	120,894	159,003
Interest income on mortgage notes	44,972	96,185	93,114
Gain on sale of properties	-	-	-
Fees and other income	219,431	414,540	437,301
Total revenues	<u>637,168</u>	<u>1,788,255</u>	<u>1,766,008</u>
Expenses			
Salaries and fringe benefits	327,599	730,903	801,106
Program and project costs	27,968	688,462	466,535
Interest expense	8,913	19,198	29,529
Bad debt expenses (recovery)	1,017	1,017	6,997
Administrative Expenses	191,809	383,978	382,156
Total expenses	<u>557,306</u>	<u>1,823,558</u>	<u>1,686,323</u>
Excess of (expenses over revenues) revenues over expenses	79,862	(35,303)	79,685
Net Position, Beginning of Year	11,036,545	11,036,545	10,956,861
Net Position, End of Month	<u>\$ 11,116,407</u>	<u>\$ 11,001,242</u>	<u>\$ 11,036,545</u>

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

**Cash Flows From Operating Activities**

	June 30, 2017	Projected December 31, 2017	December 31, 2016
Cash received from customers	\$ 125,935	\$ 445,656	\$ 412,116
Cash received from grantors	230,623	513,423	1,164,756
Other operating cash receipts	219,431	414,540	417,737
Cash payments to suppliers and grantees	(187,643)	(888,060)	(690,116)
Cash payments to employees	(327,599)	(730,903)	(801,106)

Net cash provided by operating activities 60,747 (245,344) 503,387

**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	(149,999)	(330,000)	(320,000)
Interest paid on bonds payable	(14,279)	(19,198)	(32,308)

Net cash used in capital and related financing activities (164,278) (349,197) (352,308)

**Cash Flows From Investing Activities**

Interest on cash and cash equivalents and investments	39,762	75,533	101,828
Net decrease (increase) in restricted cash	(30,717)	(68,682)	(60,171)
Proceeds from sales and maturities of investments	2,518,320	2,518,320	3,351,824
Purchase of investments	(2,539,753)	(2,539,753)	(3,395,389)
Issuance of mortgage notes receivable	-	(400,000)	(400,000)
Repayments received on mortgage notes receivable	493,768	634,642	298,713
Principal payments received under direct financing leases	166,736	172,732	160,182

Net cash used in investing activities 648,115 392,792 56,987

**Change in cash and cash equivalents**

544,584 (201,750) 208,066

**Cash and cash equivalents:**

**Beginning of year** 4,370,264 4,370,264 4,162,198

**End of year** \$ 4,914,848 \$ 4,168,514 \$ 4,370,264

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

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

**Operating Activities**

	June 30, 2017	Projected December 31, 2017	December 31, 2016
Excess of (expenses over revenues) revenues over expenses	\$ 79,862	\$ (35,303)	\$ 79,685
Adjustments to reconcile excess of (expenses over revenues) revenues over expenses to net cash provided by operating activities:			
Depreciation and amortization	-	199,307	199,306
Adjustment for losses on mortgage notes and other receivables	(1,017)	(1,017)	(2,785)
Gain on sale of property	-	-	-
Net realized and unrealized losses (gains) on investments	(22,968)	(22,968)	(45,054)
Interest income on cash and cash equivalents and investments	(39,762)	(75,534)	(100,195)
Interest expense on bonds payable	14,279	19,198	29,529
Changes in:			
Grants receivable	-	-	-
Other receivables, accrued interest receivable and other assets	3,829	26,214	4,002
Accounts payable and accrued expenses	(25,166)	(25,533)	(40,731)
Due to the City of Albany	59,334	12,640	(12,691)
Unearned grant, program support and other income	(8,261)	(342,965)	391,319
Revolving loan fund liability	617	617	1,002

Net cash provided by operating activities \$ 60,747 \$ (245,344) \$ 503,387