



Tuesday, October 23, 2018
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 September 25, 2018
2. Report of Executive Staff – Corporation Update
 - a. Downtown Revitalization Initiative
3. Report of the Finance and Investment Committee Meeting
 - a. Quarterly Financial Report
 - b. Resolution 8-2018 2019 Budget Adoption
4. Report of the Audit Committee Meeting
 - a. Update on Retention of Annual Auditors
 - b. Annual Review of Corporate Policies
 - i. Annual Conflict of Interest Declaration
5. Report of the Liberty Park Committee
 - a. Resolution 9-2018 Amendment to Liberty Park PSA
6. Other Business
 - a. Resolution 10-2018 Nomination of Directors for Election
 - b. Confidential Board Evaluation Forms
7. Board Only and/or Executive Session (if necessary)

Capitalize Albany Corporation Board Meeting

October 23, 2018

Agenda Item #1: 1. Review of Minutes from the Regular Meeting of September 25, 2018

Materials:

- Capitalize Albany Corporation Regular Board Minutes

Capitalize Albany Corporation
Regular Board Meeting
MINUTES
Tuesday, September 25, 2018

The meeting of the Capitalize Albany Corporation Board of Directors was held at 8:00 a.m., Tuesday, September 25, 2018 at 21 Lodge Street, Albany, NY.

The following were in attendance:

Board of Directors:

Michael Castellana		David Parente	Jeff Sperry
Anders Tomson	Robert Curley	Susan Pedo	
John Harris	Sonya del Peral	Matthew Peter	Michele Vennard
		Havidan Rodriguez	John Vero

Other:

Thomas M. Owens, Esq.

Staff:

Sarah Reginelli, Mike Bohne, Andy Corcione, Joe Landy, Ashley Mohl, Mark Opalka, and Genevieve Zurowski.

Excused:

John Vero, Karen Torrejon, Kaweeda Adams, and Heather Briccetti. Michael Fancher participated via conference line.

Chair Michael Castellana called the Capitalize Albany Corporation (“Corporation”) Board of Directors meeting to order at 8:05 a.m.

Approval of Minutes for June 26, 2018 Regular Board Meeting

The Board reviewed the minutes of the June 26, 2018 Regular Board meeting. Bob Curley made a motion for approval. Jeffrey Sperry seconded. The Board agreed unanimously to approve the minutes.

Report of Executive Staff – Corporation Update

Staff introduced Genevieve Zurowski to the Board and provided a general update on project activity. Staff updated the Board on the successful launch of the third round of the citywide façade program. Staff reviewed the status of pending applications for State Funding Competitions. The application period for the New York State CFA Round VIII awards is completed and closed. Staff reported that a CFA for a feasibility study of a market at the Capitalize Albany-owned property on Clinton Avenue was submitted and awaits the CFA award announcement this fall.

Staff discussed the pending application for the third round of Governor Cuomo’s Downtown Revitalization Initiative. The State has not yet revealed the winner of the annual competition, but an announcement is anticipated shortly. University at Albany President Dr. Havidán Rodríguez

disclosed a potential conflict of interest related to this matter as co-chair of the Capital Region REDC and did not participate in the conversation.

a. Skyway Update

Staff informed the Board that the third and final public engagement session took place on August 9th at the Palace Theatre where the final design options and project impacts were discussed. Staff reported that the Final Design Report will be submitted to DOT in the coming weeks. Staff notified the Board that the project will transition to a NYS DOT-led final design and initial construction phase in October, funded through the \$3.1 million grant committed by New York State to the Skyway earlier this year. The phases of construction and overall impacts of the project were discussed, including the details of infrastructure and design of the Skyway.

b. Communications Update

Staff gave a presentation on communications activity and outcomes over the course of 2018. Staff informed the Board about an increase in relevant news coverage, totaling more than \$200,000 worth of earned media coverage. Staff discussed an increase in audiences, including an increase in e-newsletter subscriptions and website traffic. Staff indicated the website had nearly 12,000 unique visitors to date in 2018. Staff provided an update on Annual Event sponsorships and annual investor registration.

Report of the Finance & Investment Committee

The Committee informed the Board that they had reviewed the proposed Draft Budget with Staff at the most recent meeting. The Committee reported on their discussion regarding the Draft Budget as it relates to potential significant amendments based on the possible Liberty Park transaction. The Committee indicated that it would present the base case for the Draft Budget to the Board in October of its review and approval.

a. Resolution 8-2018 – 99 Pine St., LLC Loan Request Approval

The Committee informed the Board that the Resolution regarding the 99 Pine Street of Albany, LLC Loan Request has been removed from the agenda and that discussions would be tabled until further notice. Staff indicated that materials related to the loan request had not been distributed to Michael Castellana and Robert Curley as they had previously disclosed potential conflicts of interest.

Report of the Liberty Park Committee

The Committee described their introductory meeting and provided an overview of their discussion.

a. Tour Re-cap

The Committee described their walking tour of the properties and discussed concerns and opportunities related to the site with the Board.

b. Status Update

Staff briefed the Board on the demolition of 6 E-Comm Square and subsequent meetings with the Albany Convention Center Authority and Historic Albany Foundation. Staff

reported on a productive September 2018 meeting with executives at New York State's Empire State Development (ESD) regarding Liberty Park, which conveyed support of the project and a consensus that the property is a priority opportunity site. Staff reported that they have upcoming meetings with relevant agency representatives associated with the Liberty Park project. Staff updated the Board on the result of recent title search findings and upcoming action that may be related.

Other Business

Staff reviewed with the Board members the date and location information for the Capitalize Albany Corporation's Annual Event occurring on November 27, 2018. Staff provided an update on the outcome of the Office of the NYS Comptroller's recent audit of the City of Albany Industrial Development Agency. Staff updated the Board on the engagement of services to update the salary competitiveness survey required by recent policy amendment.

Executive Session

A motion to enter into Executive Session was made by Chair Michael Castellana, and seconded by Anders Tomson. The Board entered into Executive Session at 9:05 a.m. President Sarah Reginelli, Board Members and Counsel remained in the room. The Board left executive session at 9:10 a.m. and returned to its regular session. No actions were taken during executive session.

There being no further business, the Capitalize Albany Corporation Board of Directors Regular Meeting was adjourned at 9:11 a.m.

Capitalize Albany Corporation Board Meeting

October 23, 2018

Agenda Item #2: Report of Executive Staff – Corporation Update

Materials:

- Downtown Revitalization Initiative

Capitalize Albany Corporation
21 Lodge Street
Albany, New York 12207

MEMORANDUM

TO: CAC Board of Directors
FROM: Capitalize Albany Corporation Staff
RE: Downtown Revitalization Initiative
DATE: October 23, 2018

We are happy to report that the City of Albany's 2018 Downtown Revitalization Initiative Application for Clinton Square has been selected the winner and recipient of \$10 million. Capitalize Albany Corporation staff prepared the application on behalf of the City.

You can review it at the following link: <http://capitalizealbany.com/driclintonsquare/>

A summary map including potential projects can be found here: <http://capitalizealbany.com/wp-content/uploads/2018/06/DRI-2018-City-of-Albany-Clinton-Square-Map-Final.pdf>

The initiative begins with a \$300,000 planning process led by a consultant team appointed by NYS Department of State, which will be guided by a Local Planning Committee. In addition to the LPC, a number of working groups will be convened to provide expertise to the process. The Clinton Square final plan is due to the State on March 31, 2018. Capitalize Albany Corporation will serve as the local project manager.

Projects receiving awards from the remaining \$9.7 million will be announced by the State in summer 2019.

Capitalize Albany Corporation Board Meeting

October 23, 2018

Agenda Item #3: Report of the Finance and Investment Committee Meeting

Materials:

- Quarterly Financial Report
- Resolution 8-2018 2019 Budget Adoption

Capitalize Albany Corporation
21 Lodge Street
Albany, New York 12207

MEMORANDUM

TO: Capitalize Albany Board of Directors
FROM: Mark Opalka
RE: Capitalize Albany Corporation 3rd Quarter Financial Reports
DATE: October 23, 2018

BUDGET PERFORMANCE

On a pre-audit basis, through September 30, 2018, the Capitalize Albany Corporation had net income of \$10,207. This position compares favorably to the year-to-date (YTD) budgeted net loss of \$63,883. Capitalize Albany Corporation had net income of \$123,160 at June 30, 2018.

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

- ***YTD 2018 revenue is \$1,054,777 which is \$194,077 (23%) above the 2018 budget.***
 - ***Loan Interest Income.*** Loan Interest Income is \$78,618 which is 19,123 (24%) under budget. This variance is a direct result of loan payoffs that occurred during the 4th quarter 2017 as well as a budgeted loan disbursement that did not occur in 2017.
 - ***Fee Income.*** Fee income is \$19,835 which is \$6,618 (33%) under budget. This variance is a direct result of a budgeted loan disbursement that has not occurred. The corporation is expecting a loan totaling \$100,000 to close in the 4th quarter.
 - ***Investment and Interest Income.*** Investment and interest income is \$91,597 which is \$34,689 (61%) 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 three quarters of 2018.
 - ***Project & Program Revenue.*** Project and Program revenue is \$182,163. This revenue is from grant monies realized for the Amplify Albany, Downtown Retail and Facade grant programs. These revenues have offsetting project and program expenses. This revenue was not budgeted for in the 2018 budget.

- **YTD 2018 expenses are \$1,044,570 which is \$119,987 (13%) above the 2018 budget.**
 - **Salary & Fringe Expense.** Salary and Fringe expense are \$631,040 which is \$102,221 (16%) under budget. The variance is attributable due to the Corporation budgeting for increase in staff.
 - **Project & Program Expense.** Project and Program Expenses are \$227,400. These expenses were for the grant disbursements for the Amplify Albany, Downtown Retail and Façade grant programs as well as due diligence expenses incurred for the Liberty Park project. These expenses were not budgeted for in the 2018 budget.

LOANS

- 99 Pine Street of Albany repaid their loan in the amount of \$400,000 in the 3rd quarter.

BALANCE SHEET

- At September 30, 2018, compared to December 31, 2017, unrestricted cash has increased by \$586,843.
- Restricted cash has decreased \$121,498 due to the final payment for the 200 Henry Johnson Blvd bonds being paid out of escrow funds.
- Mortgage notes receivable has decreased by \$502,033. This is a result of scheduled loan payment activity as well as a loan payoff which occurred during the 3rd Quarter.
- Net investment in direct financing leases has been reduced by \$188,248. This is due to the final scheduled lease payments being made by ACDA and the City of Albany for 200 Henry Johnson Blvd (ACDA) and 174 Henry Johnson Blvd (North Station).
- Liabilities have been reduced by \$280,039. This is due to reduced accounts payable and principal payments applied against CAC's bond indebtedness.

CASH FLOW STATEMENT

- Currently, CAC's December 31, 2018 cash and cash equivalents are anticipated to increase by approximately \$205,768 to \$5.1 million. This increase is primarily attributable to a loan repayment of \$400,000 that occurred during the 3rd quarter being offset by planned Corporate expenditures.
- Projected 2018 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								
	Q3	YTD Actual	YTD Budget	Variance - \$	Variance - %	Oct -Dec 2018 Forecast	2018 Projection	Original Budget	Projected Variance from Budget
REVENUE									
General Economic & Community Development Support Income	\$ 62,500	\$ 305,043	\$ 305,043	\$ -	0%	\$ 192,400	\$ 497,443	\$ 497,443	\$ -
Real Estate Income	35,746	107,062	112,098	(5,036)	-4%	190,184	297,246	302,963	(5,717)
Professional Service Agreement Income	87,146	261,437	261,437	-	0%	87,146	348,582	348,582	-
Loan Interest Income	20,830	59,495	78,618	(19,123)	-24%	26,206	85,701	104,824	(19,123)
Fee Income	4,961	13,217	19,835	(6,618)	-33%	5,195	18,412	24,030	(5,618)
Direct Finance Lease Income	-	1,762	1,762	0	0%	-	1,762	1,762	0
Investment & Interest Income	19,178	66,479	56,908	9,572	17%	20,162	86,642	75,877	10,765
FMV Adj on Fidelity Inv	(10,800)	(29,473)	-	(29,473)	100%	-	(29,473)	-	(29,473)
G/L on Sale/Redemption	44,430	54,591	-	54,591	100%	-	54,591	-	54,591
Membership & Event Support	9,225	33,000	25,000	8,000	32%	1,500	34,500	33,500	1,000
TOTAL REVENUE	\$ 273,215	\$ 872,613	\$ 860,700	\$ 11,913	1%	\$ 522,793	\$ 1,395,406	\$ 1,388,981	\$ 6,425
EXPENSE									
Salaries & Fringe Expense	\$ 174,046	\$ 528,819	\$ 631,040	\$ (102,221)	-16%	\$ 223,855	\$ 752,674	\$ 869,263	\$ (116,589)
Professional Fees	50,008	185,534	189,718	(4,184)	-2%	51,207	236,740	235,790	950
Administrative Expenses	18,350	51,202	49,080	2,122	4%	11,878	63,081	67,986	(4,905)
Interest Expense	-	1,533	1,533	-	0%	21,904	23,437	15,742	7,695
Real Estate Expenses	8,957	27,001	27,233	(231)	-1%	12,191	39,192	38,924	268
Occupancy Expense	6,394	22,579	23,954	(1,375)	-6%	20,884	43,464	44,837	(1,373)
Bad Debt Expense (recovery)	-	-	-	-	0%	-	-	-	-
Membership & Event Expense	-	500	2,025	(1,525)	-75%	10,425	10,925	12,450	(1,525)
TOTAL EXPENSES BEFORE DEPRECIATION	\$ 257,755	\$ 817,169	\$ 924,583	\$ (107,414)	-12%	\$ 352,344	\$ 1,169,513	\$ 1,284,992	\$ (115,479)
NET INCOME BEFORE DEPRECIATION & PROGRAM ACTIVITY	\$ 15,460	\$ 55,444	\$ (63,883)	\$ 119,327	-187%	\$ 170,449	\$ 225,893	\$ 103,989	\$ 121,904
DEPRECIATION	\$ -	\$ -	\$ -	\$ -	#DIV/0!	\$ 201,299	\$ 201,299	\$ 201,299	\$ -
NET INCOME (LOSS) AFTER DEPRECIATION	\$ 15,460	\$ 55,444	\$ (63,883)	\$ 119,327	187%	\$ (30,850)	\$ 24,594	\$ (97,310)	\$ 121,904
PROJECT & PROGRAM REVENUE									
Blight to Betterment	\$ -	\$ -	\$ -	\$ -	0%	\$ -	\$ -	\$ -	\$ -
CACRC Grant	117,759	182,163	-	182,163	100%	72,000	254,163	-	254,163
New York Parks (Skyway Project)	-	-	-	-	100%	375,000	375,000	375,000	-
Total Program Income	\$ 117,759	\$ 182,163	\$ -	\$ 182,163	100%	\$ 447,000	\$ 629,163	\$ 375,000	\$ 254,163
PROJECT & PROGRAM EXPENSE									
Liberty Park Expenses	\$ 5,569	\$ 44,966	\$ -	\$ 44,966	100%	\$ 15,034	60,000	\$ -	\$ 60,000
Capitalize Albany Amplify and Retail Grants	117,489	182,165	-	182,165	100%	72,270	254,435	-	254,435
Impact Downtown Albany (Skyway Project)	270	270	-	270	-100%	474,730	475,000	475,000	-
Total Program Expense	\$ 123,329	\$ 227,402	\$ -	\$ 227,402	#DIV/0!	\$ 562,034	\$ 789,435	\$ 475,000	\$ 314,435
NET INCOME (LOSS) FROM PROGRAM ACTIVITY	\$ (5,569)	\$ (45,238)	\$ -	\$ (45,238)	#DIV/0!	\$ (115,034)	\$ (160,272)	\$ (100,000)	\$ (60,272)
NET INCOME (LOSS) AFTER DEPRECIATION & PROGRAM ACTIVITY	\$ 9,892	\$ 10,207	\$ (63,883)	\$ 74,090	116%	\$ (145,884)	\$ (135,678)	\$ (197,310)	\$ 61,632

CAPITALIZE ALBANY CORPORATION
Comparative Balance Sheets
Pre-Audited Draft

Assets

Current Assets:

	September 30, 2018	Projected December 31, 2018	December 31, 2017
Cash and cash equivalents	\$ 5,503,894	\$ 5,122,819	\$ 4,917,051
Investments	3,686,329	3,701,329	3,626,381
Restricted cash	605,567	624,519	727,065
Mortgage notes receivable, net	1,392,342	1,455,331	1,894,375
Net investment in direct financing leases	-	-	188,248
Accrued interest receivable	21,225	21,122	26,603
Grants receivable	-	-	-
Receivables from the City of Albany and City agencies	-	-	100,280
Other receivables, net	93,229	93,229	95,876
Property held for investment and lease, net	2,045,243	1,869,760	2,045,243
Property and equipment, net	333,169	357,352	330,301
Other assets	661,725	661,129	661,133

Total assets

\$ 14,342,723	\$ 13,906,590	\$ 14,612,556
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Deferred Outflows of Resources

\$ -	\$ -	\$ -
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Liabilities

Current Liabilities:

Accounts payable and accrued expenses	\$ 58,706	\$ 43,831	\$ 98,072
Due to the City of Albany	72,892	59,521	72,892
Unearned grant and other income	800,948	728,948	883,112
Bonds payable	1,540,000	1,350,000	1,700,000
Revolving loan fund liability	672,431	672,431	670,944
Unearned program support	20,388	20,384	20,384

Total liabilities

\$ 3,165,365	\$ 2,875,115	\$ 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	10,049,300	9,903,419	10,039,095
Total net position	\$ 11,177,358	\$ 11,031,475	\$ 11,167,153

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

Pre Audited Draft

	Year to Date September 30, 2018	Projected December 31, 2018	Year Ended December 31, 2017
Revenues			
Grant income and Contribution Income	\$ 487,206	\$ 1,126,606	\$ 548,417
Rental income	107,161	297,346	300,844
Other interest and investment income	93,260	113,422	161,236
Interest income on mortgage notes	59,495	85,701	82,002
Gain on sale of properties	-	-	-
Fees and other income	307,653	401,494	425,369
Total revenues	1,054,775	2,024,569	1,517,868
Expenses			
Salaries and fringe benefits	528,819	752,674	704,341
Program and project costs	254,901	1,006,534	317,891
Interest expense	1,533	23,437	25,255
Bad debt expenses (recovery)	-	-	1,017
Administrative Expenses	259,315	377,601	338,757
Total expenses	1,044,568	2,160,246	1,387,261
Excess of (expenses over revenues) revenues over expenses	10,207	(135,678)	130,607
Net Position, Beginning of Year	11,167,153	11,167,153	11,036,546
Net Position, End of Month	\$ 11,177,358	\$ 11,031,475	\$ 11,167,153

CAPITALIZE ALBANY CORPORATION
STATEMENTS OF CASH FLOWS
Pre-Audited Draft

Cash Flows From Operating Activities

	September 30, 2018	Projected December 31, 2018	December 31, 2017
Cash received from customers	\$ 191,519	\$ 405,708	\$ 433,262
Cash received from grantors	406,530	973,929	540,401
Other operating cash receipts	307,653	401,494	409,583
Cash payments to suppliers and grantees	(453,303)	(1,150,165)	(446,061)
Cash payments to employees	(528,819)	(752,673)	(704,341)
Net cash provided by operating activities	<u>(76,420)</u>	<u>(121,708)</u>	<u>232,844</u>

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	(2,868)	(52,868)	-
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)	(26,312)	(28,130)
Net cash used in capital and related financing activities	<u>(170,342)</u>	<u>(429,180)</u>	<u>(358,130)</u>

Cash Flows From Investing Activities

Interest on cash and cash equivalents and investments	66,480	86,474	59,200
Net decrease (increase) in restricted cash	121,498	102,546	(87,287)
Proceeds from sales and maturities of investments	3,426,972	3,426,972	2,968,537
Purchase of investments	(3,471,631)	(3,486,631)	(3,013,338)
Issuance of mortgage notes receivable	-	100,000	-
Repayments received on mortgage notes receivable	502,033	339,044	572,301
Principal payments received under direct financing leases	188,253	188,251	172,660
Net cash used in investing activities	<u>833,605</u>	<u>756,656</u>	<u>672,073</u>

Change in cash and cash equivalents

586,843 205,768 546,787

Cash and cash equivalents:

Beginning of year	<u>4,917,051</u>	<u>4,917,051</u>	<u>4,370,264</u>
End of year	<u>\$ 5,503,894</u>	<u>\$ 5,122,819</u>	<u>\$ 4,917,051</u>

Reconciliation of Excess of (Expenses Over Revenues)

Revenues Over Expenses to Net Cash Provided by Operating Activities

	September 30, 2018	Projected December 31, 2018	December 31, 2017
Excess of (expenses over revenues) revenues over expenses	\$ 10,207	\$ (135,678)	\$ 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	(15,290)	(15,290)	(54,917)
Interest income on cash and cash equivalents and investments	(66,480)	(86,475)	(60,434)
Interest expense on bonds payable	7,475	26,312	25,255
Changes in:			
Grants receivable	-	-	-
Other receivables, accrued interest receivable and other assets	7,432	8,127	4,531
Accounts payable and accrued expenses	(39,368)	(54,237)	11,159
Due to the City of Albany	100,280	86,909	12,331
Unearned grant, program support and other income	(82,163)	(154,164)	(68,750)
Revolving loan fund liability	1,487	1,487	(33,670)
Net cash provided by operating activities	<u>\$ (76,420)</u>	<u>\$ (121,708)</u>	<u>\$ 232,844</u>

TO: Capitalize Albany Board of Directors
FROM: Mark Opalka
DATE: October 23, 2018
RE: Capitalize Albany Corporation Preliminary Draft 2019 Budget

Net income for 2019 before Depreciation Expense and Program Activity is budgeted to be approximately \$30,850. Overall, the preliminary budget anticipates a deficit of approximately \$308,690. The major contributors to this budgeted deficit are related to approximately \$168,000 depreciation related to the Corning Preserve and program expenses of \$100,000 toward the implementation of the Impact Downtown strategy and \$40,000 for continued due diligence expenses related to the Liberty Park site.

The projected ending unrestricted cash balance for 2018 is anticipated to be \$5,122,819. Given the proposed Draft Budget, the anticipated ending cash balance for 2019 would be \$4,207,082.

Below are identified significant revenue and expense variances for the projected 2019 budget compared to the 2018 approved budget.

2019 OPERATING REVENUE ASSUMPTIONS:

Revenue derived from non-program activity is budgeted at approximately \$1.40 million.

- **Lending Income**

Lending Income is budgeted to be approximately \$124,699 which is approximately \$4,156 lower than the 2018 budget. This is a direct result of no loan closings in 2017. This interest income was budgeted for in the 2018 budget.

- **Investment & Interest Income**

Investment Income is budgeted to be approximately \$91,573 which is approximately \$15,696 higher than the 2018 approved budget. This is a direct result of higher interest rates being earned on the Corporation's bank accounts and fixed income securities purchased in the Corporation's investment portfolio.

- **Direct Financing Lease Income**

Direct Finance Lease income is budgeted to be approximately \$0 which is \$1,762 lower than the 2018 approved budget. This is a direct result of the Corporation's two remaining leases ending in the 1st Quarter of 2018. This income was offset by \$1,500 in interest expense in 2018.

2019 OPERATING EXPENSE ASSUMPTIONS:

Expense incurred from non-program activity is budgeted at approximately \$1.56 million.

- **Salary & Benefit Expense**

Salary & Benefit Expense for 2019 is budgeted to be approximately \$938,966 which is approximately \$69,700 higher than the 2018 approved budget. This is attributable to budgeting for eight full time staff as well as market and merit based increases.

- **Professional Fees**

Professional fees expense for 2019 is budgeted to be approximately \$237,850 which is approximately \$2,060 higher compared to the 2018 approved budget. This increase is due to funds being allocated for web-site design and maintenance as well as anticipated annual increases in support contracts.

- **Administration Expenses**

Administration Expenses for 2019 is budgeted to be approximately \$70,073 which is approximately \$2,080 higher than the 2018 approved budget. This increase is due to additional funds being allocated to staff training and development as well as additional meeting expenses.

- **Interest Expense**

Interest Expenses for 2019 is budgeted to be approximately \$20,493 which is approximately \$4,750 higher than the 2018 approved budget. This increase is due interest rate increases related to the Corning Preserve bonds.

- **Depreciation Expense**

Depreciation Expense for 2019 is budgeted to be approximately \$199,540. Of this amount, \$168,500 (86%) is attributable to the anticipated recording of depreciation expense for the Corning Preserve.

2019 PROGRAM INCOME AND EXPENSE ASSUMPTIONS:

- Program Income for 2019 is budgeted to be approximately \$153,210 in 2019. This budgeted income is from grant revenue that is projected to be realized from Capitalize Albany's Amplify Albany, Downtown Retail and Façade grant programs.
- Program Expenses for 2019 is budgeted to be approximately \$293,210 in 2019. These budgeted expenses are from the approximately \$153,210 in grant awards budgeted from the Amplify Albany, Down Retail and Façade grant programs.

Additionally \$40,000 is budgeted for due diligence expenses related to the Liberty Park transaction and \$100,000 is budgeted for continued implementation of Impact Downtown Albany plan.

**Capitalize Albany Corporation
Proposed 2019 Budget Summary**

	2018 Budget	2018 Projected	Variance 2018 Projected v. 2018 Budget	2019 Budget	Variance	
					2019 Budget v. 2018 Projected - \$	2019 Budget v. 2018 Projected - %
Revenue						
General Economic and Community Development Support Income	\$ 497,443	\$ 497,443	\$ -	\$ 497,443	\$ -	0.00%
Real Estate Income	302,963	297,246	(5,717)	302,022	4,776	1.61%
Professional Service Agreement Income	348,582	348,582	-	348,582	-	0.00%
Lending Income	128,854	104,113	(24,741)	124,698	20,585	19.77%
Direct Financing Lease Income	1,762	1,762	0	-	(1,762)	-100.00%
Investment & Interest Income	75,877	111,760	35,883	91,573	(20,187)	-18.06%
Membership & Event Support	33,500	34,500	1,000	33,500	(1,000)	-2.90%
Total	\$ 1,388,981	\$ 1,395,406	\$ 6,425	\$ 1,397,818	\$ 2,412	0.17%
Expenses						
Salary & Benefits	\$ 869,263	\$ 752,674	\$ (116,589)	\$ 938,966	\$ 186,292	24.75%
Professional Fees	235,790	236,740	950	237,849	1,109	0.47%
Administration Expenses	67,986	63,082	(4,904)	70,073	6,991	11.08%
Interest Expense	15,742	23,437	7,695	20,493	(2,944)	-12.56%
Real Estate Expenses	38,924	39,192	268	41,328	2,135	5.45%
Occupancy Expense	44,837	43,462	(1,375)	45,809	2,347	5.40%
Membership & Event Expense	12,450	10,925	(1,525)	12,450	1,525	13.96%
Bad Debt (Recovery)	-	-	-	-	-	100.00%
Total	\$ 1,284,992	\$ 1,169,512	\$ (115,479)	\$ 1,366,967	\$ 197,455	16.88%
Net Income/Loss Before Depreciation and Program Activity	\$ 103,989	\$ 225,894	\$ 121,905	\$ 30,851	\$ (195,043)	-86.34%
Depreciation	201,299	201,299	-	199,541	(1,758)	-0.87%
Net Income/Loss after Depreciation	\$ (97,310)	\$ 24,595	\$ 121,905	\$ (168,690)	\$ (193,285)	-785.87%
Program Activity						
<i>Program Revenue</i>						
New York Main Street	-	-	-	-	-	100.00%
NY DOT Grant (Skyway)	375,000	375,000	-	-	-	-
New York Main Street Admin Cost Recovery	-	-	-	-	-	100.00%
Capitalize Albany Retail and Amplify Albany Grants	-	254,163	254,163	153,211	(100,952)	-39.72%
<i>Program Expenses</i>						
Liberty Park Due Diligence	-	(60,000)	(60,000)	(40,000)	20,000	-33.33%
Downtown Tactical Plan	(475,000)	(475,000)	-	(100,000)	375,000	-78.95%
Capitalize Albany Retail and Amplify Albany Grants	-	(254,163)	(254,163)	(153,211)	100,952	-39.72%
Net Income (Loss) from Program Activity	\$ (100,000)	\$ (160,000)	\$ (60,000)	\$ (140,000)	\$ 395,000	-246.88%
Net Income(Loss) after Depreciation and Program Activity	\$ (197,310)	\$ (135,405)	\$ 61,905	\$ (308,690)	\$ (173,285)	-279.92%

Capitalize Albany Corporation
Proposed 2019 Budget

	2017 Actual	2018 Budget	2018 Projected	2019 Budget	Variances						
					2018 Projected V. 2018 Budget		2019 Budget V. 2018 Budget		2019 Budget V. 2018 Projected		
					\$	%	\$	%	\$	%	
REVENUE											
<i>General Economic and Community Development Support Income</i>											
CAIDA	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00			\$ -		\$ -		
ACDA	153,306.00	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	-		-		-		
Total Support Income	\$ 484,906.00	\$ 497,443.00	\$ 497,443.00	\$ 497,443.00	\$ -	0.00%	\$ -	0.00%	\$ -	100.00%	
<i>Real Estate Income</i>											
Leases											
Quakenbush House	\$ 34,941.08	\$ 35,989.31	\$ 35,989.31	\$ 37,250.00	-		1,260.69		1,261		
Riverfront Bar & Grill	7,124.69	9,441.26	2,000.00	-	(7,441.26)		(9,441.26)		(2,000)		
DBID Lease	17,933.76	18,053.78	18,299.76	18,665.76	245.98		611.98		366		
Port of Albany	152,875.42	151,944.62	152,438.37	156,566.98	493.75		4,622.36		4,129		
Licenses											
Albany Convention Center Authority- 10 Dallius Street	49,773.71	50,034.50	51,018.97	52,039.35	984.47		2,004.85		1,020		
Albany Parking Authority - Quakenbush Lot	37,500.00	37,500.00	37,500.00	37,500.00	-		-		-		
Gain on Sale of Property	-	-	-	-	-		-		-		
Total Real Estate Income	\$ 300,148.66	\$ 302,963.47	\$ 297,246.41	\$ 302,022.08	\$ (5,717)	-1.89%	\$ (941)	-0.31%	\$ 4,776	1.61%	
<i>Professional Service Agreement Income</i>											
CAIDA	\$ 348,582.00	\$ 348,582.00	\$ 348,582.00	\$ 348,582.00	\$ -		\$ -		\$ -		
Total Professional Service Agreement Income	\$ 348,582.00	\$ 348,582.00	\$ 348,582.00	\$ 348,582.00	\$ -	0.00%	\$ -	0.00%	\$ -	100.00%	
<i>Lending Income</i>											
Interest											
CDBG	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -		\$ -		
CAC Miscellaneous	81,270.37	104,157.00	85,131.96	105,712.00	(19,025.04)		1,555.00		20,580.04		
Ten Broeck	731.79	667.00	569.47	516.00	(97.53)		(151.00)		(53.47)		
Fees											
Commitment Fees	-	4,000.00	1,500.00	4,000.00	(2,500.00)		-		2,500.00		
Application Fees	1,250.00	250.00	500.00	250.00	250.00		-		(250.00)		
Legal Fees	-	3,000.00	1,000.00	3,000.00	(2,000.00)		-		2,000.00		
Enterprise Comm Admin Cost Allowance	19,805.82	16,780.00	15,411.75	11,220.00	(1,368.25)		(5,560.00)		(4,191.75)		
Other Fees	-	-	-	-	-		-		-		
Total Lending Income	\$ 103,057.98	\$ 128,854.00	\$ 104,113.18	\$ 124,698.00	\$ (24,741)	-19.20%	\$ (4,156)	-3.23%	\$ 20,585	19.77%	

Capitalize Albany Corporation
Proposed 2019 Budget

	2017 Actual	2018 Budget	2018 Projected	2019 Budget	Variances					
					2018 Projected V. 2018 Budget		2019 Budget V. 2018 Budget		2019 Budget V. 2018 Projected	
					\$	%	\$	%	\$	%
<u>Direct Financing Lease Income</u>										
200 Henry Johnson Blvd.	\$ 22,402.94	\$ 1,662.45	\$ 1,662.72	\$ -	\$ 0.27		\$ (1,662.45)		\$ (1,663)	
170 Henry Johnson Blvd	694.64	99.10	99.10	-	-		(99)		(99)	
Other Interest Income	715.84	-	-	-	-		-		-	
	-	-	-	-	-		-		-	
Total Direct Financing Lease Income	\$ 23,813.42	\$ 1,761.55	\$ 1,761.82	\$ -	\$ 0	0.02%	\$ (1,762)	-100.00%	\$ (1,762)	-100.00%
<u>Investment & Interest Income</u>										
Investment Income										
Gain/Loss on Sale/Disposal of Investments	\$ (11,498.34)	\$ -	\$ 54,591.14	\$ -	\$ 54,591		\$ -		\$ (54,591)	
Interest and Dividends - Fidelity	59,537.45	57,000.00	62,553.42	72,000.00	5,553.42		15,000		9,447	
Change in FV Mkt Adj on Fidelity Investments	66,414.73	-	(29,473.09)	-	(29,473.09)		-		29,473	
									-	
Interest Income										
Capital Bank	-	469.80	462.91	475.73	(6.89)		6		13	
Kinderhook Bank	23,276.46	18,346.97	23,032.49	19,000.00	4,685.52		653			
Fidelity Cash Account	108.81	60.00	203.01	97.18	143.01		37		(106)	
Other interest	277.66	-	389.84	-	389.84		-		(390)	
									-	
Total Investment and Interest Income	\$ 138,116.77	\$ 75,876.77	\$ 111,759.72	\$ 91,572.91	\$ 35,883	47.29%	\$ 15,696	20.69%	\$ (16,154)	-14.45%
<u>Membership & Event Support</u>										
Membership Fees	\$ 31,325.00	\$ 25,000.00	\$ 26,000.00	\$ 25,000.00	\$ 1,000.00		\$ -		(1,000)	
Sponsorship Revenue	8,500.00	8,500.00	8,500.00	8,500.00	-		-		-	
Miscellaneous	120.00	-	-	-	-		-		-	
									-	
Total Membership & Event Support	\$ 39,945.00	\$ 33,500.00	\$ 34,500.00	\$ 33,500.00	\$ 1,000	2.99%	\$ -	0.00%	\$ (1,000)	-2.90%
TOTAL REVENUE	\$ 1,438,569.83	\$ 1,388,980.79	\$ 1,395,406.13	\$ 1,397,817.99	\$ 6,425	0.46%	\$ 8,837	0.64%	\$ 2,412	0.17%
<u>EXPENSES</u>										
<u>Salary & Benefits</u>										
Salaries	\$ 527,965.61	\$ 617,704.25	\$ 532,265.87	\$ 644,370.00	\$ (85,438)		\$ 26,666		\$ 112,104	
Fringe Benefits	176,375.37	251,558.25	220,407.91	294,595.88	(31,150)		43,038		74,188	
Total Salary & Benefits	\$ 704,340.98	\$ 869,262.50	\$ 752,673.78	\$ 938,965.88	\$ (116,589)	-13.41%	\$ 69,703	8.02%	\$ 186,292	24.75%
<u>Professional Fees</u>										
Legal	\$ 46,834.75	\$ 60,000.00	\$ 54,913.64	\$ 60,000.00	\$ (5,086.36)		\$ -		5,086	
Accounting	71,536.00	75,120.00	71,050.00	75,120.00	(4,070)		-		4,070	
ITS Contract	17,680.62	17,020.00	16,886.00	17,224.00	(134)		204		338	
Other	-	-	12,500.00	-	12,500		-		(12,500)	
Usherwood Contract	8,238.76	9,500.00	9,783.00	10,076.00	283		576		293	
City of Albany MOU	53,484.00	53,480.00	53,480.00	53,480.00	-		-		-	
Connectivity Support	4,990.89	8,077.00	5,342.14	9,076.55	(2,735)		1,000		3,734	
Fidelity Brokerage Fees	12,610.17	12,593.00	12,785.57	12,872.45	193		279		87	
									-	
Total Professional Fees	\$ 215,375.19	\$ 235,790.00	\$ 236,740.35	\$ 237,849.00	\$ 950	0.40%	\$ 2,059.00	0.87%	\$ 1,109	0.47%

Capitalize Albany Corporation
Proposed 2019 Budget

	2017 Actual	2018 Budget	2018 Projected	2019 Budget	Variances					
					2018 Projected V. 2018 Budget		2019 Budget V. 2018 Budget		2019 Budget V. 2018 Projected	
					\$	%	\$	%	\$	%
<u>Administration Expenses</u>										
Supplies & Non-capitalized equipment	\$ 6,366.47	\$ 6,000.00	\$ 5,243.96	\$ 6,000.00	\$ (756)		\$ -		\$ 756	
Postage & Printing	2,593.45	2,820.00	1,985.60	\$ 2,885.00	(834.40)		65		899	
Dues & Subscriptions	870.00	2,435.00	2,435.00	\$ 2,590.00	-		155		155	
Filing Fees	245.35	1,000.00	1,000.00	\$ 1,000.00	-		-		-	
Insurance	25,714.53	31,591.00	28,325.00	\$ 29,458.00	(3,266.00)		(2,133)		1,133	
Training & Education	1,075.00	3,500.00	3,500.00	\$ 4,500.00	-		1,000		1,000	
Travel	808.60	7,500.00	7,500.00	\$ 8,500.00	-		1,000		1,000	
Miscellaneous	2,076.17	4,500.00	2,919.28	\$ 4,500.00	(1,580.72)		-		1,581	
Payroll Processing Fees	4,863.06	4,640.00	4,836.74	\$ 4,640.00	196.74		-		(197)	
Bank Service Fees	378.88	-	-	-	-		-		-	
Director Fees	13,500.00	-	-	-	-		-		-	
Meetings Expense	3,346.71	4,000.00	5,336.22	\$ 6,000.00	1,336.22		2,000		664	
Citywide Closing Costs & Legal Expenses	-	-	-	-	-		-		-	
Total Administration Expenses	\$ 61,838.22	\$ 67,986.00	\$ 63,081.80	\$ 70,073.00	\$ (4,904)	-7.21%	\$ 2,087	3.07%	\$ 6,991	11.08%
<u>Interest Expense</u>										
200 HJB	\$ 10,637.50	\$ 1,533.33	\$ 1,533.33	\$ -	\$ -		\$ (1,533)		\$ (1,533)	
Port/Corning Bonds 2002	14,617.31	14,208.66	21,903.95	20,492.96	7,695		6,284		(1,411)	
Total Interest Expense	\$ 25,254.81	\$ 15,741.99	\$ 23,437.28	\$ 20,492.96	\$ 7,695	48.88%	\$ 4,751	30.18%	\$ (2,944)	-12.56%
<u>Real Estate Expenses</u>										
174 North Pearl Street	\$ 1,242.61	\$ 2,400.00	\$ 2,400.00	\$ 2,400.00	\$ -		\$ -		\$ -	
Quackenbush House	300.00	1,500.00	1,500.00	\$ 1,500.00	-		-		-	
Albany Convention Center Authority- 10 Dallius Street	34,841.61	35,024.15	35,292.23	\$ 36,427.54	268		1,403		1,135	
Other	-	-	-	\$ 1,000.00	-		1,000		1,000	
Total Rental Property Expenses	\$ 36,384.22	\$ 38,924.15	\$ 39,192.23	\$ 41,327.54	\$ 268	0.69%	\$ 2,403	6.17%	\$ 2,135	5.45%
<u>Occupancy Expense</u>										
Utilities & Telephone	\$ 11,454.19	\$ 12,939.00	\$ 14,341.44	\$ 13,722.00	\$ 1,402		\$ 783		\$ (619)	
Maintenance, Repairs & Cleaning	19,145.43	30,398.00	28,370.53	\$ 30,587.00	(2,027)		189		2,216	
Renovations	-	1,000.00	500.00	1,000.00	(500)		-		500	
Supplies	-	500.00	250.00	500.00	(250)		-		250	
Total Occupancy Expenses	\$ 30,599.62	\$ 44,837.00	\$ 43,461.97	\$ 45,809.00	\$ (1,375)	-3.07%	\$ 972	2.17%	\$ 2,347	5.40%
<u>Sponsorship & Event Expense</u>										
Development Today/annual meeting	\$ 6,998.21	\$ 8,500.00	\$ 8,500.00	\$ 8,500.00	\$ -		\$ -		\$ -	
Sponsorships	-	3,950.00	2,425.00	3,950.00	(1,525.00)		-		1,525	
Other Events	2,470.10	-	-	-	-		-		-	
Total Membership & Event Expense	\$ 9,468.31	\$ 12,450.00	\$ 10,925.00	\$ 12,450.00	\$ (1,525)	-12.25%	\$ -	0.00%	\$ 1,525	13.96%
Bad Debt (Recovery)	\$ 1,017.00	\$ -	\$ -	\$ -	\$ -		\$ -	100.00%	\$ -	100.00%
TOTAL EXPENSES BEFORE DEPRECIATION	\$ 1,084,278.35	\$ 1,284,991.64	\$ 1,169,512.41	\$ 1,366,967.38	\$ (115,479)	-8.99%	\$ 81,976	6.38%	\$ 197,455	16.88%
NET INCOME BEFORE DEPRECIATION AND PROGRAM ACTIVITY	\$ 354,291.48	\$ 103,989.15	\$ 225,893.72	\$ 30,850.61	\$ 121,905	117.23%	\$ (73,139)	-70.33%	\$ (195,043)	-86.34%
<u>Depreciation</u>										

Capitalize Albany Corporation
Proposed 2019 Budget

	2017 Actual	2018 Budget	2018 Projected	2019 Budget	Variances					
					2018 Projected V. 2018 Budget		2019 Budget V. 2018 Budget		2019 Budget V. 2018 Projected	
					\$	%	\$	%	\$	%
Property & Equipment	\$ 12,117.51	\$ 13,347.72	\$ 13,347.72	\$ 11,590.00	\$ -		\$ (1,758)		\$ (1,758)	
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	11,827.58	12,468.60	12,468.60	12,468.00	-		(1)		(1)	
Total Depreciation	<u>\$ 199,427.62</u>	<u>\$ 201,298.85</u>	<u>\$ 201,298.85</u>	<u>\$ 199,540.53</u>	<u>\$ -</u>	0.00%	<u>\$ (1,758)</u>	-0.87%	<u>\$ (1,758)</u>	100.00%
NET INCOME AFTER DEPRECIATION	<u>\$ 154,863.86</u>	<u>\$ (97,309.70)</u>	<u>\$ 24,594.87</u>	<u>\$ (168,689.92)</u>	<u>\$ 121,905</u>	-125.27%	<u>\$ (71,380)</u>	73.35%	<u>\$ (193,285)</u>	-785.87%
<u>Program Income</u>										
Amplify Albany/Retail/Facade Grant Programs	63,510.78	-	254,163.42	153,211.34	254,163.42		153,211		(100,952)	
Other Program Income	15,785.87	375,000.00	375,000.00	-	-		(375,000)		(375,000)	
Total Program Income	<u>\$ 79,296.65</u>	<u>\$ 375,000.00</u>	<u>\$ 629,163.42</u>	<u>\$ 153,211.34</u>	<u>\$ 254,163</u>	67.78%	<u>\$ (221,789)</u>	-59.14%	<u>\$ (475,952)</u>	-75.65%
<u>Program Expenses</u>										
Liberty Park Due Diligence	\$ 32,543.25		\$ 60,000.00	\$ 40,000.00						
Amplify Albany/Retail/Facade Grant Programs	\$ 71,010.78	\$ -	\$ 254,433.42	\$ 153,211.34	\$ 254,433		\$ 153,211		\$ (101,222)	
Downtown Tactical Plan Implementation	-	475,000.00	475,000.00	100,000.00	-		(375,000)		(375,000)	
Total Program Expenses	<u>\$ 103,554.03</u>	<u>\$ 475,000.00</u>	<u>\$ 789,433.42</u>	<u>\$ 293,211.34</u>	<u>\$ 254,433.42</u>	53.56%	<u>\$ (221,789)</u>	-46.69%	<u>\$ (476,222)</u>	-60.32%
NET INCOME (LOSS) FROM PROGRAM ACTIVITY	<u>\$ (24,257.38)</u>	<u>\$ (100,000.00)</u>	<u>\$ (160,270.00)</u>	<u>\$ (140,000.00)</u>	<u>\$ (270)</u>	0.27%	<u>\$ (40,000)</u>	40.00%	<u>\$ 20,270</u>	-12.65%
NET INCOME (LOSS) AFTER DEPRECIATION AND PROGRAM ACTIVITY	<u>\$ 130,606.48</u>	<u>\$ (197,309.70)</u>	<u>\$ (135,675.13)</u>	<u>\$ (308,689.92)</u>	<u>\$ 121,635</u>	-61.65%	<u>\$ (111,380.22)</u>	56.45%	<u>\$ (173,015)</u>	127.52%

CAPITALIZE ALBANY CORPORATION

Comparative Balance Sheets

Pre-Audited Draft

	Projected December 31, 2018	Projected December 31, 2019
Assets		
Current Assets:		
Cash and cash equivalents	\$ 5,122,819	\$ 4,207,082
Investments	3,701,329	3,773,329
Restricted cash	624,519	700,027
Mortgage notes receivable, net	1,455,331	1,735,214
Net investment in direct financing leases	-	-
Accrued interest receivable	21,122	20,988
Grants receivable	-	-
Receivables from the City of Albany and City agencies	-	-
Other receivables, net	93,229	90,123
Property held for investment and lease, net	1,869,760	1,694,278
Property and equipment, net	357,352	362,520
Other assets	661,129	661,130
Total assets	\$ 13,906,590	\$ 13,244,691
Deferred Outflows of Resources	\$ -	\$ -
Liabilities		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 43,831	\$ 43,831
Due to the City of Albany	59,521	59,521
Unearned grant and other income	728,948	575,737
Bonds payable	1,350,000	1,150,000
Revolving loan fund liability	672,431	672,431
Unearned program support	20,384	20,387
Total liabilities	\$ 2,875,115	\$ 2,521,907
Deferred Inflows of Resources	\$ -	\$ -
Net Position		
Net invested in capital assets	\$ 835,543	\$ 835,543
Restricted for:		
Debt service	171,466	171,466
CDBG eligible activities	114,287	114,287
Other program specific activities	6,761	6,761
Impact Downtown Albany	-	-
Unrestricted	9,903,418	9,594,727
Total net position	\$ 11,031,475	\$ 10,722,784

Capitalize Albany Corporation

STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN NET ASSETS

Pre Audited Draft

	Projected 2018	Projected 2019
Revenues		
Grant income and Contribution Income	\$ 1,126,606	\$ 650,654
Rental income	297,346	302,022
Other interest and investment income	113,422	91,573
Interest income on mortgage notes	85,701	106,228
Gain on sale of properties	-	-
Fees and other income	401,494	400,552
Total revenues	<u>2,024,569</u>	<u>1,551,029</u>
Expenses		
Salaries and fringe benefits	752,674	938,966
Program and project costs	1,006,534	512,971
Interest expense	23,437	20,493
Bad debt expenses (recovery)	-	-
Administrative Expenses	377,602	387,290
Total expenses	<u>2,160,247</u>	<u>1,859,720</u>
Excess of (expenses over revenues) revenues over expenses	(135,678)	(308,691)
Net Position, Beginning of Year	<u>11,167,153</u>	<u>11,031,475</u>
Net Position, End of Month	\$ 11,031,475	\$ 10,722,784

CAPITALIZE ALBANY CORPORATION
STATEMENTS OF CASH FLOWS
Pre-Audited Draft

	Projected December 31, 2018	Projected December 31, 2019
Cash Flows From Operating Activities		
Cash received from customers	\$ 405,708	\$ 411,490
Cash received from grantors	973,929	497,444
Other operating cash receipts	401,494	400,552
Cash payments to suppliers and grantees	(1,150,165)	(729,946)
Cash payments to employees	(752,673)	(938,966)
	<u>(121,707)</u>	<u>(359,426)</u>
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	(52,868)	-
Purchase of other assets including purchase options	-	-
Principal payments on bonds payable	(350,000)	(200,000)
Interest paid on bonds payable	(26,312)	(20,492)
	<u>(429,180)</u>	<u>(220,492)</u>
Net cash used in capital and related financing activities		
Cash Flows From Investing Activities		
Interest on cash and cash equivalents and investments	86,474	91,573
Net decrease (increase) in restricted cash	102,546	(75,508)
Proceeds from sales and maturities of investments	3,426,972	2,074,017
Purchase of investments	(3,486,631)	(2,146,017)
Issuance of mortgage notes receivable	(100,000)	(400,000)
Repayments received on mortgage notes receivable	539,044	120,118
Principal payments received under direct financing leases	188,250	-
	<u>756,655</u>	<u>(335,817)</u>
Net cash used in investing activities		
Change in cash and cash equivalents	205,768	(915,735)
Cash and cash equivalents:		
Beginning of year	4,917,051	5,122,819
End of year	<u>\$ 5,122,819</u>	<u>\$ 4,207,084</u>

	Projected December 31, 2018	Projected December 31, 2019
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	\$ (135,678)	\$ (308,691)
Adjustments to reconcile excess of (expenses over revenues) revenues over expenses to net cash provided by operating activities:		
Depreciation and amortization	201,300	170,314
Adjustment for losses on mortgage notes and other receivables	-	-
Gain on sale of property	-	-
Net realized and unrealized losses (gains) on investments	(15,290)	-
Interest income on cash and cash equivalents and investments	(86,475)	(91,572)
Interest expense on bonds payable	26,312	20,493
Changes in:		
Grants receivable	-	-
Other receivables, accrued interest receivable and other assets	8,129	3,240
Accounts payable and accrued expenses	(54,237)	-
Due to the City of Albany	86,909	-
Unearned grant, program support and other income	(154,164)	(153,210)
Revolving loan fund liability	1,487	-
	<u>(121,707)</u>	<u>(359,426)</u>
Net cash provided by operating activities		

**RESOLUTION 8-2018
OF THE
CAPITALIZE ALBANY CORPORATION**

WHEREAS, the Capitalize Albany Corporation (CAC) has developed a Proposed Budget for 2019; and

WHEREAS, the Finance and Investment Committee has reviewed and recommends approval of this proposed budget;

NOW THEREFORE BE IT RESOLVED, that the CAC Board of Directors approves the 2019 Budget as presented.

Signed: _____
Sarah Reginelli
President

Date of Authorization: October 23, 2018

Prepared by Mark Opalka

Capitalize Albany Corporation Board Meeting

October 23, 2018

Agenda Item #4: Report of the Audit Committee Meeting

Materials:

- Update on Retention of Annual Auditors
- Annual Review of Corporate Policies
- Annual Conflict of Interest Declaration

Capitalize Albany Corporation
21 Lodge Street
Albany, New York 12207

MEMORANDUM

TO: CAC Board of Directors
FROM: Capitalize Albany Corporation Staff
RE: Annual Conflict of Interest Declaration
DATE: October 23, 2018

Resolution 13-2004 established Capitalize Albany's Corporate Governance Policy. The Corporate Governance Policy created a Conflict of Interest Policy and requires the annual completion of a Conflict of Interest Declaration by the Capitalize Albany Board. Enclosed is a copy of the Conflict of Interest Policy and the Declaration.

Please complete the Declaration and return to Genevieve Zurowski's attention:

gzurowski@capitalizealbany.com
Capitalize Albany, 21 Lodge Street, Albany, NY 12207
fax 518-434-9846

If you have any questions, please contact us at 434-2532. Thank you for your assistance.

Conflict of Interest Policy

A major strength of the Capitalize Albany Corporation (CAC) is the insight and knowledge provided by its Board of Directors. Due to their respective business/government positions, member of the CAC Board are active in the community and in business transactions within the City of Albany. Inevitably, perceived or real conflicts of interests and governance issues may arise. Conflict of interests (real and perceived) should not prevent an individual from serving as a director or staff member unless the extent of the interest is so significant that the potential for divided loyalty is present in a significant number of situations. CAC's **Conflict of Interest policy** requires that members of the Board of Directors and staff reveal any personal, family or business interests that they have, that, by creating a divided loyalty, could influence their judgment as it relates to CAC. **A conflict of interest exists** whenever an individual could benefit, directly or indirectly, from access to information or from a decision over which they might have influence, or, where someone might reasonably perceive there to be such a benefit and influence. Examples of possible conflict of interest situation with respect to CAC include, but are not limited to:

- A board or staff member has a personal or business relationship with the CAC as a supplier of goods or services or as a landlord or tenant
- A board or staff member has a direct or indirect interest financially in any contract entered into by CAC or accepts any gratuity, financial or otherwise, from any vendor of CAC
- A board or staff member has a personal or financial relationship with a client/borrower of CAC
- CAC is employing someone who is directly related to, or has a personal or financial relationship with, a board member or other staff member
- Conduct that is disloyal, disruptive, competitive, or damaging to CAC; for example, staff should not accept outside employment if that employment is to be conducted during the hours that the staff member is working for CAC, or if such employment conflicts with the effectiveness of the staff member's work for CAC
- A board or staff member is utilizing CAC information or services for their personal use
- A staff member is performing activities that are unrelated to CAC work during working hours
- A staff member of CAC shall not directly or indirectly, solicit any gift, or accept or receive any gift having a value of seventy-five dollars or more, whether in the form of money, services, loan, travel, entertainment, hospitality, thing or promise, or any other form.

Procedure for Handling an Actual, Perceived or Possible Conflict of Interest

1. The Board shall annually complete a “Conflict of Interest Declaration” which shall be reviewed by the CAC Governance/Audit Committees to determine if the potential for a conflict of interest exists. Additionally, prior to election of any new member of the Board, such member will complete/submit the declaration to the CAC Governance/Audit Committees.
2. In addition to the declaration submitted in accordance with #1 above, members of the Board and staff have a duty to disclose (as soon as practicable) any personal, family, or business interests that may, in the eyes of another person, influence their judgment.
3. The Board as a whole has a duty to disclose specific conflicts or interests to the CAC Governance Committee when that interest may affect the reputation or credibility of the organization, and to disclose the Board’s procedure for operating in the presence of such conflicts.
4. Board members and staff have a duty to recuse themselves from participating in any discussion and voting on matters on which they have a conflict of interest. Such exemptions should be recorded in minutes of meetings if normally kept.
5. Any business relationship between an individual (or a company where the individual is an owner or in a position of authority) and CAC, outside of their relationship as a Board or staff member, must be formalized in writing and approved by the Audit/Governance Committee and the full Board of Directors.

Annual Completion of Conflict of Interest Declaration

To: Capitalize Albany Corporation Nominating/Governance Committee
21 Lodge Street
Albany, NY 12207

This Annual Statement is made pursuant to the Conflict of Interest Policy of the Capitalize Albany Corporation. The undersigned has received a copy of the CAC Conflict of Interest Policy, has read and understands such policy, and has complied and agrees to comply with such policy. In addition to specific disclosures by the undersigned of actual or possible conflicts of interest as matters have arisen at meetings attended by the undersigned, please be advised of the following (indicate any other affiliations, boards, etc. that may lead to discloseable conflicts of interest; if none, please so state):

- 1. Please list primary employer and address:

- 2. Please list any office, trusteeships, directorship, position, or relationship of ANY nature (e.g. lawyer, lobbyist, consultant, etc.), whether compensated or not, held by you with any person, firm, corporation or other organization who or which is known by you have any matter pending or financial relationship with Capitalize Albany Corporation.

<u>Agency</u>	<u>Nature of Affiliation/Relationship</u>
<hr/>	<hr/>
<hr/>	<hr/>
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Name: _____

Signature: _____

Date: _____

Capitalize Albany Corporation Board Meeting

October 23, 2018

Agenda Item #5: Report of the Liberty Park Committee

Materials:

- Resolution 9-2018 Amendment to Liberty Park PSA

**RESOLUTION 9-2018
OF THE
CAPITALIZE ALBANY CORPORATION**

WHEREAS, pursuant to Resolution 21-2017, Capitalize Albany Corporation (“CAC”) entered into a Purchase and Sale Agreement (“PSA”) with the Albany Convention Center Authority (“ACCA”) on December 15, 2017; and

WHEREAS, the PSA detailed the terms and conditions pursuant to which CAC could acquire from the ACCA certain property interests to real property and improvements located in the heart of the City’s Central Business District, including 29 lots that are owned ACCA (“ACCA Owned Properties”) and 21 privately owned lots leased by ACCA (“ACCA Leased Properties”) (the ACCA Owned Properties and ACCA Leased Properties are hereinafter collectively referred to as the “ACCA Properties”); and

WHEREAS, pursuant to the PSA, CAC has completed certain due diligence on the ACCA Properties, including but not limited to a review of the title to ACCA Properties (the “Title Review”), and during such Title Review it was determined that one of the ACCA Owned Properties (Tax Parcel 76.50-1-36; serves as a plaza/pedestrian walkway running from Broadway to Liberty Street between the existing Two and Four E-Comm Square buildings) (the “Pedestrian Walkway Parcel”) is not owned by ACCA, but is owned by the City of Albany, and therefore cannot be conveyed to CAC by ACCA; and

NOW, THEREFORE BE IT FURTHER RESOLVED, that the Capitalize Albany Corporation Board of Directors authorizes CAC to execute the attached “First Amendment to the Purchase and Sale Agreement” which amends the PSA to remove the Pedestrian Walkway Parcel from the ACCA Properties.

Signed: _____
Thomas M. Owens, Esq.
Secretary

Date of Authorization: October 23, 2018
Prepared by: Thomas M. Owens

Capitalize Albany Corporation Board Meeting

October 23, 2018

Agenda Item #6: Other Business

Materials:

- Resolution 10-2018 Nomination of Directors for Election
- Confidential Board Evaluation Forms

Capitalize Albany Corporation
21 Lodge Street
Albany, New York 12207

MEMORANDUM

TO: CAC Board of Directors
FROM: Capitalize Albany Corporation Staff
RE: Review of Board Member Terms
DATE: October 23, 2018

As stated in Article II (section 2) and Article III (section 2) of the bylaws of the Capitalize Albany Corporation provide that the Capitalize Albany Corporation Investors (aka Members) shall, at their Annual Meeting, elect Directors to fill vacancies on the Capitalize Albany Corporation Board which exist due to expired terms or other reasons

The following Board members have terms that are expiring at the end of 2018:

Michael Castellana
David Parente
Michele Vennard
Jeff Sperry

The following Board members were appointed mid-election cycle in 2018 and must be voted on by the Corporation Investors:

Kaweeda Adams
Heather Briccetti
Sonya del Peral

The Board may nominate these Directors for appointment for terms effective from January 1, 2019. Upon nomination the Directors will be placed on the ballot for election by the Investors during the 2018 Annual Business Meeting which will be held on Tuesday December 18, 2018.

Following these nominations, the Governance Committee will review and propose the appointment of officers and committees as well as address any Board vacancies at an upcoming 2018 meeting.

**RESOLUTION 10-2018
OF THE
CAPITALIZE ALBANY CORPORATION**

WHEREAS, Article II (section 2) and Article III (section 2) of the bylaws of the Capitalize Albany Corporation (“CAC”) provide that the CAC Members shall, at their Annual Meeting, elect Directors to fill any vacancies on the CAC Board which exist due to expired terms or other reasons; and

WHEREAS, the CAC Annual Meeting is scheduled for December 20, 2018, and at such meeting the Members shall elect Directors to fill seven (7) open Board positions for terms effective from January 1, 2019 through the dates specified below;

NOW THEREFORE BE IT RESOLVED, that the Board of Directors nominates the following candidates to the CAC Members for election to fill such seven (7) Board positions:

<u>Name</u>	<u>Term</u>
Michael Castellana	December 31, 2021
David Parente	December 31, 2021
Michele Vennard	December 31, 2021
Jeff Sperry	December 31, 2021
Kaweeda Adams	December 31, 2021
Heather Briccetti	December 31, 2021
Sonya del Peral	December 31, 2021

Signed:

Thomas Owens, Esq., Secretary

Date of Authorization: October 23, 2018

Confidential Evaluation of Board Performance

Criteria	Agree	Somewhat Agree	Somewhat Disagree	Disagree
Board members have a shared understanding of the mission and purpose of the Authority.				
The policies, practices and decisions of the Board are always consistent with this mission.				
Board members comprehend their role and fiduciary responsibilities and hold themselves and each other to these principles.				
The Board has adopted policies, by-laws, and practices for the effective governance, management and operations of the Authority and reviews these annually.				
The Board sets clear and measurable performance goals for the Authority that contribute to accomplishing its mission.				
The decisions made by Board members are arrived at through independent judgment and deliberation, free of political influence, pressure or self-interest.				
Individual Board members communicate effectively with executive staff so as to be well informed on the status of all important issues.				
Board members are knowledgeable about the Authority's programs, financial statements, reporting requirements, and other transactions.				
The Board meets to review and approve all documents and reports prior to public release and is confident that the information being presented is accurate and complete.				
The Board knows the statutory obligations of the Authority and if the Authority is in compliance with state law.				
Board and committee meetings facilitate open, deliberate and thorough discussion, and the active participation of members.				
Board members have sufficient opportunity to research, discuss, question and prepare before decisions are made and votes taken.				
Individual Board members feel empowered to delay votes, defer agenda items, or table actions if they feel additional information or discussion is required.				
The Board exercises appropriate oversight of the CEO and other executive staff, including setting performance expectations and reviewing performance annually.				
The Board has identified the areas of most risk to the Authority and works with management to implement risk mitigation strategies before problems occur.				
Board members demonstrate leadership and vision and work respectfully with each other.				

Date Completed: _____