



CAPITALIZE ALBANY
CORPORATION

Tuesday, April 24, 2018
21 Lodge Street, 8:00 a.m.

Capitalize Albany Corporation
Board of Directors Meeting

Agenda

1. Review of Minutes from the Regular Meeting of March 27, 2018
2. Report of Executive Staff – Corporation Update
 - a. Activity Update
 - b. Liberty Park Update
3. Report of the Finance and Investment Committee
 - A. Quarterly Financial Report
4. Other Business
5. Board Only and/or Executive Session (if necessary)

Capitalize Albany Corporation Board Meeting

April 24, 2018

Agenda Item #1: Review of Minutes from the Regular Meeting of March 27, 2018

Materials:

- Capitalize Albany Corporation Regular Board Minutes

Capitalize Albany Corporation Board Meeting
MINUTES
Tuesday, March 22, 2018

The meeting of the Capitalize Albany Corporation Board of Directors was held at 8:00 a.m., Tuesday, March 22, 2018 at 21 Lodge Street, Albany, NY.

The following were in attendance:

Board of Directors:

Michael Castellana	Susan Pedo	Michael Fancher
David Parente	Jeff Sperry	John Harris
Havidan Rodriguez	Robert Curley	John Vero
Michele Vennard	Matthew Peter	

Other:

Thomas M. Owens, Esq.

Staff:

Sarah Reginelli, Mark Opalka, Ashley Mohl, Joe Landy, Andy Corcione, Alie Matthews and Mike Bohne.

Chairman Michael Castellana called the regular meeting of the Capitalize Albany Corporation (“Corporation”) Board to order at 8:04 a.m. The following directors were excused: Anders Tomson and Karen Torrejon.

Approval of Minutes for the January 30, 2018 Regular Board Meeting

The Board reviewed the minutes of the January 30, 2018 Regular Board meeting. Matt Peter made a motion for approval. Havidan Rodriguez seconded. The Board agreed unanimously to approve the minutes.

Report of Executive Staff – Corporation Update

Skyway Update

Staff provided an update on the Albany Skyway project. Staff reported on the 3.1 million dollar funding by Governor Cuomo for the Albany Skyway. Staff discussed the Skyway Public Engagement Session that took place on March 8, 2018, where community members gave their input and asked questions regarding the Albany Skyway. The Board had a robust discussion regarding priorities and opportunities for the project.

Staff provided an updated on the Corporation’s activities since the previous meeting and discussed various projects within the Board. The Board discussed the potential for Board members to provide targeted technical assistance to the Central Avenue BID. David Parente, who chairs the CBID, provided support for this concept and directed staff to move forward with developing an appropriate structure for assistance.

Report of the Audit Committee

Michael Fancher, Chair of the Audit Committee, informed the Board that the Audit Committee met with UHY on March 15, 2018. UHY reviewed the draft 2017 Audited Financial Statements, in detail, with the Committee and noted the Corporation received a clean or “unqualified” opinion, with no deficiencies identified in internal control. UHY stated to the Committee that there were no disagreements with the Corporation’s management during the audit and no material misstatements were detected as a result of their audit procedures. Mr. Fancher credited staff for the results of the audit and mentioned the Corporation is in a good position financially. Mark Opalka advised the Board that the PARIS reports would be filed by the March 31st deadline. Chairman Michael Castellana asked the Board to look over the draft PARIS reports, and specifically the Board section, to make sure the information is correct and to reach out to staff if there are any proposed changes or questions. Staff reviewed the draft 2017 Annual Report, draft 2017 Procurement Report, draft 2017 Investment Report, draft 2017 Public Authorities Performance Measurements Report and draft 2017 Audit Committee Annual Report.

A motion to accept the 2017 Audit and Draft 2017 Audited Financial Statements, along with the reports, after any necessary revisions are made to the drafts was made by Susan Pedo and seconded by Jeff Sperry. A vote being taken, the motion passed unanimously.

Report of the Governance Committee

Board Member Nominations

Staff discussed the 3 new board members that had been nominated by the Governance Committee to fill available positions. A motion to approve *Resolution 4-2018 Board Member Appointments* was made by Michael Fancher, seconded by John Harris. A vote being taken, the motion passed unanimously.

Liberty Park Update

Status Update

Staff updated the Board on the Liberty Park project. Staff provided status updates on the due diligence process, site acquisition and requests for funding.

Formation of the Liberty Park Committee

A motion was made by Matt Peter to approve *Resolution 5-2018 Formation of Liberty Park Committee*, seconded by John Harris, establishing the Liberty Park Committee. The committee will review the ongoing project in more detail and report back to the Board with updates and recommendations. A vote being taken, the motion passed unanimously. Chairman Michael Castellana appointed Robert Curley, Susan Pedo, John Harris, Havidan Rodriguez, and Sarah Reginaldi, who will act as chairperson, to the Liberty Park Committee.

Other Business

Staff reported that Board member Michele Vennard had been honored for her service at the Palace Theatre’s annual Backstage Ball.

Board Only and/or Executive Session (if necessary)

A motion to enter into executive session was made by Matt Peter, seconded by John Harris to discuss the employment history of certain individuals. The Board entered into executive session at 9:07 a.m. Board members and Counsel remained in the room. The Board left executive session at 9:11 a.m. and returned to its regular 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

April 24, 2018

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

Materials:

- Activity Update
- Liberty Park Update

Capitalize Albany Corporation Board Meeting

April 24, 2018

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

Materials:

- Quarterly Financial Report

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 4th 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 1st Quarter. The last time the portfolio had a negative fair market value adjustment was in the 3rd 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 1st 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
REVENUE									
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	-
TOTAL REVENUE	\$ 213,687	\$ 213,687	\$ 236,012	\$ (22,325)	-9%	\$ 1,132,867	\$ 1,346,554	\$ 1,388,981	\$ (42,427)
EXPENSE									
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	-
TOTAL EXPENSES BEFORE DEPRECIATION	\$ 261,971	\$ 261,971	\$ 315,299	\$ (53,328)	-17%	\$ 902,484	\$ 1,164,458	\$ 1,284,992	\$ (120,534)
NET INCOME BEFORE DEPRECIATION & PROGRAM ACTIVITY	\$ (48,284)	\$ (48,284)	\$ (79,287)	\$ 31,003	-39%	\$ 230,383	\$ 182,096	\$ 103,989	\$ 78,107
DEPRECIATION	\$ -	\$ -	\$ -	\$ -	#DIV/0!	\$ 201,299	\$ 201,299	\$ 201,299	\$ -
NET INCOME (LOSS) AFTER DEPRECIATION	\$ (48,284)	\$ (48,284)	\$ (79,287)	\$ 31,003	39%	\$ 29,084	\$ (19,203)	\$ (97,310)	\$ 78,107
PROJECT & PROGRAM REVENUE									
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	-
Total Program Income	\$ 5,000	\$ 5,000	\$ -	\$ 5,000	100%	\$ 672,375	\$ 677,375	\$ 375,000	\$ 302,375
PROJECT & PROGRAM EXPENSE									
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)
Total Program Expense	\$ 23,662	\$ 23,662	\$ -	\$ 23,662	#DIV/0!	\$ 767,105	\$ 790,766	\$ 475,000	\$ 315,766
NET INCOME (LOSS) FROM PROGRAM ACTIVITY	\$ (18,662)	\$ (18,662)	\$ -	\$ (18,662)	#DIV/0!	\$ (94,730)	\$ (113,392)	\$ (100,000)	\$ (13,392)
NET INCOME (LOSS) AFTER DEPRECIATION & PROGRAM ACTIVITY	\$ (66,945)	\$ (66,945)	\$ (79,287)	\$ 12,342	16%	\$ (65,646)	\$ (132,594)	\$ (197,310)	\$ 64,715

CAPITALIZE ALBANY CORPORATION

Comparative Balance Sheets

Pre-Audited Draft

Assets

Current Assets:

Cash and cash equivalents

Investments

Restricted cash

Mortgage notes receivable, net

Net investment in direct financing leases

Accrued interest receivable

Grants receivable

Receivables from the City of Albany and City agencies

Other receivables, net

Property held for investment and lease, net

Property and equipment, net

Other assets

Total assets

Deferred Outflows of Resources

Liabilities

Current Liabilities:

Accounts payable and accrued expenses

Due to the City of Albany

Unearned grant and other income

Bonds payable

Revolving loan fund liability

Unearned program support

Total liabilities

Deferred Inflows of Resources

Net Position

Net invested in capital assets

Restricted for:

Debt service

CDBG eligible activities

Other program specific activities

Impact Downtown Albany

Unrestricted

Total net position

	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
Deferred Outflows of Resources	\$ -	\$ -	\$ -
	\$	\$	\$
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
Deferred Inflows of Resources	\$ -	\$ -	\$ -
	\$	\$	\$
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
Total net position	\$ 11,100,206	\$ 11,034,563	\$ 11,167,153

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

Pre Audited Draft

	Year to Date March 31, 2018	Projected December 31, 2018	Year Ended December 31, 2017
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

Capitalize Albany Corporation Board Meeting
April 24, 2018

Agenda Item #4: Other Business

Capitalize Albany Corporation Board Meeting
April 24, 2018

Agenda Item #5: Board Only and/or Executive Session (if necessary)