



**CAPITALIZE ALBANY**  
CORPORATION

**Tuesday, May 28, 2019**  
21 Lodge Street, 8:00 a.m.

**Capitalize Albany Corporation  
Board of Directors Meeting**

## Agenda

1. Review of Minutes from the Regular Meeting of April 30, 2019
2. Report of Executive Staff – Corporation Update
  - a. State CFA Round 9
  - b. Liberty Park Update
3. Report of Finance and Investment Committee
  - a. Investment Policy Revision (Resolution 8-2019)
4. Other Business
5. Board Only and/or Executive Session (if necessary)

# **Capitalize Albany Corporation Board Meeting**

May 28, 2019

**Agenda Item #1:** Review of Minutes from the Regular Meeting of April 30, 2019

**Materials:**

- Capitalize Albany Corporation Regular Board Minutes

**Capitalize Albany Corporation Board Meeting**  
**MINUTES**  
**Tuesday, April 30, 2019**

The meeting of the Capitalize Albany Corporation Board of Directors was held at 8:00 a.m., Tuesday, April 30, 2019 at 21 Lodge Street, Albany, NY.

The following were in attendance:

*Board of Directors:*

Michael Castellana	Sonya del Peral	David Parente	Jeff Sperry
Heather Briccetti	Michael Fancher	Matthew Peter	Anders Tomson
Bob Curley	John Harris	Havidan Rodriguez	John Vero

*Other:* Thomas M. Owens, Esq.

*Staff:* Sarah Reginelli, Joe Landy, Mark Opalka, Ashley Mohl, Mike Bohne and Genevieve Zurowski

*Excused:* Kaweeda Adams, Susan Pedo, Karen Torrejon

Chairman Michael Castellana called the regular meeting of the Capitalize Albany Corporation (“Corporation”) Board to order at 8:06 a.m.

**Approval of Minutes for the March 26, 2019 Regular Board Meeting**

The Board reviewed the minutes of the March 26, 2019 Regular Board meeting. Matthew Peter made a motion for approval, Heather Briccetti seconded. The Board agreed unanimously to approve the minutes.

**Report of Executive Staff – Corporation Update**

Staff presented an update on ongoing projects including the DRI, Quackenbush Square, Kiernan Plaza and the current environment surrounding dense development. Staff updated the Board regarding Governor Cuomo’s Regional Economic Development Council Round IX consolidated funding application (CFA) process set to open in early May. Staff also informed the Board of correspondence related to an outstanding Ten Broeck loan and that the matter will be discussed at the next Committee meeting. Staff updated the Board on the recent emergency demolition of 176 North Pearl Street and its impact on the Corporation’s property at 174 North Pearl Street. The Palace has requested to acquire the property, but asked Capitalize Albany to make the first proposal. Staff had not yet heard back from representatives of the Palace, but will update the Board as discussions progress.

*a. Skyway*

Staff reported the *Skyway* project was awarded additional funding of \$5 million dollars through the Transportation Alternatives Program application prepared in part by the Corporation. The New York State Department of Transportation is coordinating with the City and the Corporation, preparing for final engineering and construction of a \$9.6

million project that incorporates previous awards. Completion of the feasibility study and design report is expected to be completed this quarter.

b. *Façade Improvement Program*

Staff informed the Board the spring 2019 funding window was announced earlier this month, and applications will be accepted beginning in May. The application window will close on June 6, concluding the program's third round. The Board commended the staff in the program's success and the direct impact it is making in their communities.

**Report of Finance & Investment Committee**

a. *Quarterly Review of Budget Results*

Staff introduced the financial performance for the first quarter. On a pre-audit basis, through March 31, 2019, the Capitalize Albany Corporation had a net income of \$10,561. This position compares favorably to the year-to-date (YTD) budgeted net loss of \$103,470.

b. *Review Investment Portfolio – Resolution 05-2019*

Chair Michael Castellana introduced *Resolution 05-2019* to the Board, which had been discussed and recommended at April's Finance Committee meeting. The Committee discussed their review of the early performance of the new investment portfolio with Hugh Johnson Advisors and recommended additional flexibility to increase yield. The Board spoke at length regarding the Corporation's Investment Policy and performance, achieving consensus that flexibility was warranted with monitoring by the Finance Committee. A motion to adopt the *Resolution 05-2019* was made by Anders Tomson, and seconded by Bob Curley. A vote being taken, the motion passed unanimously.

**Report of Liberty Park Committee**

Staff and the Board discussed the status of resources and acquisition related to the Liberty Park project. Board Member Havidan Rodriguez disclosed that he serves as Co-Chair of the Capital Region Economic Development Council and recused himself from any discussion of related resources. The Board entered into Executive Session from 8:39 a.m. to 9:28 a.m. related to proposed real estate transactions, the discussion of which would significantly affect the value. Staff and Counsel remained in the room at the Board's request. Staff left the room at 9:05 a.m. The Board concluded Executive Session at 9:28 a.m. No action was taken in Executive Session.

a. *Resource Update – Resolution 06-2019*

Chair Michael Castellana introduced *Resolution 06-2019* to the Board. This resolution authorizes the Corporation to execute the Incentive Proposal dated April 23, 2019 from Empire State Development. A motion to adopt *Resolution 06-2019* was made by Anders Tomson, and seconded by Jeff Sperry. Havidan Rodriguez recused himself from the discussion and the vote after disclosing he was a member of the Regional Economic Development Council. A vote being taken, the motion passed with all other members voting aye.

b. *Acquisition Update – Resolution 07-2019*

Chair Michael Castellana introduced *Resolution 07-2019* to the Board. This resolution authorizes the Corporation's counsel to submit an application to the City of Albany Industrial Development Agency requesting that they acquire the fee interests to the ACCA Leasehold Properties by eminent domain. The Board recommended soliciting a legal opinion by outside counsel identifying any potential conflicts of interest. A motion to adopt *Resolution 07-2019* subject to receipt of the third-party legal opinion was made by Heather Briccetti, and seconded by Sonya del Peral. A vote being taken, the motion passed unanimously.

### **Other Business**

Staff returned to the room. Staff informed the Board of the recent achievement of Board Member, Karen Torrejon and Capitalize Albany Staff Member, Ashley Mohl on being distinguished in this year's Albany Business Review's 40 Under 40. The Corporation will provide a table at the celebratory luncheon and encouraged all Board Members to attend.

*a. Annual Financial Disclosure Statements*

Staff reminded the Board the *Annual Financial Disclosure Statements* are due May 15<sup>th</sup> with respect to the preceding calendar year, and will be filed in the City of Albany Clerk's office.

There being no further business, the Capitalize Albany Corporation Board of Directors regular meeting was adjourned at 9:39 a.m.

# **Capitalize Albany Corporation Board Meeting**

**May 28, 2019**

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

**Materials:**

- State CFA Round 9
- Liberty Park Update



Capitalize Albany Corporation  
21 Lodge Street  
Albany, New York 12207

## MEMORANDUM

TO: Capitalize Albany Corporation Board of Directors  
FROM: Economic Development Staff  
RE: 2018 State Funding Competitions  
DATE: May 28, 2019

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Capitalize Albany Corporation will again serve as the local liaison for New York State's Regional Economic Development and Consolidated Funding Application process. Round IX's Timeline is as follows:

**April 25** – Initial email to announce CFA to all stakeholders  
**May 1, 9 a.m.** – Application period opens  
**May 8** – CREDC Workshop at Hudson Valley Community College, Troy (general information session)  
**May 15** – City of Albany Common Council Caucus Meeting - Introduction presentation by Capitalize Albany  
**May 20** – CFA Roundtable & Workshop at City Hall  
**June 12** – CREDC Workshop at Proctors, Schenectady (general information session)  
**June 26** – Transformative Project Description forms and support requests due to Capitalize Albany  
**June 27** – Transformative Project Description forms and summary sent to Common Council  
**July 10** – City of Albany Common Council Caucus Meeting - Application presentation by Capitalize Albany  
**July 15** – Common Council Meeting - Vote on resolutions  
**July 26, 4 p.m.** – Application period closes  
**October 1, 2019** – Scoring by CREDC complete  
**December 2019** – Awards announced (typically first or second week of December)

Visit the following links for more information about Round IX and available funding sources:

State's materials – <http://regionalcouncils.ny.gov/>

Capital Region Council – <https://regionalcouncils.ny.gov/capital-region>

CFA workshops – [http://www.regionalcouncils.ny.gov/capital-region/resources?type\[71\]=71](http://www.regionalcouncils.ny.gov/capital-region/resources?type[71]=71)

FOR CONSIDERATION

May 16, 2019

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Albany (Capital Region – Albany County) – Liberty Park Mixed Use Development Capital – Upstate Revitalization Initiative (Capital Grant)

REQUEST FOR: Findings and Determinations Pursuant to Section 10(g) of the Act;  
Authorization to Adopt the Proposed General Project Plan;  
Authorization to Make a Grant and to Take Related Actions;  
Determination of No Significant Effect on the Environment

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General Project Plan

I. Project Summary

Grantee: Capitalize Albany Corporation (“CAC” or the “Organization”)

ESD\* Investment: A grant of up to \$10,193,720 to be used for the cost of real estate acquisition; property maintenance, operation and stabilization; administration costs; emergency demolition; lease/rent expenses; and design and planning costs

\* The New York State Urban Development Corporation doing business as Empire State Development (“ESD” or the “Corporation”)

Project Location: Property and adjacent public rights-of-way within the boundaries of South Pearl Street, Madison Avenue, Broadway, and Hudson Avenue (including the 50 parcels currently controlled by the Albany Convention Center Authority), Albany, Albany County, referred to as Liberty Park

Proposed Project: Acquisition of property rights (fee and/or leasehold interests, as needed for the appropriate control of the property related to the Project) by the Grantee (or Grantee’s wholly-owned subsidiary Liberty Square Development, LLC), emergency demolition, property maintenance and operation and stabilization, administration and planning and design by the Grantee, Grantee’s wholly-owned subsidiary Liberty Square Development, LLC, or other investors to redevelop

property in downtown Albany

Project Type: Downtown Revitalization

Regional Council: The project is consistent with the Capital Regional Economic Development Council ("CREDC") Plan's metro strategy to build vibrant cities for business and families. The project is also identified in the CREDC's Upstate Revitalization Initiative as a priority in that it would catalyze economic growth by creating a center of economic vibrancy in a historic, downtown district.

## II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Real Estate Acquisition/Lease	
Buyouts	\$8,475,000
Emergency Demolition	693,720
Administration	525,000
Other Project Costs (design, planning, etc.)	<u>500,000</u>
Total Project Costs	<u>\$10,193,720</u>

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD Grant	<u>\$10,193,720</u>	<u>100%</u>
Total Project Financing	<u>\$10,193,720</u>	<u>100%</u>

## III. Project Description

### A. Organization

Industry: Capitalize Albany Corporation is a local agency that serves as the City of Albany's economic development arm. Its mission is to facilitate strategic economic development and stimulate transformative investment throughout the City of Albany, making New York's Capital a vibrant place to thrive.

Organization History: The Organization was founded in 1979 as the Albany Local Development Corporation and changed its name in 2009 to better reflect its role as the economic development service provider in New York's capital city. CAC implements programs and resources to create, retain, and attract business in the City of Albany.

Ownership:	CAC is a 501(c)(3) not-for-profit corporation and a public authority as defined by section 2(b) of the Public Authorities Law
Size:	CAC has a staff of seven professionals and is governed by a 16-member Board of Directors that drives the Organization's mission.
Market:	N/A
ESD Involvement:	<p>In 2004, the New York State Legislature created the Albany Convention Center Authority ("ACCA") after determining that a convention center in the City of Albany would provide significant economic and social benefits to the entire Capital Region. In 2009, the ACCA began acquiring and leasing parcels of land within the boundaries of the Project Location (the "Site") for the purpose of constructing a convention center. In 2013, the ACCA revised its plans, changed the location and ultimately constructed a \$78 million convention center at a different site closer to the New York State Capitol, Empire State Plaza and the Times Union Arena. The convention center, known as the Albany Capital Center, opened in March 2017 and the immediate surrounding area experienced a significant transformation, including over \$142 million in new investment.</p> <p>ACCA's legislated authority is limited to the construction and operation of convention facilities within downtown Albany. The ACCA no longer requires the 50 parcels that make up the Site and does not have the authority to pursue opportunities for their redevelopment. Efforts undertaken to divest this surplus property including a Request for Proposals were unsuccessful given the lack of private or municipal control of the location, and the lack of incentives to address the public infrastructure needs for the Site's redevelopment. To mitigate this hurdle, ESD engaged with the ACCA to consider a redevelopment scenario where either ESD or some other qualified development corporation with access to incentives and the authority to raise capital, would gain control of the properties for the purpose of being the master developer.</p> <p>To facilitate the process, ESD commissioned a Feasibility Study ("Study") in 2017 to assess the potential for the Site and the surrounding area. The Study took a comprehensive look at prior studies and plans, and existing conditions including the current market. Two similar concepts were developed, each identifying approximately \$130 million in potential large-scale mixed-use development focused on residential and entertainment uses.</p>

The proposed redevelopment plan presents a unique opportunity to attract the type of investment that will generate economic growth and will also strengthen the linkages to the Hudson River, Pastures Neighborhood, Pearl Street, Broadway, State Street and be a catalyst for improving the condition of adjacent properties. This highly underutilized land is an ideal location for attracting the type of mixed-use development that promotes a live, work and play environment anchored by walkable streets and greenspace.

Following the presentation of the Feasibility Study in the Fall of 2017, CAC expressed interest in serving as the master developer. As the City of Albany's economic development organization, CAC was determined to be the most appropriate entity to facilitate the development based on its track record of sponsoring real estate redevelopment projects, facilitating large scale grants and having the staffing capacity, but did not have the financial capacity without additional state resources. ESD, ACCA and other interested state agencies supported this concept of CAC acting as master developer, supported by additional state resources.

In December 2017, the ACCA and CAC entered into a purchase agreement for the ACCA's interest in the Site. The agreement includes the condition that CAC would have to secure additional financial resources. CAC subsequently applied to ESD for funding to support the acquisition of property, demolition, infrastructure and public space improvements, design, planning, and construction and renovation costs.

ESD incentives offered for Site redevelopment total \$15,000,000 in grant funding, of which a grant of up to \$10,139,720 is being requested at this time for preliminary costs including property acquisition, emergency demolition, property maintenance, operation and stabilization, administration and design, planning, and soft costs associated with the redevelopment of the Site. The balance of the grant awards will be presented to ESD's Directors for approval at a later time, when Site planning has progressed. Without ESD assistance the project would not have been feasible.

Competition: N/A

Past ESD Support: This is the Organization's first project with ESD.

B. The Project

Completion: December 2023

Activity: The proposed project is the first phase of a multi-year, multi-phased approach to re-developing an underutilized site in the heart of Downtown Albany's Business Improvement District into a vibrant, mixed-use neighborhood. The project includes the acquisition of property, emergency demolition, property maintenance, operation and stabilization; design and planning, and administration costs to enable CAC to obtain site control and facilitate the planning process for public infrastructure improvements and further private redevelopment.

Results: The eight-acre Liberty Park Site presents an unmatched opportunity in a downtown core. With ESD assistance, Liberty Park is poised to attract investment that will generate economic growth beyond the site and strengthen connections to the Hudson River, the downtown core and nearby neighborhoods. Following completion of the Project, the Liberty Park Site is anticipated to leverage more than \$100 million in private sector investment leading to a total transformation of the targeted area, activating long-standing and sustainable growth in Downtown Albany and opportunities for the region a whole.

Economic Growth

Investment Project: No Benefit-Cost Analysis ("BCA") is required since these projects generate long-term benefits not captured in the short-term period used for the BCA and may involve no permanent job commitments.

Grantee Contact: Sarah Reginelli, President  
21 Lodge Street  
Albany, NY 12207  
Phone: (518) 434-2532  
E-mail: sreginelli@capitalizealbany.com

ESD Project No.: 132,213

Project Team:	Origination	Mike Yevoli
	Project Management	Linda Dillon
	Legal	Craig Alfred
	Contractor & Supplier Diversity	Denise Ross
	Finance	Kathleen Uckert
	Environmental	Soo Kang

C. Financial Terms and Conditions

1. Upon execution of the grant disbursement agreement, the Grantee shall pay a commitment fee of 1% of the capital grant (\$101,937), due either in its entirety after ESD Directors' approval at the time a Grant Disbursement Agreement is executed, or as follows:

An initial payment of \$33,979 after ESD Directors' approval at the time a Grant Disbursement Agreement is executed;

A second payment of \$33,979 no later than January 1, 2021; and

A third payment of \$33,979 prior to January 1, 2022 or disbursement of the last 10% of grant funds, whichever is earlier.

In addition, the Grantee shall reimburse ESD for all out-of-pocket expenses incurred in connection with the project.

2. The Grantee will demonstrate no materially adverse changes in its financial condition prior to closing/disbursement.
3. Funds will be disbursed as follows, assuming that all project approvals have been completed and funds are available:

Up to \$10,193,720 will be deposited, as set forth below, into an account (the "Imprest Account") at a bank mutually acceptable to ESD (as set forth in writing by ESD). Funds in the Imprest Account, from the time of deposit and until disbursed from such account in accordance with terms to be approved by the ESD Directors, will be invested in accordance with ESD's Investment Guidelines. ESD shall be provided with copies of all account statements and reports in accordance with the reporting requirement. Interest earned on the funds deposited in the Imprest Account must be returned to ESD quarterly.

ESD may authorize up to \$8,475,000 for the acquisition of real property interests for multiple parcels located within the Project Location, and the operation (including lease payments) and maintenance of such parcels. Such drawdowns of grant funds shall be authorized by ESD prior to closing upon presentation of an executed or draft purchase and/or sale agreement(s) or other appropriate evidence of Grantee's acquisition of property rights necessary for the Project, and such other documentation as ESD may reasonably require, including program reports.

The Recipient may seek authorization to release funds from the Imprest Account to pay for invoices due and payable for eligible reimbursable expenses no more frequently than monthly, in compliance with ESD Requirements, assuming all project

approvals have been completed and funds are available. Each subsequent payment requisition will include the current month's invoices and proof of payment for invoices submitted for the previous month.

All disbursements require compliance with program requirements and must be requested by no later than April 1, 2024. Expenditures incurred prior to August 1, 2018 are not eligible project costs and cannot be reimbursed by grant funds.

4. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$10,193,720 for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Grantee and the State of New York. In no event shall the total amount of any assistance to be so reallocated exceed the total amount of assistance approved by the Directors.

#### IV. Statutory Basis – Upstate Revitalization Initiative

The funding was authorized in the 2015-2016 New York State budget and reappropriated in the 2016-2017, 2017-2018, 2018-2019 and 2019-2020 New York State budgets. No residential relocation is required as there are no families or individuals residing on the site.

#### V. Environmental Review

Capitalize Albany Corporation, as lead agency, has completed an environmental review of the proposed real estate acquisition/lease buyouts pursuant to the requirements of the State Environmental Quality Review Act ("SEQRA") and the implementing regulations of the New York State Department of Environmental Conservation. This review found the proposed real estate transaction to be an Unlisted Action, which would not have a significant effect on the environment. The lead agency issued a Negative Declaration on December 18, 2018. ESD staff reviewed the Negative Declaration and supporting materials and concurs. It is recommended that the Directors make a Determination of No Significant Effect on the Environment.

ESD staff has further determined that the approval of funding to be used for emergency demolition, administration, design and planning costs constitutes a Type II action pursuant to Sections 617.(c)(26), 617.(c)(27) and 617.(c)(33) as defined by SEQRA. Therefore, no further environmental review is required in connection with these activities.

Any future infrastructure improvements, site development or change in use of the site will be subject to further environmental review pursuant to SEQRA.

#### VI. Non-Discrimination and Contractor & Supplier Diversity

ESD's Non-discrimination & Contractor and Supplier Diversity policies will apply to this project. CAC shall be required to use Good Faith Efforts (pursuant to 5 NYCRR §142.8) to achieve an overall Minority and Women-owned Business Enterprise ("MWBEs") participation goal of 30%

related to the total value of the qualifying expenditures totaling \$500,000. The MWBE participation in relation to ESD funding shall be no less than \$150,000. CAC is required to actively solicit and utilize MWBEs for any contractual opportunities generated in connection with the project.

VII. ESD Employment Enforcement Policy

ESD's Employment Enforcement Policy will not apply since the project will not directly create or retain jobs.

VIII. ESD Financial Assistance Subject to Availability of Funds and Additional Approval

The provision of ESD financial assistance is contingent upon the availability of funds and the approval of the State Division of the Budget.

IX. Additional Submissions to Directors

Resolutions

New York State Map

Project Finance Memorandum

Project Photographs

May 16, 2019

Albany (Capital Region – Albany County) – Liberty Park Mixed Use Development Capital – Upstate Revitalization Initiative (Capital Grant) – Findings and Determinations Pursuant to Sections 10(g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions

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RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, relating to the Liberty Park Mixed Use Development Capital -- Upstate Revitalization Initiative (Capital Grant) Project (the "Project"), the Corporation hereby determines pursuant to Section 10(g) of the New York State Urban Development Corporation Act of 1968, as amended (the "Act"), that there are no families or individuals to be displaced from the project area; and be it further

RESOLVED, that the Corporation does hereby adopt, subject to the requirements of Section 16(2) of the Act, the proposed General Project Plan (the "Plan") for the Project submitted to this meeting, together with such changes therein as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, a copy of which Plan, together with such changes, is hereby ordered filed with the records of the Corporation; and be it further

RESOLVED, upon written finding of the President and Chief Executive Officer of the Corporation or his designee(s) that no substantive negative testimony or comment has been received at the public hearing held on the Plan, such Plan shall be effective at the conclusion of such hearing, and that upon such written finding being made, the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Capitalize Albany Corporation a grant for a total amount not to exceed Ten Million One Hundred Ninety-Three Thousand Seven Hundred and Twenty Dollars (\$10,193,720) from the Upstate Revitalization Initiative, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

RESOLVED, that the President and Chief Executive Officer of the Corporation or his designee(s) be, subsequent to the making of the grant, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the grant as he or she may deem necessary or appropriate in the administration of the grant; and be it further

RESOLVED, that the provision of ESD financial assistance is expressly contingent upon: (1) the approval of the Public Authorities Control Board, if applicable, and (2) receipt of all other necessary approvals; and be it further

RESOLVED, that the President and Chief Executive Officer or his designee(s) be, and each of them hereby is, authorized in the name and on behalf of the Corporation to execute and deliver

any and all documents and to take all actions as he or she may in his or her sole discretion consider to be necessary or proper to effectuate the foregoing resolutions.

\* \* \*

May 16, 2019

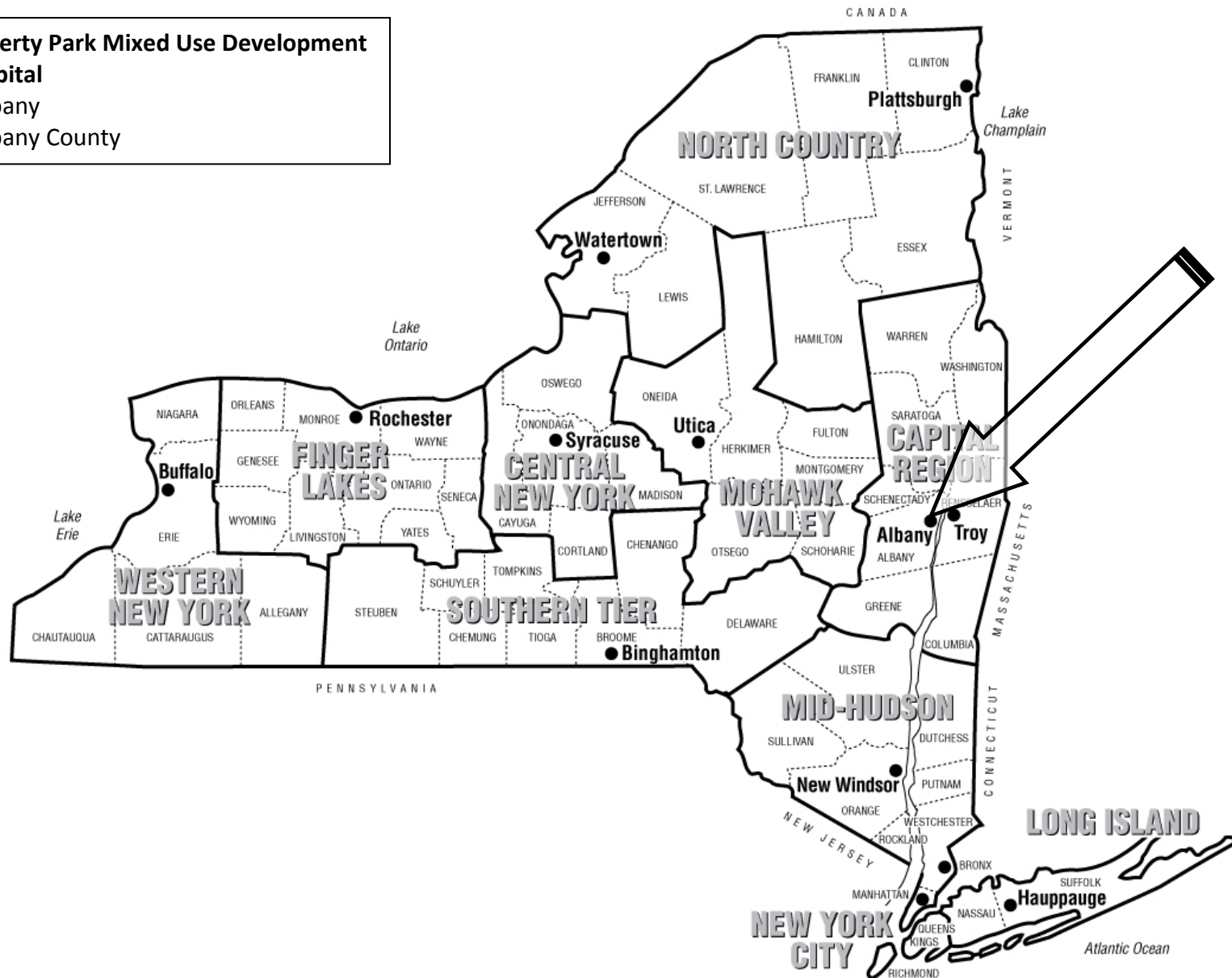
Albany (Capital Region – Albany County) – Liberty Park Mixed Use Development Capital  
– Upstate Revitalization Initiative (Capital Grant) – Determination of No Significant  
Effect on the Environment

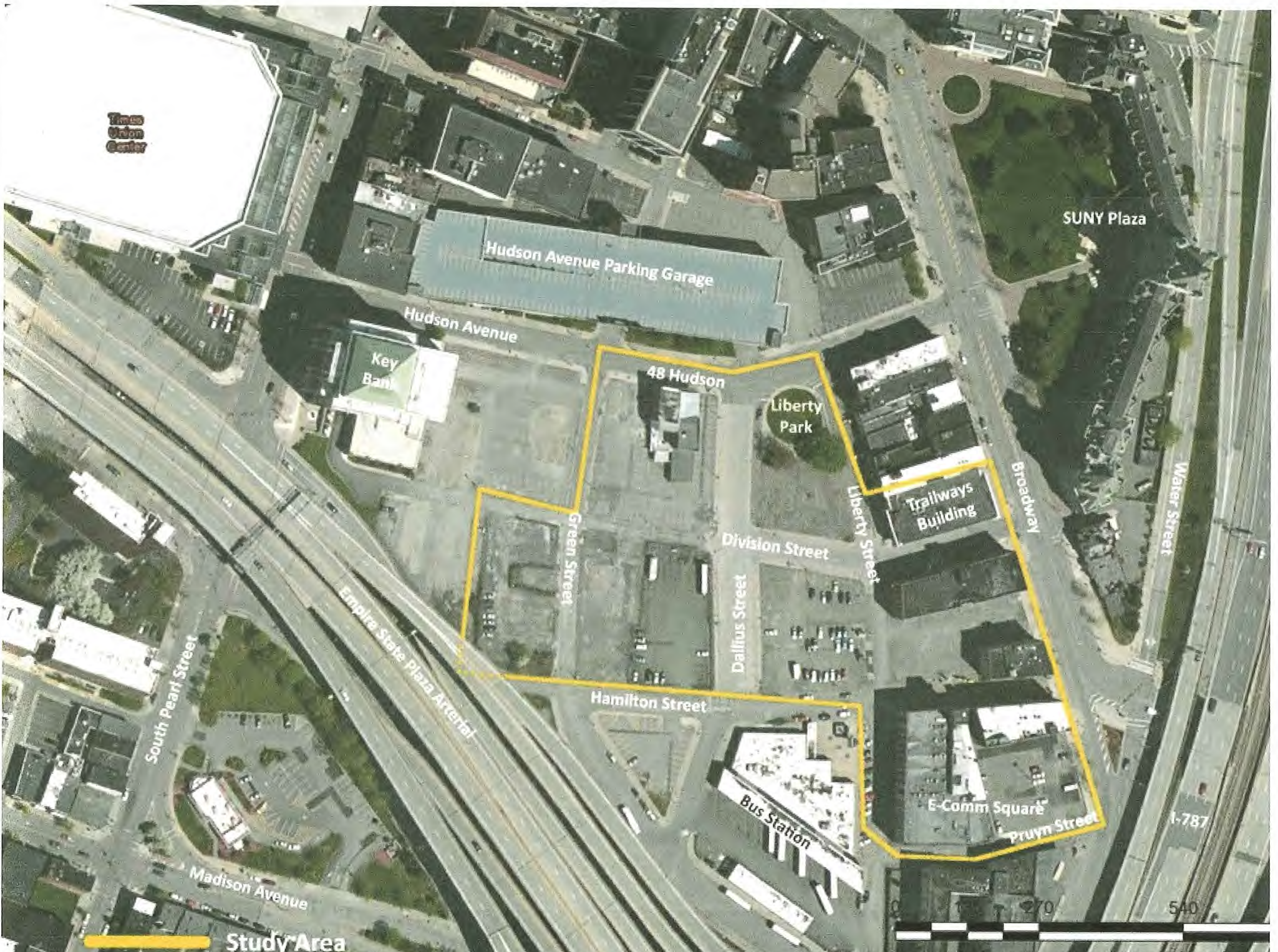
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RESOLVED, that based on the material submitted to the Directors with respect to the Liberty Park Mixed Use Development Capital Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

\* \* \*

**Liberty Park Mixed Use Development  
Capital  
Albany  
Albany County**







# **Capitalize Albany Corporation Board Meeting**

May 28, 2019

**Agenda Item #3:** Report of Finance and Investment Committee  
**Materials:**

- Investment Policy Revision (Resolution 8-2019)

## **GUIDELINES FOR INVESTMENTS CAPITALIZE ALBANY CORPORATION**

These guidelines detail the operative policy regarding the investing, monitoring and reporting of funds of the Capitalize Albany Corporation (“CAC”).

### **1) Purpose.**

These investment guidelines (“Guidelines”) are intended to:

- a) Establish a system whereby current funds on hand, in excess of immediate and near-term needs, are invested to assure that such investment assets are adequately safeguarded and collateralized.
- b) Assure that such investments are adequately liquid to meet the operational needs of the CAC;
- c) Assure that an adequate system of internal control is maintained; and
- d) Assure that such investments produce a reasonable rate of return.

The primary objectives of this portfolio are: (1) preservation of capital, (2) liquidity, and (3) prudent growth of principal.

### **2) Authorization and Management.**

The Board Members of the CAC have delegated the authorization to make day-to-day investment decisions to the President and/or Controller (“Authorized Persons”), subject to the direction from the Board and/or Finance and Investment Committee. Detailed reports of the corporation’s investments will be provided to the Finance and Investment Committee and the Committee will provide a summary of such report/required actions to the Board at the next scheduled meeting.

These Authorized Persons are to make certain that all CAC investment decisions/actions conform to:

- a. section 2925 of the Public Authorities Law; and
- b. these Guidelines.

The Authorized Persons are authorized to deposit all funds received by the CAC (in excess of those needed for on-going operations) consistent with these guidelines. Additionally, subject to Board/Finance and Investment Committee Approval, a professional investment advisor (“Advisor”) may be retained to assist the CAC’s implementation of these Guidelines and the CAC may grant the advisor discretion to execute transactions within the context of these Guidelines. The advisor will be expected to act as a fiduciary at all times in the best interest of the CAC.

### 3) Investment Strategy.

CAC's investment objectives will be achieved primarily with fixed-income investments and, to a lesser extent, with quality equity investments. However, there is no requirement that the portfolio contain equities.

Fixed-income securities in the combined portfolios will include cash equivalents, short- and intermediate-term fixed-income securities. The portfolio will be allocated to these categories based upon cash flow needs as determined by CAC.

Equity investments will be well diversified, high grade and readily marketable.

The investment return on the short-term fixed-income portion of the portfolio will be measured against short-term U.S. Treasury Bills. The investment return on the intermediate-term fixed-income portion of the portfolio will be measured against the Barclays Intermediate Government Credit Index. The investment return on the equity portion of the portfolio, when appropriate, will be measured against the S&P 500.

#### **Asset Allocation\***

<i>Asset Class</i>	<i>Min. Wt.</i>	<i>Max. Wt.</i>	<i>Representative Index</i>
Equities	0%	15%	S&P 500 and MSCI EAFE
<i>Domestic</i>	85%	100%	S&P 500
<i>International**</i>	0%	15%	MSCI EAFE
Fixed Income	80%	95%	BCS Int. Govt./Credit***
Cash or Equivalents	3%	25%	Treasury Bill

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

\*\* Only broadly diversified Exchange Traded Funds will be used for investing in international equities.

\*\*\* Or other broad-based bond market benchmark agreed upon by CAC.

### 4) Types of Investments.

a. Cash or Equivalents. The following types of cash or equivalents investments are approved:

1. Deposits in Savings, Checking and/or Money Market Type accounts of banks doing business in New York that are collateralized or fully insured by the FDIC as to principal and expected interest
2. Money market funds managed by nationally recognized investment management companies in funds with net assets of \$1 billion or more.

b. Fixed Income. Subject to the conditions and restrictions contained in 3(A)(6) below, the following types of cash or fixed income investments are approved:

1. Obligation of the U.S. Treasury, AAA-rated U.S. Government Agencies and obligations guaranteed by the U.S. Treasury or AAA-rated U.S. Government agencies. There is no limit on these investments, except that no more than 15% of the fixed-income segment can be invested in Government guaranteed mortgage pass through securities.
2. Certificates of Deposit collateralized or fully insured by the Federal Deposit Insurance Corporation as to principal and expected interest.
3. Corporate debt obligations as follows:
  - a. Commercial Paper; and
  - b. Short-Term Notes or Corporate Bonds

Commercial paper must be rated at least A1/P1 with a maximum maturity of nine months. Corporate notes and bonds must be rated at least A1 by Moody's or A+ by Standard and Poor's.

4. Tax-Exempt or Taxable Municipal Securities as follows:
  - a. Municipal notes and bonds;
  - b. Adjustable rate municipals; and
  - c. Tax-Exempt commercial paper.

Municipal obligations must be rated at least "A" (or the equivalent) by a nationally recognized credit rating agency. Insured obligations must have an underlying rating of at least "A".

5. Any obligation that is not guaranteed by the U.S. Government or one of its agencies is limited to 10% of the portfolio.
6. The Following Conditions and Restrictions Apply to Fixed-Income Investments:
  - a. No less than 25% of the portfolio will possess a final maturity of one year or less.
  - b. The maximum weighted average maturity of the fixed-income securities (exclusive of the portion of the portfolio that matures within one year) may not exceed four years.
  - c. No less than 50% of the fixed-income securities must be obligations of the U.S. Treasury or Government Agency.
  - d. Fixed income securities with a maturity, expected average maturity, or reset period greater than 10 years are prohibited.
  - e. Fixed income or interest rate futures are prohibited.
  - f. Risky or volatile derivative securities as commonly defined by the financial industry are prohibited.
  - g. Zero coupon Treasury bonds are permitted.
  - h. CMO securities of any type are not permitted.

- i. Cash reserves should be invested in interest bearing securities or in an appropriate money market fund or saving/checking account.

Since it is not a regular business practice for a written contract with respect to these types of investments, no written contract is required. The operating practices herein shall govern.

- c. Equity. Equity investments are to be chosen from the New York Stock Exchange, American Stock Exchange, the regional exchanges, or the national over-the-counter market. No more than 30% of the market value of the equity portion of the portfolio should be in any one industry and no more than 10% in any one security.
- d. Collateral and Securitization. Other than those investments identified in 4(a)(1) and 4(b)(2), no collateralization or securitization of the investments are required.
- e. Written Contracts. No written contracts are required for any of the approved CAC investments except for all normal and customary investment/account documents (e.g. account statements, etc.) which provide that CAC is the full and only owner of the respective investment.

5) Operating Procedures.

- a) Approvals: The Advisor will be consulted by the Authorized Persons prior to executing any investment transactions. Authorized Persons must approve all investment transactions before they are executed.
- b) Collateral: The custodian of all collateral involved in any investment transaction must be either the CAC or third party custodian acceptable to the CAC. If at any time the required collateral does not equal the value of the investment, the CAC shall inform the third party custodian of additional collateral required. If additional collateral is not added immediately by the third party custodian involved, the CAC shall demand the return of the amount invested. Any custodian or trustee of securities in any transaction of which the CAC is a principal may not relinquish control over such securities without written consent of the CAC and the bank. Whenever investments require collateralization, such investments must be collateralized by direct obligations of the United States or New York State Government or obligations the principal and interest of which are guaranteed by the United States, one of its agencies or New York State Government.
- c) Tracking and Accounting. CAC will account for investments in accordance with generally accepted accounting principles (GAAP) for all financial statements. CAC shall receive reports monthly from any custodian/bank holding CAC investments. The Controller will review such reports monthly and verify the principal amount and market values of all investments and collateral.

6) Guidelines Annual Review or Modifications.

- a) The CAC Finance and Investment Committee and Board will review these Guidelines at least annually and may by Board resolution modify these Guidelines at any time.

7) Reports and Audits.

- a) Quarterly reports of investment activity and portfolio reporting will be provided to the CAC's Finance & Investment Committee and a summary of each such quarterly report will be provided by the Committee to the Board. At least annually, and additionally as determined by the CAC Finance & Investment Committee, a report on the investment portfolio and activity will be provided to the Board. The portfolio reporting will include an estimate of fair value (market value) as obtained from the Bloomberg, financial correspondents or nationally published sources. Also included will be the characteristics of each investment, the net change in fair value since the prior month-end, with summary information for the entire portfolio.

- b) Any retained investment advisor will meet with the CAC Board at least annually to discuss the portfolio and any questions of the CAC Board.

- c) Annual Investment Audit. Each year, the CAC shall cause its independent auditors to conduct an audit (the "Annual Investment Audit") regarding the CAC's investments. The Annual Investment Audit shall determine whether CAC has complied with:

- 1. its own investment policies; adequate accounts and records are maintained which accurately reflect all transactions and report on the disposition of the CAC's assets; and a system of adequate internal controls is maintained; and
- 2. applicable laws and regulations.

- d) Annual Investment Report. The CAC Controller shall prepare and submit an annual investment report to the Board within 90 days after the close of each fiscal year of the CAC. Upon Board approval, the report shall be filed with the City of Albany and entered/certified into the Public Authority Reporting Information System ("PARIS"). Such report shall include the following:

- 1. The Guidelines required by Section 2925(3);
- 2. The results of the Annual Investment Audit described above;
- 3. The investment income results of the CAC; and
- 4. A list of the total fees, commissions or other charges paid for CAC investment associated services by the CAC since the date of the last investment report.

The Annual Investment Report shall be filed within ninety (90) days after the close of the CAC's fiscal year.

8) Criteria for Selection of Investment Banks or Firms and Brokers.

The following are criteria for the selection of Investment Banks or Firms and Brokers:

- a) Investment Banks or Firms and Brokers authorized to do business within New York State.
- b) Investment Banks or Firms and Brokers in business for over (5) five years.
- c) Investment Banks or Firms and Brokers that have demonstrated a proven record of returns, that meet or exceed the yield and total return generated from Treasury benchmarks.
- e) Investment Managers/Advisors must be registered with the Securities and Exchange Commission (SEC) while Investment Brokers/Dealers must be members in good standing with the Securities Investors Protection Corporation (SIPC) and the Financial Industry Regulatory Authority (FINRA).

**RESOLUTION 8-2019  
OF THE  
CAPITALIZE ALBANY CORPORATION**

**WHEREAS**, to ensure that the Corporation's resources are prudently managed, and pursuant to New York Public Authorities Law ("PAL") section 2925, the Corporation has an Investment Policy; and

**WHEREAS**, the CAC staff and Finance and Investment Committee annually reviews such Investment Policy to ensure it meets the Corporation's objectives and remains in compliance with any applicable requirements; and

**WHEREAS**, the staff and Committee completed such review and finds the Investment Policy (as attached with recommended modifications) continues to emphasize the Corporation's primary objectives of capital preservation, liquidity, and prudent growth of principal; and

**WHEREAS**, the Committee has reviewed said revised Investment Policy and recommends Board approval of the Policy.

**NOW THEREFORE BE IT RESOLVED**, that the CAC Board of Directors approves the Investment Policy dated May 28, 2019.

Signed: \_\_\_\_\_  
Sarah Reginelli  
President

Date of Authorization: May 28, 2019