



**CAPITALIZE ALBANY**  
CORPORATION

**Tuesday, January 30, 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 December 12, 2017
2. Guest Speaker: Mayor Kathy Sheehan
3. Report of Executive Staff – Corporation Update
  - a. Albany Skyway - Resolution 2-2018
  - b. Authorization of the Purchase of 60 Green Street – Resolution 3-2018
4. Report of the Finance & Investment Committee
  - a. Review of 2017 Unaudited 4<sup>th</sup> Quarter Results
  - b. Annual Review Procurement Policy
  - c. Annual Review Investment Guidelines
5. Report of the Governance Committee
  - a. 2018 Compensation
    - i. 2018 Performance Goals and At-Risk Compensation Pool - Resolution 1-2018
  - b. Periodic Compensation Review
6. Other Business
7. Board Only and/or Executive Session (if necessary)

**Capitalize Albany Corporation Board Meeting**  
**MINUTES**  
**Tuesday, December 12, 2017**

The meeting of the Capitalize Albany Corporation Board of Directors was held at 8:00 a.m., Tuesday, December 12, 2017 at 21 Lodge Street, Albany, NY.

The following were in attendance:

**Board of Directors:**

Michael Castellana	Karen Torrejon	Michael Fancher
David Parente	Jeff Sperry	Anders Tomson
John Harris	Robert Curley	John Vero
Michele Vennard	Matthew Peter	Susan Pedo

**Other:**

Thomas M. Owens, Esq.

**Staff:**

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

Chairman Michael Castellana called the regular meeting of the Capitalize Albany Corporation (“Corporation”) Board to order at 8:11 a.m.

**Approval of Minutes for the October 24, 2017 Regular Board Meeting**

The Board reviewed the minutes of the October 24, 2017 Regular Board meeting. Bob Curley made a motion for approval. Susan Pedo seconded. The Board agreed unanimously to approve the minutes.

**Report of Executive Staff – Year-End Report**

Staff made a presentation to the Board reviewing the Corporation’s activities and accomplishments for 2017. Staff distributed copies of the Capitalize Albany Corporation’s Annual Report. Staff discussed the Corporation’s strategic plan and projects moving forward.

**Report of the Finance & Investment Committee**

**29 North Pearl Street Release of Reverter – Resolution 19-2017**

Counsel Owens informed the Board that in 1985, the Corporation (then ALDC) sold the property located at 29 North Pearl Street to an individual (Norman Brue). The 1985 ALDC deed to Brue contained a right of reverter in favor of ALDC which could be exercised if the Grantee failed to comply with rehabilitation standards established by the U.S. Department of the Interior. The property was subsequently developed into retail/offices (Bruegger’s until approximately 2015). Counsel Owens stated that in June 2017 the property was purchased by Promontory Capital, LLC with a purpose to make it retail/residential. The right of reverter has prevented financing for the intended property development, and Promontory Capital, LLC has requested the Corporation release its right of reverter. The Corporation had an appraisal by Conti Appraisal completed (at the expense of Promontory Capital, LLC) which concluded that right of

reverter had no value due to statutory concerns, and the inability to prove the required conditions to exercise the right of reverter.

A motion to adopt Resolution 19-2017 to release of the right of reverter was made by Anders Tomson and seconded by John Harris. A vote being taken, the resolution passed unanimously.

526 Central Avenue Purchase and Sale Agreement – Resolution 20-2017

Anders Tomson, Chair of the Finance & Investment Committee, discussed with the Board the purchase and sale agreement with Regan Development Corporation for 526 Central Avenue.

A motion to adopt Resolution 20-2017 to authorize the President to execute a PSA with Regan Development Corp., to transfer the Property in accordance with terms and conditions substantially similar to the terms and conditions in the PSA reviewed by the Finance and Investment Committee was made by Jeff Sperry and seconded by John Harris. The motion passed unanimously.

Liberty Park Due Diligence Update

A motion to enter into executive session was made by John Harris, seconded by Anders Tomson to discuss a proposed real estate transaction. The Board entered into executive session at 8:55 a.m. Board members, Counsel, and Staff remained in the room.

Susan Pedo left the meeting at 8:56 a.m.

It was reiterated again to the Board that the Board should be aware that both Sarah Reginelli and Michele Vennard serve on the ACCA Board of Directors. A motion to adopt Resolution 21-2017 to authorize the Chair of the Finance & Investment Committee to execute a PSA with the Albany Convention Center Authority to transfer the Property in accordance with terms and conditions substantially similar to the terms and conditions in the PSA reviewed by the Finance and Investment Committee and authorizes the creation of one or more LLC's for the purpose of acquiring and holding the ACCA surplus properties in the future as deemed appropriate by the Board, was made by John Harris and seconded by Anders Tomson. Michele Vennard recused herself from the vote. A vote being taken, the motion passed. The Board left executive session at 9:37 a.m. and returned to its regular session.

David Parente left the meeting.

**IDA/CRC Agreements**

IDA/CRC Professional Service Agreement Approval Resolution 22-2017

Sarah Reginelli and Mark Opalka recused themselves from discussions and voting by leaving the room, due to their IDA and CRC positions. Counsel Owens reviewed the agreement and resolution with the Board. A motion to adopt the resolution was made by Anders Tomson and seconded by John Harris. A vote being taken, the motion passed unanimously.

IDA Economic Development Fee for Service Approval Resolution 23-2017

Counsel Owens reviewed the agreement and resolution with the Board. Sarah Reginelli and Mark Opalka remained outside of the room for discussions and voting, due to their IDA and

CRC positions. A motion to adopt the resolution was made by Anders Tomson and seconded by John Harris. A vote being taken, the motion passed unanimously.

### **Report of the Governance Committee – Year-end Administrative Matters**

A motion to enter into executive session was made by John Harris, seconded by Bob Curley to discuss the employment history of certain individuals. The Board entered into executive session at 9:40 a.m. Board members and Counsel remained in the room. Corporation President and Staff left the room.

#### **2017 At-Risk Compensation – Resolution 16-2017**

Following discussion, a motion to adopt 2017 At-Risk Compensation Pool Distribution Resolution 16-2017 was made by John Harris and seconded by Matthew Peter. A vote being taken, the motion passed unanimously.

#### **2018 Compensation**

##### **2018 Officer Salaries - Resolution 17-2017**

Following discussion, a motion to adopt 2018 Officer Salaries Resolution 17-2017 was made by John Harris and seconded by Michael Fancher. A vote being taken, the motion passed unanimously.

##### **2018 Performance Goals and At-Risk Compensation Pool – Resolution 18-2017**

The Board agreed to discuss the 2018 Performance Goals and At-Risk Compensation Pool at the next Board meeting.

The Board left executive session at 9:44 a.m. and returned to its regular session. Corporation President and Staff came back in the room for the remainder of the meeting.

##### **2018 Election of Board Officers - Resolution 15-2017**

Following discussion, a motion to approve the 2018 Election of Board Officers Resolution 15-2017 was made by Karen Torrejon and seconded by Michele Vennard. A vote being taken, the motion passed unanimously.

Chair Michael Castellana left the meeting.

##### **60 Green Street Purchase and Sale Agreement**

Staff discussed a potential purchase and sale agreement for 60 Green Street. A motion to approve the execution of a Purchase and Sale Agreement for 60 Green Street subject to terms and conditions substantially similar to those laid out in the Purchase and Sale Agreement reviewed by the Board was made by Anders Tomson and seconded by John Harris. A vote being taken, the motion passed unanimously.

### **Other Business**

#### **CEG Professional Services Agreement – Resolution 24-2017**

Staff discussed the Albany/Capital Region's RFP response to the site selection for Amazon's second corporate headquarters. It was disclosed that both Chair Michael Castellana and John

Harris serve on the CEG Board of Directors. The Board reviewed Resolution 24-2017, which will replace Resolution 14-2017, from October's Board meeting.

A motion to adopt Resolution 24-2017 CEG Professional Services Agreement was made by Anders Tomson and seconded by Jeff Sperry. John Harris abstained from the vote. A vote being taken, the motion passed.

*Bylaw Amendment to Article III Section 6 Relating to Board Calendar – Resolution 25-2017*

Staff reviewed Resolution 25-2017 with the Board, which would amend the Corporation's bylaws that the regular meetings of the Board of Directors shall be held as needed to effectively conduct the business of the Corporation and on not fewer than six occasions annually at such time and place as the Board may determine. A motion to adopt the resolution was made by Michele Vennard and seconded by Anders Tomson. A vote being taken, the motion passed unanimously.

There being no further business, the Capitalize Albany Corporation Board of Directors regular meeting was adjourned at 9:55 a.m.

**RESOLUTION 3-2018  
OF THE  
CAPITALIZE ALBANY CORPORATION**

**WHEREAS**, pursuant to Board Resolution 26-2017 dated December , CAC authorized the CAC President to execute a Purchase and Sale Agreement (“PSA”) with the Albany County Land Bank (“Land Bank”) to potentially acquire the property located at 60 Green Street, City of Albany, County of Albany, State of New York (the “Property”); and

**WHEREAS**, CAC did execute the PSA on or about January 21, 2018; and

**WHEREAS**, the Certificate of Incorporation of CAC has not been canceled; and

**NOW, THEREFORE, ON A RESOLUTION DULY MADE AND SECONDED, BE IT RESOLVED THAT THE FOLLOWING RESOLUTION IS HEREBY ADOPTED BY CAC:**

**RESOLVED**, that the CAC President is duly authorized to assign CAC’s interest in the PSA to Liberty Square Development, LLC (“LLC”); and

**FURTHER RESOLVED**, that CAC, as the sole member of the LLC, authorizes the LLC to purchase the Property from the Albany County Land Bank Corporation in accordance with the terms and conditions of the PSA, and to execute on behalf of the LLC any and all documents required to facilitate the purchase of the Property at a place, date and time mutually agreeable among the parties; and

**FURTHER RESOLVED**, that the CAC President is duly authorized to sign on behalf of both CAC and the LLC any and all documents that are customary and proper and required to purchase the Property from the Land Bank.

Signed: \_\_\_\_\_  
Thomas Owens, Esq.  
Secretary

Date of Authorization: January 30, 2018

Capitalize Albany Corporation  
21 Lodge Street  
Albany, New York 12207

MEMORANDUM

TO: Capitalize Albany Board of Directors  
FROM: Mark Opalka  
RE: Capitalize Albany Corporation 4th Quarter Financial Reports  
DATE: January 30, 2018

**BUDGET PERFORMANCE**

On a pre-audit basis, through December 31, 2017, the Capitalize Albany Corporation had net income of \$77,213. This position compares favorably to the year-to-date (YTD) budgeted net loss of \$164,458. Capitalize Albany Corporation had net income of \$79,686 at December 31, 2016.

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

- ***YTD 2017 revenue is \$1,505,374, which is \$99,942 (7%) above the 2016 budget.***
  - ***Loan Interest Income.*** Loan interest income is \$85,295 which is \$19,153 (18%) under budget. This variance is a direct result loan payoffs that occurred in 2017 as well as an approved loan in the amount of \$500,000 not closing by year end.
  - ***Fee Income.*** Fee income is \$21,056 which is \$6,829 (24%) under budget. This variance is a direct result of a loan that was approved in 2017 not closing by year end.
  - ***Investment & Interest Income.*** Interest and Investment Income is \$138,117 which is \$66,351 (92%) over budget. This variance is a direct result of market performance that occurred during 2017.
  - ***Membership & Event Support.*** Membership and Event Support is \$39,945 which is \$6,445 (19%) over budget. This variance is a direct result of the Corporation receiving more investor payments than was budgeted for.
  - ***Project & Program Revenue.*** Project and Program revenue is \$63,511. This revenue is from grant revenue realized from the Amplify Albany and Downtown Retail grant programs. These revenues have offsetting project and program expenses. This revenue was not budgeted for in the 2017 budget.

- **YTD 2017 expenses are \$1,428,161 which is \$141,729 (9%) above the 2017 budget.**
  - **Salary & Fringe Expense.** Salary and Fringe expense are \$704,341 which is \$126,011 (15%) under budget under budget. This variance is attributable to lower staffing levels compared to 2016.
  - **Professional Fee Expense.** Professional fee expenses are \$221,666 which is \$18,953 (8%) under budget. The variance is attributable to lower legal, accounting, and IT expenses.
  - **Administrative Expense.** Administrative expenses are \$65,253 which is \$25,254 (28%) under budget. This variance attributable to lower office, director, and meeting expenses.
  - **Interest Expense.** Interest expenses are \$25,255 which is \$11,543 (84%) over budget. This variance mainly attributable to the 200 HJB accrued bond interest not being budgeted in the 2017 annual budget.
  - **Occupancy Expense.** Occupancy expenses are \$30,600 which is \$17,309 (36%) under budget. This variance is mainly attributable to lower utility and maintenance costs incurred by the Corporation.
  - **Project & Program Expense.** Project and Program Expenses are \$103,442. These expenses were for the disbursement of Amplify Albany and Retail Program grants awarded as well as due diligence expenses related to possible acquisition of the Liberty Park properties from the ACCA. These expenses were not budgeted for in the 2017 budget.

## **LOANS**

- The following borrowers paid off their loans in full in 2017
  - Sixty State Place – Capitalize Albany real estate Loan fund
  - Barbara Smith – Ten Broeck Loan
  - Constance Spann – Ten Broeck Loan
  - Danz Properties – Enterprise Community Loan

## **BALANCE SHEET**

- At December 31, 2017, compared to December 31, 2016, unrestricted cash has increased by \$545,790
- Restricted cash has increased \$87,188 due to loan repayments.
- Mortgage notes receivable has decreased by \$644,364. This is a result of a loan payoffs as well as scheduled loan payment activity.
- Net investment in direct financing leases has been reduced by approximately \$172,631. 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 decreased by approximately \$372,201. This is due to principal payments applied against Capitalize Albany's bond indebtedness as well as a decrease in unearned grant revenue due to the awarding of Amplify Albany and Downtown Retail Grants in 2017

- **CASH FLOW STATEMENT**

- Capitalize Albany's December 31, 2017 cash and cash equivalents increased 545,776 to \$4.92 million. This increase is primarily due to loan repayments which occurred during 2017.
- Projected 2017 cash flow provided by operational activities reflect scheduled project grants activity, receipt of payment under the CAIDA Professional Service Agreement, scheduled lease and rental receipts, and payment of various administrative expenses
- Cash used in capital and financing activities reflects scheduled debt service payments during 2017.
- Cash flow from investing activities reflects projected loan disbursement and repayment activity, direct finance lease payments, and investment activity.

	January 1, 2017 - December 31, 2017				
	4th Qtr	YTD Actual	YTD Budget	Variance - \$	Variance - %
<b>REVENUE</b>					
General Economic & Community Development Support Income	\$ 192,400	\$ 484,906	\$ 497,443	\$ (12,537)	-3%
Real Estate Income	188,499	300,149	298,709	1,439	0%
Professional Service Agreement Income	87,146	348,582	348,582	-	0%
Loan Interest Income	20,082	85,295	104,449	(19,153)	-18%
Fee Income	3,248	21,056	27,885	(6,829)	-24%
Direct Finance Lease Income	506	23,813	23,098	716	3%
Investment & Interest Income	23,760	83,200	71,766	11,434	16%
FMV Adj on Fidelity Inv	10,434	56,598	-	56,598	100%
G/L on Sale/Redemption	162	(1,681)	-	(1,681)	100%
Membership & Event Support	1,540	39,945	33,500	6,445	19%
<b>TOTAL REVENUE</b>	<b>\$ 527,776</b>	<b>\$ 1,441,863</b>	<b>\$ 1,405,432</b>	<b>\$ 36,431</b>	<b>3%</b>
<b>EXPENSE</b>					
Salaries & Fringe Expense	\$ 211,579	\$ 704,341	\$ 830,352	\$ (126,011)	-15%
Professional Fees	42,612	221,666	240,619	(18,953)	-8%
Administrative Expenses	5,853	65,253	90,507	(25,254)	-28%
Interest Expense	14,617	25,255	13,712	11,543	84%
Real Estate Expenses	9,788	36,384	38,085	(1,701)	-4%
Occupancy Expense	11,612	30,600	47,909	(17,309)	-36%
Bad Debt Expense (recovery)	31,195	32,212	-	32,212	100%
Membership & Event Expense	6,395	9,468	12,700	(3,232)	-25%
<b>TOTAL EXPENSES BEFORE DEPRECIATION</b>	<b>\$ 333,651</b>	<b>\$ 1,125,179</b>	<b>\$ 1,273,884</b>	<b>\$ (148,705)</b>	<b>-12%</b>
<b>NET INCOME BEFORE DEPRECIATION &amp; PROGRAM ACTIVITY</b>	<b>\$ 194,126</b>	<b>\$ 316,684</b>	<b>\$ 131,548</b>	<b>\$ 185,136</b>	<b>141%</b>
<b>DEPRECIATION</b>	<b>\$ 199,428</b>	<b>\$ 199,428</b>	<b>\$ 196,006</b>	<b>\$ 3,422</b>	<b>2%</b>
<b>NET INCOME (LOSS) AFTER DEPRECIATION</b>	<b>\$ (5,302)</b>	<b>\$ 117,256</b>	<b>\$ (64,458)</b>	<b>\$ 181,714</b>	<b>282%</b>
<b>PROJECT &amp; PROGRAM REVENUE</b>					
Blight to Betterment	\$ -	\$ -	\$ -	\$ -	0%
CACRC Grant	21,996	63,511	-	63,511	100%
New York Main Street	-	-	-	-	100%
<b>Total Program Income</b>	<b>\$ 21,996</b>	<b>\$ 63,511</b>	<b>\$ -</b>	<b>\$ 63,511</b>	<b>100%</b>
<b>PROJECT &amp; PROGRAM EXPENSE</b>					
Liberty Park Expenses	\$ 32,543	\$ 32,543	\$ -	\$ 32,543	100%
Capitalize Albany Amplify and Retail Grants	21,996	63,511	-	63,511	100%
Impact Downtown Albany	7,500	7,500	100,000	(92,500)	-100%
<b>Total Program Expense</b>	<b>\$ 62,039</b>	<b>\$ 103,554</b>	<b>\$ 100,000</b>	<b>\$ 3,554</b>	<b>4%</b>
<b>NET INCOME (LOSS) FROM PROGRAM ACTIVITY</b>	<b>\$ (40,043)</b>	<b>\$ (40,043)</b>	<b>\$ (100,000)</b>	<b>\$ 59,957</b>	<b>60%</b>
<b>NET INCOME (LOSS) AFTER DEPRECIATION &amp; PROGRAM ACTIVITY</b>	<b>\$ (45,344)</b>	<b>\$ 77,213</b>	<b>\$ (164,458)</b>	<b>\$ 241,671</b>	<b>147%</b>

**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

	Projected December 31, 2017	December 31, 2016
	\$ 4,916,054	\$ 4,370,264
	3,626,381	3,525,663
	727,065	639,776
	1,888,598	2,532,962
	188,248	360,879
	32,342	38,421
	-	-
	100,000	112,640
	103,758	90,737
	2,045,243	2,220,725
	330,301	354,246
	652,215	658,768
	<b>\$ 14,610,205</b>	<b>\$ 14,905,081</b>
	\$ -	\$ -
	\$ 102,130	\$ 88,781
	72,892	72,892
	883,112	904,881
	1,700,000	2,030,000
	670,944	704,614
	67,365	67,365
	<b>\$ 3,496,442</b>	<b>\$ 3,868,533</b>
	\$ -	\$ -
	\$ 854,971	\$ 854,971
	171,483	171,483
	114,010	114,010
	11,774	11,774
	-	-
	9,961,525	9,884,308
	<b>\$ 11,113,763</b>	<b>\$ 11,036,546</b>

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

Pre Audited Draft

	<b>Projected December 31, 2017</b>	<b>Year Ended December 31, 2016</b>
Revenues		
Grant income and Contribution Income	\$ 548,417	\$ 775,344
Rental income	300,843	301,246
Other interest and investment income	161,236	159,003
Interest income on mortgage notes	85,295	93,114
Gain on sale of properties	-	-
Fees and other income	409,583	437,301
Total revenues	1,505,374	1,766,008
Expenses		
Salaries and fringe benefits	704,341	801,106
Program and project costs	317,891	466,535
Interest expense	25,255	29,529
Bad debt expenses (recovery)	32,212	6,997
Administrative Expenses	348,461	382,156
Total expenses	1,428,160	1,686,323
Excess of (expenses over revenues) revenues over expenses	77,213	79,685
Net Position, Beginning of Year	11,036,546	10,956,861
Net Position, End of Month	\$ 11,113,763	\$ 11,036,546

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

**Cash Flows From Operating Activities**

	Projected December 31, 2017	December 31, 2016
Cash received from customers	\$ 411,030	\$ 412,116
Cash received from grantors	492,978	1,164,756
Other operating cash receipts	409,583	417,737
Cash payments to suppliers and grantees	(505,363)	(690,116)
Cash payments to employees	(704,341)	(801,106)

Net cash provided by operating activities 103,887 503,387

**Cash Flows From Capital and Related Financing Activities**

Proceeds from sale of property held for sale	-	-
Purchase of property held for investment and lease	-	-
Purchase of property and equipment	0	-
Purchase of other assets including purchase options	-	-
Principal payments on bonds payable	(330,000)	(320,000)
Interest paid on bonds payable	(28,130)	(32,308)

Net cash used in capital and related financing activities (358,130) (352,308)

**Cash Flows From Investing Activities**

Interest on cash and cash equivalents and investments	83,917	101,828
Net decrease (increase) in restricted cash	(87,289)	(60,171)
Proceeds from sales and maturities of investments	6,146,630	3,351,824
Purchase of investments	(6,192,432)	(3,395,389)
Issuance of mortgage notes receivable	-	(400,000)
Repayments received on mortgage notes receivable	676,576	298,713
Principal payments received under direct financing leases	172,630	160,182

Net cash used in investing activities 800,032 56,987

**Change in cash and cash equivalents**

545,790 208,066

**Cash and cash equivalents:**

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

**End of year** \$ 4,916,054 \$ 4,370,264

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

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

**Operating Activities**

	Projected December 31, 2017	December 31, 2016
Excess of (expenses over revenues) revenues over expenses	\$ 77,213	\$ 79,685
Adjustments to reconcile excess of (expenses over revenues) revenues over expenses to net cash provided by operating activities:		
Depreciation and amortization	199,427	199,306
Adjustment for losses on mortgage notes and other receivables	(32,212)	(2,785)
Gain on sale of property	-	-
Net realized and unrealized losses (gains) on investments	(54,916)	(45,054)
Interest income on cash and cash equivalents and investments	(83,918)	(100,195)
Interest expense on bonds payable	28,130	29,529
Changes in:		
Grants receivable	-	-
Other receivables, accrued interest receivable and other assets	(386)	4,002
Accounts payable and accrued expenses	13,348	(40,731)
Due to the City of Albany	12,640	(12,691)
Unearned grant, program support and other income	(21,769)	391,319
Revolving loan fund liability	(33,670)	1,002

Net cash provided by operating activities \$ 103,887 \$ 503,387

## CAPITALIZE ALBANY CORPORATION

### PROCUREMENT POLICY (NON-REAL ESTATE PROCUREMENTS)

SECTION 1. PURPOSE AND AUTHORITY. The purpose of this procurement policy (the "Policy") is to outline the procurement policy of Capitalize Albany Corporation (the "Corporation") applicable to procurements of goods and services paid for by the Corporation for its own use and benefit.

SECTION 2. SECURING GOODS AND SERVICES. All goods and services will be secured by use of written requests for proposals, written quotations, verbal quotations, or any other method that assures that goods/services will be purchased in a competitive manner except for in the following circumstances: purchases costing less than \$5,000; purchases under state contracts pursuant to Section 104 of the General Municipal Law; purchases under county contracts pursuant to Section 103(3) of the General Municipal Law; or purchases pursuant to Section 4 of this Policy. Regardless of the estimated cost of any purchase of goods and/or services, the Corporation will seek to obtain the best value for the Corporation while meeting all relevant purchase requirements.

SECTION 3. METHOD OF PURCHASE. The following method of purchase will be used when required by this Policy in order to achieve the highest savings:

<u>Estimated Amount of Purchase Contract</u>	<u>Method</u>
\$5,001-\$10,000	Price obtained by 2 verbal quotations with the approval of two CAC officers
\$10,001-\$50,000	Price obtained by 3 written/fax quotations with approval by two CAC officers
\$50,001 and above	Price obtained through issuance of Request For Proposals with award made by resolution of Board of Directors

(B) Number of Proposals or Quotations. A good faith effort shall be made to obtain the required number of proposals or quotations. If the purchaser is unable to obtain the required number of proposals or quotations, the purchaser will document the attempt made at obtaining the proposals. In no event shall the failure to obtain the proposals be a bar to the procurement.

(C) Documentation. Documentation is required of each action is taken in connection with each procurement. Documentation and an explanation is required whenever a contract is awarded to other than the lowest responsible offeror. This documentation will include an explanation of how the reward will achieve savings or how the offeror was not responsible. A determination that the offeror is not responsible shall be made by the purchaser and may not be challenged under any circumstances.

SECTION 4. CIRCUMSTANCES WHERE SOLICITATION OF ALTERNATIVE PROPOSALS AND QUOTATIONS NOT IN BEST INTEREST. This Policy may contain circumstances when, or types of procurements for which, in the sole discretion of the directors of the Corporation, the solicitation of alternative proposals or quotations will not be in the best interest of the Corporation. In the following

circumstances, it may not be in the best interests of the Corporation to solicit quotations or document the basis for not accepting the lowest bid:

(A) Professional Services. Professional services or services requiring special or technical skill, training or expertise. The individual, company or firm must be chosen based on accountability, reliability, responsibility, skill, conflict of interests, reputation, education and training, judgement, integrity, continuity of service and moral worth. Furthermore, certain professional services to be provided to the Corporation, e.g., legal and accounting services, impact liability issues of the Corporation and its directors, including securities liability in circumstances where the Corporation is issuing bonds. These qualifications and the concerns of the Corporation regarding its liability and the liability of its directors are not necessarily found or addressed in the individual, company or firm that offers the lowest price and the nature of these services are such that they do not readily lend themselves to competitive procurement procedures.

In determining whether a service fits into this category, the Corporation shall take into consideration the following guidelines: (a) whether the services are subject to state licensing or testing requirements; (b) whether substantial formal education or training is a necessary prerequisite to the performance of the services; and (c) whether the services require a personal relationship between the individual and the directors of the Corporation. Professional or technical services shall include but not be limited to the following: services of an attorney (including bond counsel); services of a physician; technical services of an engineer engaged to prepare plans, maps and estimates; securing insurance coverage and/or services of an insurance broker; services of a certified public accountant; investment management services; printing services involving extensive writing, editing or art work; management of Corporation-owned property; real estate brokerage services; appraisers; and computer software or programming services for customized programs, or services involved in substantial modification and customizing of pre-packaged software.

(B) Emergency Purchases. Due to the nature of this exception, these goods or services must be purchased immediately and a delay in order to seek alternate proposals may threaten the life, health, safety or welfare of the public. This section does not preclude alternate proposals if time permits.

(C) Purchases of Secondhand Goods. Purchases of surplus and second-hand goods from any source. It is difficult to try to compare prices of used goods and a lower price may indicate an older product.

(D) Goods or Services Under \$5,000.

(E) Special Findings. In the event the Corporation determines that the solicitation of alternative proposals or quotations is not in the best interests of the Corporation, the Corporation must make such determination by resolution duly adopted and entered into the minutes of the Corporation. Such resolution should include any findings described in this Section 4 supporting such determination.

SECTION 7. POLICY REVIEW. This policy will be reviewed annually.

## **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 and Fixed-Income. Subject to the conditions and restrictions contained in 3(A)(8) below, the following types of cash or fixed income 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. 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.

3. Certificates of Deposit collateralized or fully insured by the Federal Deposit Insurance Corporation as to principal and expected interest.
4. 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.

5. Money market funds managed by nationally recognized investment management companies in funds with net assets of \$1 billion or more.
6. 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".

7. Any obligation that is not guaranteed by the U.S. Government or one of its agencies is limited to 10% of the portfolio.
8. 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.

- b. 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.
- c. Collateral and Securitization. Other than those investments identified in 4(a)(1) and 4(a)(3), no collateralization or securitization of the investments are required.
- d. 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 1-2018  
OF THE  
CAPITALIZE ALBANY CORPORATION**

**WHEREAS**, in accordance with Resolution 20-2013, the Board adopted the CAC At-Risk Compensation Policy (Policy); and

**WHEREAS**, the Policy establishes the procedure to determine the amount of “at-risk” compensation potentially available to employees, directs that both CAC company-wide and employee-specific performance goals be identified and communicated to all employees not less than annually prior to the relevant performance period, and defines the process by which employee performance results will be measured and any “at-risk” compensation amount may be allocated to officers and employees; and

**WHEREAS**, 2018 CAC performance goals are:

- Implement the recommendations of the Board’s economic development strategies including Impact Downtown Albany and the Capitalize Albany plan
- Support market-rate and catalytic, quality affordable residential projects through the development and enhancement of lending, technical assistance, and grant programs
- Increase employment, economic activity, and tax base
- Collaborate and develop partnerships to most effectively utilize, administer, and deploy economic and community development funding at the federal, state, and local levels
- Broaden the Corporation’s revenue sources to include more sustainable and recurring sources

**WHEREAS**, the total amount of “at-risk compensation” for 2018 for which CAC employees (other than the President/Vice President) are eligible is 7% of staff salaries (subject to modification as the staff salary budget is modified) based on achievement of the first four (4) CAC performance goals; and

**WHEREAS**, the total of amount of “at-risk compensation” for 2018 for which the CAC President and Vice-President are eligible is ten percent (10%) of their base salaries based on achievement of all five (5) CAC performance goals; and

**NOW THEREFORE BE IT RESOLVED**, that the Board adopts the above performance goals and at-risk compensation pool for 2018 in accordance with the Policy.

Signed: \_\_\_\_\_  
Michael Castellana, Chairperson

Date of Authorization: January 30, 2018  
Prepared by: Chantel Burnash