



**Monday, January 13, 2019**  
21 Lodge Street, 11:00 a.m.

**CAPITALIZE ALBANY**  
**CORPORATION**

**Capitalize Albany Corporation**  
**Finance and Investment Committee Meeting**  
**Agenda**

1. Review of the minutes from the Finance & Investment Committee meeting of December 16, 2019
2. New Business
  - a) Commercial Corridor Retail Grant Program Recommendation to Board
3. Old Business
  - a) Palace Theatre Loan Request Recommendation to Board
4. Annual Review of Financial Reports
  - a) Unaudited Budget Results 2019
  - b) Annual Real Property Report
  - c) Quarterly Investment Update
  - d) Loan Allowances 2019
5. Annual Review of Corporate Policies
  - a) Review Finance Committee Charter
  - b) Review Investment Policy
  - c) Review Procurement Policy
6. Other Business

**Capitalize Albany Corporation Finance & Investment Committee Meeting  
MINUTES  
October 21, 2019**

The meeting of the Capitalize Albany Corporation Finance & Investment Committee was held at 11:00 a.m., October 21, 2019 at 21 Lodge Street.

The following were in attendance:

*Committee Members:* Bob Curley, John Harris, Jeff Sperry

*Other:* Thomas M. Owens, Esq.

*Staff:* Sarah Reginelli, Mark Opalka and Genevieve Zurowski.

*Excused:* Anders Tomson

The regular meeting of the Capitalize Albany Corporation Finance & Investment Committee was called to order by acting chair Jeff Sperry at 11:00 a.m.

**Review of the minutes from the Finance & Investment Committee meeting of September 16, 2019**

The Committee reviewed the minutes of the meeting. John Harris made a motion for approval, and Bob Curley seconded. The Committee voted unanimously to approve the minutes from the Finance & Investment Committee meeting of September 18, 2019.

**Quarterly Financial Report**

Staff provided a thorough overview of Capitalize Albany Corporation's 3<sup>rd</sup> Quarterly Financial Report. The Committee was updated that the YTD revenue is \$1,174,996, 35% above the 2019 budget. The Loan Interest Income is \$45,027 which is 34,644, 43% under budget. Fee income is \$22,265 which is \$6,600, 42% over budget. Investment and interest income is \$209,663 which is \$140,988, 205% over budget. The Project and Program from grant monies realized for the Amplify Albany, Downtown Retail and Facade grant programs revenue is \$157,458. Staff updated the Committee that anything else of note in the 3rd quarter. The Committee discussed the financial report and recommended to move it to the full Board.

**Quarterly Investment Update**

Staff reviewed the financial performance for the second quarter. The Committee discussed the compliance of the investment portfolio. The Committee discussed the financial report and recommended to move it to the full Board.

**2020 Draft Proposed Annual Budget**

Staff reviewed any proposed adjustments that had been made to the Draft Proposed Budget for Capitalize Albany Corporation since the September Finance Committee meeting based on Committee recommendations and updates throughout the previous month. Staff stated the net loss projected for 2020, before depreciation expense and program activity, is budgeted to be approximately \$53,851 with a deficit of approximately \$408,045. Staff outlined the Salary and Benefit Expense to be \$1,109,680, and Professional Fees budgeted to be \$274,745. The Committee reviewed the Draft Proposed Budget to be entered into PARIS.

The committee discussed long-range projections, priorities, potential risks and the significant variables related to the Liberty Park transaction that could require amendments to the budget after approval. The committee requested staff add a project by project perspective to the budget presentation to the full Board.

Following this discussion, the Committee accepted the amendments to the 2020 Draft Proposed Annual Budget with the recommendation to move this Draft Proposed Annual Budget to the full Board for approval at the October Board Meeting on schedule. The motion was made by John Harris, seconded by Bob Curley. A vote being taken, the motion passed unanimously.

### **Other Business**

Staff provided the Committee with an update on financial matters related to Liberty Park, staffing and other project activity.

### **Adjournment**

Subsequently, there being no further business the Capitalize Albany Corporation Finance & Investment Committee meeting was adjourned at 11:39 a.m. after a motion by John Harris, and second by Bob Curley with a vote finding all in favor.



# **CAPITALIZE ALBANY CORPORATION**

## **Commercial Corridor Retail Grant Program**

**Program Guidelines and Application  
City of Albany, New York**

**December 2019**

**For more information, contact:  
Capitalize Albany Corporation  
21 Lodge Street  
Albany, New York 12207  
(518) 434-2532**



## **INTRODUCTION**

Capitalize Albany Corporation is a registered 501(c) (3) not-for-profit organization which implements programs and resources that create, retain, and attract business in the City of Albany, New York. Capitalize Albany Corporation facilitates transformational development projects guided by local and regional strategic planning initiatives, such as the City of Albany's Comprehensive Plan – Albany 2030.

Many existing retail facilities in the City of Albany require upgrades to suit today's business needs, and private investment cannot bear the burden of these costs alone. In order to make these projects feasible and to attract and retain the specific retail businesses that are most complementary to Albany's current housing, office, and visitor market, Capitalize Albany Corporation has designed the Commercial Corridor Retail Grant Program, a program intended to enhance, promote and strengthen neighborhood commercial centers.

## **PROGRAM DESCRIPTION**

The Commercial Corridor Retail Grant Program is designed to create an incentive to attract new and enhance existing retail businesses in selected areas of Albany, New York. In the first phase of the program, Capitalize Albany Corporation will allocate \$50,000 in recoverable grants to eligible property or business owners with qualified projects to assist with paying some of the costs associated with renovating or preparing commercial space for an eligible retail use identified on page three (3). The program will offer direct grants from Capitalize Albany Corporation, which will be paid out to the business when the project is complete and the business is open.

Under this program, grants will be provided as a reimbursement to the applicant for the eligible costs indicated on page five and six of these program guidelines, subject to approval by Capitalize Albany Corporation staff. The grant funds will be provided to the applicant when the project is complete and open for business. Under documented extenuating circumstances, grant funds may be provided to an applicant prior to all project costs being incurred and the project completed/business open and operating at the sole discretion of Capitalize Albany Corporation staff.

In order to produce the greatest impact on an identified neighborhood retail core, Capitalize Albany Corporation has created this program with two tracks of funding available. Track #1 has been established for new retail locations and Track #2 has been established for existing retail locations. Please note that the program guidelines for Track #1 and Track #2 will differ in some respects. However, where deviations in the program guidelines are not specifically stated, the program rules and regulations for Track #1 and Track #2 shall be the same.

### Track #1 - New retail locations

Grants shall be at least \$10,000 and no more than \$25,000 and Capitalize Albany Corporation generally seeks to provide no more than eighty percent (80%) of the financing for any particular project; furthermore, Capitalize Albany Corporation reserves the right to modify such terms. The amount of funds will be awarded based on the project meeting the basic eligibility requirements, as well as factors such as the size of the project, the demonstrated need, feasibility of the project, and the strategic value of the project.

### Track #2 – Existing retail locations

Grants shall be at least \$5,000 and no more than \$15,000 and Capitalize Albany Corporation generally seeks to provide no more than fifty percent (50%) of the financing for any particular project; furthermore, Capitalize Albany Corporation reserves the right to modify such terms. The amount of funds will be awarded based on the project meeting the basic eligibility requirements and additional factors such as the size of the project, the demonstrated need, feasibility of the project, and the strategic value of the project.

## PROGRAM GOALS

To further the visions, recommendations and strategies of the Albany 2030 Plan, Capitalize Albany Corporation has developed the following program goals:

- 1) To enhance existing and attract new businesses that provide a need/desired service within a commercial corridor in order to increase foot traffic and to create a vibrant commercial core
- 2) To strengthen the retail mix in the commercial corridor via variety and complementary stores
- 3) To improve the image of the commercial corridor as a destination for the community, visitors and tourists
- 4) To stimulate private retail investment within the commercial corridor through property improvement, business development, retention and expansion
- 5) To revitalize and improve the appearance of a neighborhood's streetscape by activating vacant properties
- 6) To encourage the creation of low barrier to entry jobs for City of Albany residents, as well as others in the region
- 7) To create induced and indirect economic spinoff including sales tax generation
- 8) To leverage public and private investment in the City of Albany and encourage more to occur

## APPLICANT AND PROJECT ELIGIBILITY

To be eligible for this program, the application must be on behalf of a retail business, which is defined as a commercial enterprise that offers merchandise, food, or provides services to the public, the sale of which is subject to sales tax, and from which the revenue derived constitutes the majority of revenue for the business. Eligible businesses must be legal entities, which are registered and licensed (if required) to operate in New York State. Applicants must also be current on all property and/or business taxes prior to award and clear of any permitting or codes violations as a condition of reimbursement. Furthermore, the business must not be identified in the list of ineligible businesses contained in these program guidelines.

Eligible projects must be located in one of the identified commercial corridors within **West Hill, Arbor Hill, North Albany & the South End** which are four of the City's Neighborhood Strategy Areas. The boundaries are approximately defined as follows: West Hill – Lexington Avenue between Washington Avenue and Clinton Avenue; Arbor Hill – N. Swan Street between Clinton Avenue and Livingston Avenue; North Albany – Broadway between Tivoli Street North to the city line; South End – S. Pearl Street between Second Avenue and Madison Avenue. See Appendix A for the map of the boundaries for each of the program's commercial corridors. Eligible applicants must be commercial tenants of property located within the boundaries of the identified districts that possess a long-term lease of at least five years or property owners or jointly property owner and tenant. If the applicant is a lessee, written consent from the property owner giving permission to conduct the improvements will be required.

The program is available to both existing and new retail businesses that currently occupy/are planning to occupy first-floor space with street front presence and access. Businesses currently operating in the City of Albany that plan to relocate existing operations with assistance from this grant program may be ineligible for program assistance subject to the discretion of Capitalize Albany Corporation Staff.

### Track #1 - New retail locations

In order to be eligible to apply for Track #1, the business must be a new retail business to the City of Albany or a current business that is expanding operations by adding an additional location in the identified commercial corridors described above. Track #1 projects may be inclusive of both interior and exterior improvement activities.

### Track #2 – Existing retail locations

In order to be eligible to apply for Track #2, the business must be an existing retail business located in the identified commercial corridors described above. Track #2 projects will be limited to exterior façade improvement activities.

For both funding tracks, generally, renovation projects must exceed the minimum project costs described above before Capitalize Albany Corporation will consider the project for grant funding. Mixed-use projects improving multiple floors can qualify for funds, provided the ground floor will be used for retail. However, only renovations to the ground floor retail space are eligible as part of the Capitalize Albany Corporation Commercial Corridor Retail Program funding request.

Land use must be in conformity with the applicable zoning regulations. Non-conforming land uses, sites, and structures are eligible for grant funds only if the non-conformities are brought into compliance through the grant award.

Applications must include projected tangible benefits to the commercial district, such as annual sales, number of jobs created, etc. Please see the Scoring System section of these guidelines for additional detail.

Eligible applicants must be able to commit to remain in the location for at least two (2) years and must create or retain for two (2) years during the term of the agreement one (1) or more full-time equivalent jobs. For larger funding requests, additional job creation or retention may be required, at the discretion of Capitalize Albany Corporation.

### **DESIRED BUSINESSES**

The City of Albany strives to nurture a unique retail mix. Retail will compete best if it offers a distinct type of product or experience different from what is available in other commercial corridors or suburban areas in the region. This will help the commercial corridor stand out as a retail destination of interest, while also reinforcing the neighborhood's appeal as a unique place to live and work. To this end, the following types of retail are most appropriate for Albany. The preferred business will create or enhance the economic activity in the area and drive more retail to locate here. The list below is not all inclusive but serves as a guide only. Preference will be given to following types of businesses:

- Soft Goods (Apparel/Shoes/Home Furnishings/Books/Gifts/Novelties)
- Health & wellness stores and pharmacies
- Full service restaurants/venues
- Grocery, Specialty Food Stores/Specialty Food Establishments
- Salons/Spas/Barbershops
- Professional service firms (which serve the public and operate year-round)
- Non-profits that serve the community

### **INELIGIBLE APPLICANTS – Track #1 “New Businesses”**

Ineligible applicants include but are not limited to:

- Dollar/discount stores
- Check cashing stores/currency exchanges
- Adult entertainment venues
- Liquor stores

- Pre-paid cell phone stores
- Pawn shops
- Bars as a primary use
- Passive real estate ownership and management firms
- Tobacco/vape/glass/hookah shops
- Government agencies
- Seasonal businesses

#### **INELIGIBLE APPLICANTS – Track #2 “Existing Businesses”**

Ineligible applicants include but are not limited to:

- Pawn shops
- Adult entertainment venues
- Liquor stores
- Bars as a primary use
- Passive real estate ownership and management firms
- Business-to-business companies not serving the public
- Tobacco/vape/glass/hookah shops
- Government agencies
- Seasonal businesses

Capitalize Albany Corporation reserves the right to deem any business as eligible/ineligible on a case-by-case basis.

Albany is committed to eradicating food deserts in the City. Convenience retail stores (as defined by Rezone Albany) applying for funding under this program will be required to document and certify that a significant inventory of fresh produce is maintained for sale at the time of application and commit to do so for the term of the grant. As a requirement of the program, convenience retail stores that do not sell fresh produce at the time of application will need to produce an agreement with a fresh foods provider to be approved by Capitalize Albany Corporation staff in order to dedicate significant square footage of the store to fresh produce at the assisted business location.

#### **INELIGIBLE PROPERTIES**

At the sole discretion of Capitalize Albany Corporation, a building or property may be deemed ineligible for program funds if any of the below criteria are met:

- 1) Structure identified in the application (or the property the building is located on) is owned in whole or in part by the City of Albany, County of Albany, State of New York or Capitalize Albany Corporation or any other related government entity.

Capitalize Albany Corporation will review all applications on a case-by-case basis and reserves the right to exclude other business activities/properties if: the use is not consistent with the City of Albany’s redevelopment and development plans; the use does not benefit the health, safety, and welfare of the community; or the business activity does not meet the objectives of this program. Additionally, Capitalize Albany Corporation has the right to include other business activities/properties, in its sole discretion, if such activities/properties are deemed to be in alignment with the goals and objectives of the program.

#### **QUALIFYING PROJECT EXPENDITURES**

Tenant build-out improvements\* –

\*For Track #2, only the activities below that are a part of exterior façade improvements are eligible.

- Architecture and engineering fees as part of a comprehensive renovation project
- Interior demolition or site preparation costs as part of a comprehensive renovation project

- Permanent building improvements, which are likely to have universal functionality. Items including but not necessarily limited to demising walls, flooring, interior and exterior lighting, electrical, mechanical, and plumbing work for the build-out
- HVAC, fire suppression, costs of bringing building up to current code, including Fire and Life safety codes and/or Americans with Disabilities Act requirements
- Attached fixtures
- Exterior treatments including painting, murals, siding, and bricking
- Repairs, replacement, and installation of exterior doors, windows, and trim
- Structural improvements to the façade
- Lighting improvements
- Removal of elements that cover architectural details
- Restoration of details on historically significant buildings
- Awnings and signage, including installation costs
- Sidewalk cafes, including balconies, decks, and planters

#### **INELIGIBLE PROJECT EXPENDITURES**

- Renovating space on a speculative basis to help attract new tenants
- Acquisition of land or building
- Temporary or movable cubicles or partitions to subdivide space
- Inventory, furniture, equipment, moving expenses, and working capital
- Project costs incurred/improvements made prior to grant approval
- Routine building or site maintenance projects
- Non-fixed improvements
- Purchase of a business
- In-kind or donated services
- Non-permanent signage

Applicants will be encouraged during the application process to reuse, rehabilitate or restore historic architectural elements to retain the charm and character of older buildings and incorporate design principles sensitive to neighboring building structures.

#### **APPLICATION PROCESS:**

Potential applicants are encouraged to contact Capitalize Albany Corporation to discuss their project and their potential eligibility for the program as well as to ask any questions about the program, how to complete the application process, or to inquire about other programs and incentives available through Capitalize Albany Corporation. Potential applicants are also encouraged to complete the Capitalize Albany Corporation Project Questionnaire, so that staff has an opportunity to provide early feedback on the project. Contact Capitalize Albany Corporation to request a copy of the Project Questionnaire. Completed Project Questionnaires can be submitted to [Development@CapitalizeAlbany.com](mailto:Development@CapitalizeAlbany.com) or in person at our office at 21 Lodge Street, Albany, New York 12207.

Applicants must follow the adopted grant application process in order to be considered for a grant award. The full Commercial Corridor Retail Grant Program application (Appendix B) must be completed and submitted to Capitalize Albany Corporation, along with the \$250 application fee in order to be considered for this program.

Minority and women-owned business enterprises (MWBs) are strongly encouraged to apply.

Applications will be accepted on a rolling basis, until available funding is exhausted.

## SUBMISSION REQUIREMENTS

All of the following should be submitted, and determined to be sufficient solely by Capitalize Albany Corporation staff, in order for an application to be considered complete:

- \$250 application fee
- Completed application
- Business Plan for the venture including:
  - Concept and target market
    - ✓ Advertising/marketing plan
    - ✓ Summary of management team's skills and experience
    - ✓ Number of job positions created
    - ✓ Detailed cost sheet for tenant space build-out
    - ✓ Funding description for the project, including a three year cash flow proforma
    - ✓ Proposed timeline for project construction and projected opening date
    - ✓ Floor plan/layout of physical space, including square footage and existing fixtures
    - ✓ Photographs, renderings of proposed improvements to the interior and exterior, including design/layout/"feel" (photos of similar concepts, material samples, etc.)
    - ✓ Plan for merchandising (inventory levels, brands)
- Color photographs of existing conditions (including the building façade)
- If the applicant is a lessee, written consent from property owner giving permission to conduct improvements (Appendix C)
- At least one detailed proposal from a licensed (if required), insured contractor reflecting work to be performed and costs.
- A copy of the property tax bill or deed to confirm ownership of the property
- For lessees, a legally valid and binding lease for a period of at least five (5) years with use restricted to an allowable retail use. The landlord must show a concession to the tenant in the lease.
- Minimum one (1) year corporate and/or three (3) year's personal tax returns (exceptions will be considered)
- Copy of the business owner(s)'s credit report(s) and score(s) (must be dated less than sixty (60) days from application submittal)

Completed Project Questionnaires and full applications must be emailed to [Development@CapitalizeAlbany.com](mailto:Development@CapitalizeAlbany.com) or in person at our office at 21 Lodge Street, Albany, New York 12207.

Applicants will be notified of any missing items in the application and will be provided thirty (30) days to submit the remaining documentation. If missing documentation is not received within thirty (30) days of Capitalize Albany Corporation's notice to the applicant, the application may be deemed ineligible and not subject to further consideration under this program.

## REVIEW PROCESS

Grant applications will not be evaluated until all of the requested information is included and approved by Capitalize Albany Corporation staff. All eligible, completed applications will be evaluated on a case-by-case basis by Capitalize Albany Corporation staff (as described below under "Scoring System and Scoring Process").

Capitalize Albany Corporation will - review applications on a monthly basis, unless no applications have been submitted. The applicant must discuss (in person) with Capitalize Albany Corporation staff the project concept, business plan and funding arrangement and articulate how the project meets the objective of the program. Capitalize Albany Corporation is looking for projects that will have a major impact on the selected neighborhood's retail environment.

*Capitalize Albany Corporation reserves the right to reject any project.* Throughout the review process, Capitalize Albany

Corporation staff will have the right to request more information, or to request specific design or operating changes. Capitalize Albany Corporation also reserves the right to recommend funding at a lesser amount than what is requested by the applicant based on project size, budget, priority of retail use, as well as funding availability. Capitalize Albany Corporation will award funds on a competitive, first-come, first-served basis until available funding is exhausted.

Among other criteria, the Corporation will analyze the investment level, strategic value and overall project impact of each proposed project. A building/parcel with an active Commercial Corridor Retail Grant Program application and/or award or other Capitalize Albany Corporation grant will be subject to additional review. Additionally, a building/parcel/applicant requesting more than one (1) grant in the same 12 month period will be subject to additional review.

### SCORING SYSTEM

All applications will be scored on both the feasibility as well as the demonstrated strategic value of the project. The feasibility of the business and proposed project will serve as a threshold eligibility standard. A successful application will be the one that conveys the most promising combination of financial feasibility, product and market research, growth potential job creation, and financial need. Financial need or gap analysis must be included in the business plan and/or application.

The below scoring system is intended to be a guiding tool for Capitalize Albany Corporation staff:

#### 0-25 Points – Feasibility Review (see point breakdown below):

0 – 5 Points	Application shows good short term profit potential and contains realistic financial projections
0 – 5 Points	Application shows how the business will target a clearly defined market and its competitive edge
0 – 5 Points	Application shows that the management team has the skills and experience to make the business successful
0 – 5 Points	Application shows that the entrepreneur will make a personal (equity) investment in the business venture
0 – 5 Points	Number of job positions created or retained in excess of the required one (1) full-time equivalent position

The maximum number of points for the Feasibility Review is twenty-five (25) points. An application must score a minimum of fifteen (15) points in order to progress to the Strategic Value Review. Following a successful evaluation under the Feasibility Review, the project will be subject to a Strategic Value Review, as supported by the Impact Downtown strategy.

#### 0-25 Points – Strategic Value Review (see point breakdown below):

0-5 Points	Expansion of the local property tax base by stimulating new investment in older commercial properties
0-5 Points	Expansion of the state and local sales tax base by increasing sales for new or existing shops
0-5 Points	Uniqueness in the retail marketplace/right concept in the right location
0-5 Points	Brand recognition/ability to attract customers and other retailers to the area
0-5 Points	Expressive retail storefront design/high quality interior design

The maximum number of points for the Strategic Value Review of the project is twenty-five (25) points.

**5 Bonus Points** – Track #1 applicants will qualify for additional automatic points if the concept is an existing regional chain-let or regional business, or the business owner is a City of Albany resident. Track #2 applicants are not eligible for these points.

**Up to 5 Bonus Points** – Track #1 applicants will qualify for additional points based on the percentage of projected employees that are anticipated to be City of Albany residents. Track #2 will qualify for additional points based on the percentage of employees that are City of Albany residents.

The maximum number of points for review of the application is fifty (50) points, with the opportunity to reach sixty (60) points with all bonus points.

### SCORING PROCESS

I. FEASIBILITY REVIEW. Once the application is determined by Capitalize Albany Corporation staff to be complete, Capitalize Albany Corporation staff will complete the Feasibility Review. A minimum score of fifteen (15) points (out of a possible twenty-five (25) points) is required in order for the proposed project to continue to be considered for funding.

II. STRATEGIC VALUE REVIEW. Capitalize Albany Corporation staff will then score all feasibility-qualified projects (those projects which achieve at least fifteen (15) points during the Feasibility Review Process) based on their demonstrated strategic value (using the same criteria/scoring described above in the Strategic Value Review table) following the applicant's presentation to Capitalize Albany Corporation. Special consideration will be given to ensuring geographic equity when awarding projects.

III. Applicants are highly encouraged to utilize local businesses and labor during the project's construction period. Applicants will be provided with the Albany Community Development Agency's list of pre-approved bidders and the City of Albany's list of MWBE contractors to assist in the applicant's search for skilled labor. While exclusive use of these firms is not required by the program, use of qualified firms that uphold the highest standards of employee care, insurance and local hiring is strongly preferred.

For applicants under Track #1, a minimum total score of forty (40) must be obtained in order to be eligible to receive a recommendation for award from Capitalize Albany Corporation. For applicants under Track #2, a minimum total score of thirty (30) must be obtained in order to be eligible to receive a recommendation for award from Capitalize Albany Corporation. Please note: if a project under Track #1 receives forty (40) points or higher or a project under Track #2 receives thirty (30) points or higher, it does not guarantee that the project will receive funding. These are minimum thresholds to be considered for award and do not bind Capitalize Albany Corporation to make any award.

Throughout the program, the proportion of projects awarded under each funding track and within each specific commercial corridor will be continually evaluated. This may have an effect on award recommendations, but will be done to ensure that the limited program funds achieve the greatest impact.

Following the completion of the scoring process, if Capitalize Albany Corporation determines that the project should move forward, a grant award will be approved. Capitalize Albany Corporation staff has the final authority to approve or deny the project application. In addition, the amount of the grant is determined in the sole and absolute discretion of Capitalize Albany Corporation. Notification of grant funding approval or denial will be sent to the applicant by Capitalize Albany Corporation staff.



## **UPON APPROVAL**

Upon award, applicants will be required to execute a grant agreement and other security documents, as determined by Capitalize Albany Corporation in its discretion, including but not limited to some or all of the following: a promissory note (forgivable on meeting all grant requirements), personal guaranty for the note (if the applicant is an entity), mortgage (subordinated to certain other mortgages in Capitalize Albany Corporation's discretion), and lien filings. Included within the grant agreement/security documents will be commercially reasonable indemnification/insurance obligations on the part of any applicant awarded funds intended to protect Capitalize Albany Corporation from any potential liability related in any manner to this grant.

Prior to execution of the grant agreement and other security documents, the grantee must submit the following to Capitalize Albany Corporation:

- Architectural drawings and/or renderings of the improvements, reflecting placement, materials and colors to be used
- Documentation of commitment of funds for the project construction (commitment letter(s))
- Up to three (3) detailed proposals from licensed (if required), insured contractors reflecting work to be performed and costs. Any contractor that has submitted a competitive, detailed estimate can be used. Contractors cannot be changed during construction unless new proposals have been submitted to Capitalize Albany Corporation.
- Documentation of approval by the City's Planning Board, Department of Buildings & Regulatory Compliance and the City of Albany's Historic Resources Commission when applicable.

Capitalize Albany Corporation, in its sole discretion, has the right to require additional documentation prior to execution of the grant agreement.

The grants shall be recoverable and amortized over a period of two (2) years. Upon opening, the principal amount of the grant will diminish by ten (10) percent and shall diminish by forty-five (45) percent each year thereafter for a period of two (2) years. Grantee must commit to remain in the location for at least two (2) years and must create or retain for two years during the term of the agreement one (1) or more full-time equivalent jobs. For a larger request, additional job creation may be required, at the discretion of Capitalize Albany Corporation. If the grantee does not default on the grant terms during the required two (2) year period, the grant will be closed. Failure to abide by the grant terms and conditions may result in (i) forfeiture of any grant funding awarded to applicant; and/or (ii) applicant repaying/returning to Capitalize Albany Corporation any grant funds awarded which had been already provided to the applicant (up to the full amount of grant funds).

All rehabilitation work and design features must comply with all applicable city codes and ordinances, as well as state and federal law. All applicable permits and licenses must be obtained, including all permits and Certificates of Occupancy required by the City of Albany and all other state and local permits. In addition, work must follow plans and specifications as approved by Capitalize Albany Corporation.

After approval, any changes to the project, no matter how minimal, must be approved by Capitalize Albany Corporation. Contractors cannot be changed during construction unless new proposals have been submitted to Capitalize Albany Corporation. Grant recipients must work closely with Capitalize Albany Corporation staff to communicate the project progress and resolve any issues or questions. Upon completion, all work must pass applicable state and/or local inspections. Capitalize Albany Corporation reserves the right to conduct site visits and should anything be discovered that is not consistent with the approved application, Capitalize Albany Corporation has the right to withhold the grant award, recapture any and all grant funds, or take any other available remedy to maintain compliance with these program guidelines.

Once the grant is approved, the applicant has six (6) months to begin construction. If the work does not begin within the six (6) month period, the applicant will be notified in writing that the grant may lapse and the agreement will be terminated with no grant funds awarded or available to the applicant. Once construction has started, the applicant has one year to complete the project and open for business. If the business has not opened at the end of the one (1) year period, the applicant will be notified in writing that the grant may lapse and the agreement will be terminated with no grant funds awarded or available to the applicant. If an approved project is nearing the six (6) month or one (1) year lapse point, an opportunity will be provided for the applicant to request an extension. An extension may be granted at the discretion of Capitalize Albany Corporation depending on the project's circumstances and the future needs of the program. If an approved grant does lapse and is terminated, the applicant may reapply on a first-come, first-served competitive basis. There is no guarantee that a resubmission will be approved, and the project will be re-evaluated based upon the established criteria detailed above. Any expenditure incurred for projects approved but not completed will not be reimbursed.

The applicant may be subject to repayment of all grant funds to Capitalize Albany Corporation if the physical improvements paid for by this program do not remain in place for an agreed upon minimum period of time, if the concept changes without permission of Capitalize Albany Corporation or the business closes prior to the end of the agreed upon term.

#### **RELEASE OF FUNDS**

Generally, grant funds will not be disbursed as a cash advance prior to project costs being incurred and the project completed/business open and operating. The program will offer grants on a reimbursement basis only. Funds are disbursed only after the project is completed, and a disbursement request with paid receipts and/or invoices, cancelled checks, and/or certified checks for eligible project costs are submitted and approved by Capitalize Albany Corporation, and the establishment has received their Certificate of Occupancy from the City of Albany, is open for business, and has met all requirements in the contractual agreement. Generally, the full (100%) grant will be provided to the grantee in a single payment. All closing costs (e.g., Capitalize Albany Corporation attorney fees, recording fees and/or filing fees) may be deducted from the grant amount awarded.

Eligible receipts and invoices must, at a minimum, include the invoice date, scope of work, contractor name and contact information, cost, and be marked as paid/ a zero balance indicated or other proof of payment supplied. The invoices must clearly indicate the nature of the expense and that such expense is related to the approved project and business. Capitalize Albany Corporation will only be obligated to reimburse applicants for which eligible, reimbursement requests are received within six (6) months following the receipt of the Certificate of Occupancy.

If eligible project costs are less than the original grant approval, Capitalize Albany Corporation has the right to reduce grant awards. Awards may be pro-rated down accordingly.

At the Corporation's discretion, upon disbursement of funds, the grantee must first pay down any outstanding debt related to the project. Proof of such payment may be required.

#### **ADDITIONAL PROGRAM REQUIREMENTS**

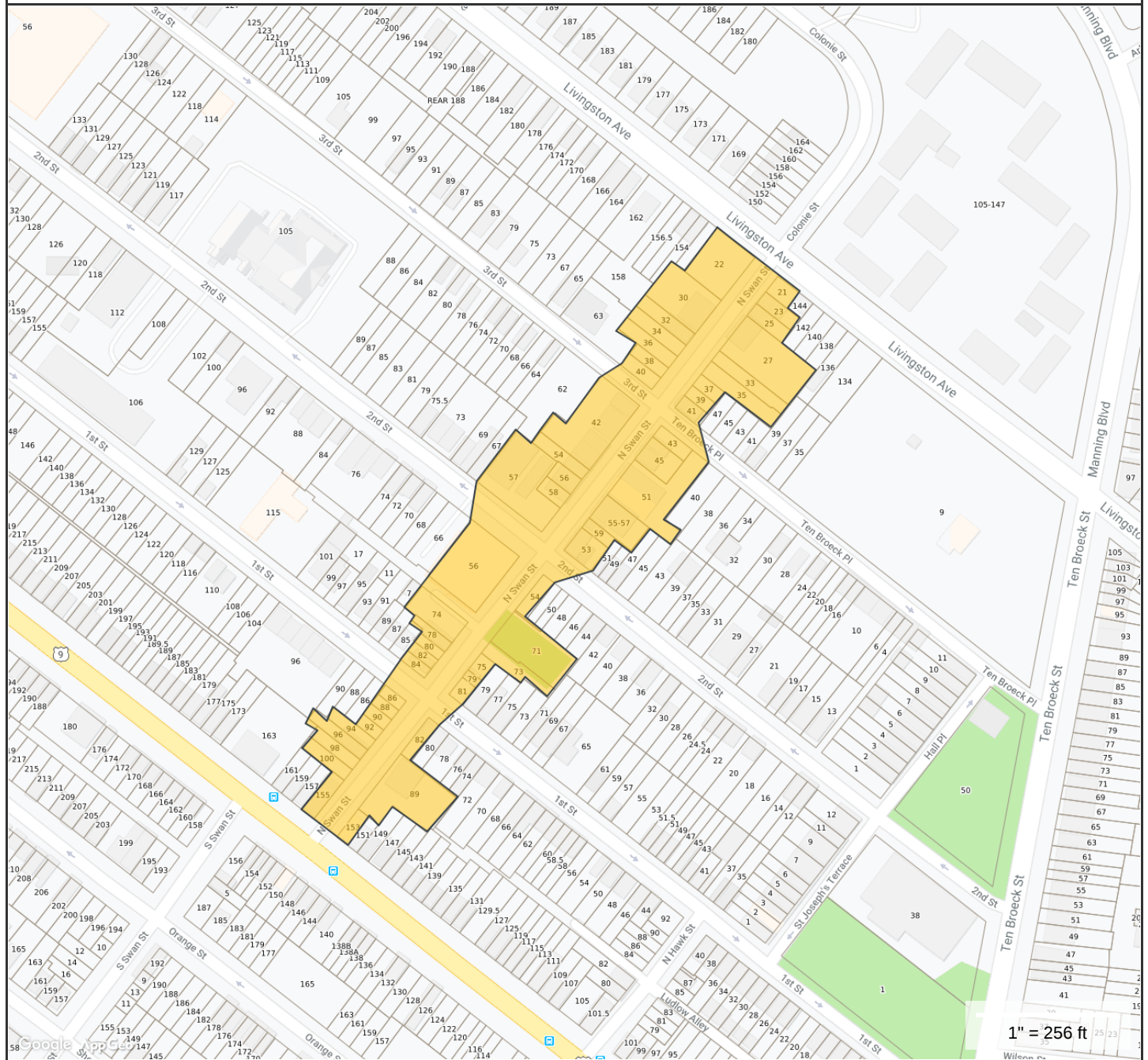
- Businesses receiving grants from this program shall be required to be open and operating for a minimum of forty (40) hours per week.
- Any grantee hereby agrees to indemnify, defend and hold harmless Capitalize Albany Corporation and its officers, directors, employees, and agents (collectively, the “Capitalize Albany Corporation Parties”) from any claims, damages, losses and expenses, including but not limited to attorneys’ fees, asserted against Capitalize Albany Corporation Parties related in any way to a project.
- The grantee will be required to give to Capitalize Albany Corporation, the unrestricted right to use, for any lawful purpose, any photographs or video footage taken of the property at the approved project location for which the grantee has the authority to grant such permission, and to use the grantee’s name in connection therewith if it so chooses.
- The grantee will further be required to notify Capitalize Albany Corporation of any public announcements or events to be held at or in relation to the inception or opening of the approved project location, and Capitalize Albany Corporation will have the right to participate in and/or publicize the event in coordination with the grantee, if Capitalize Albany Corporation so chooses.
- The grantee will be required to include the Capitalize Albany Corporation logo, the Capital Resource Corporation (CRC) logo, and any other logos Capitalize Albany Corporation deems appropriate on all print collateral related to the project.
- The grantee will consent to display signage at the project location indicating participation in the Commercial Corridor Retail GrantProgram (Capitalize Albany Corporation to provide sign specifications).
- Only one grant shall be awarded per business for each physical location and/or expansion project. Funding is not transferable.

## Appendix A

### Commercial Corridor Retail Grant Program Eligible Areas

DRAFT

## Arbor Hill - North Swan St. Commercial Corridor

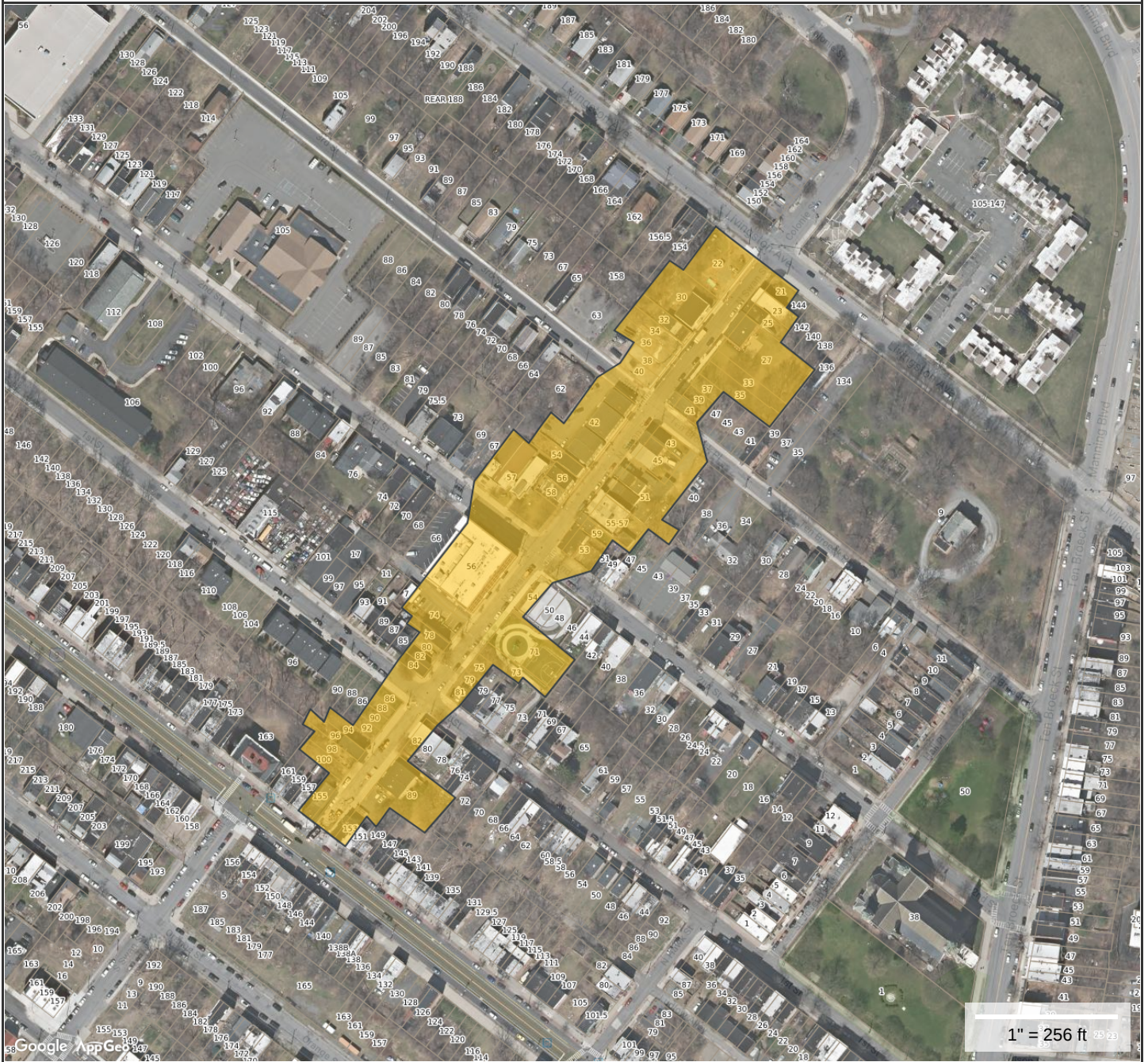


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## Arbor Hill - North Swan St. Commercial Corridor

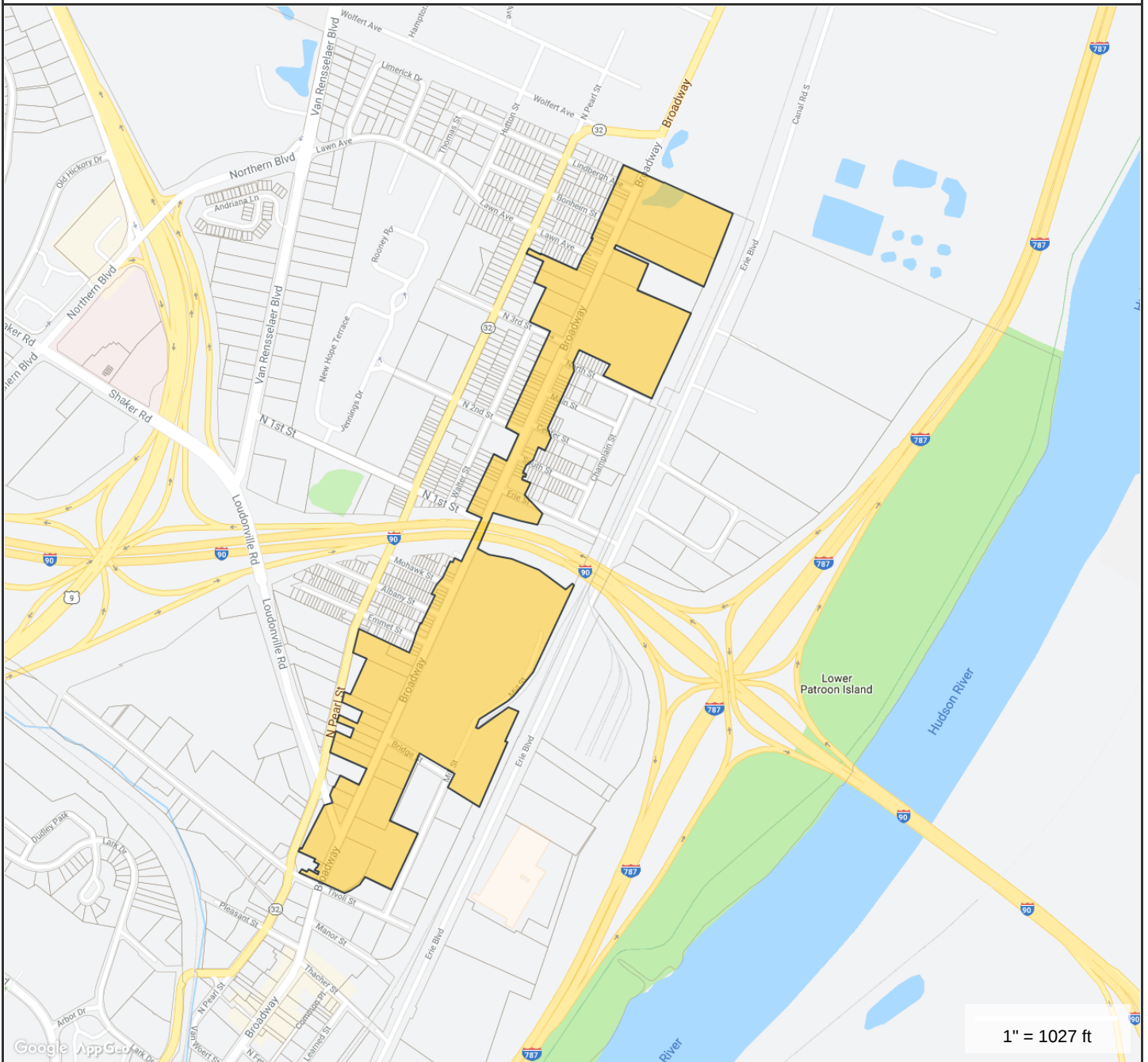


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## North Albany - North Broadway Commercial Corridor

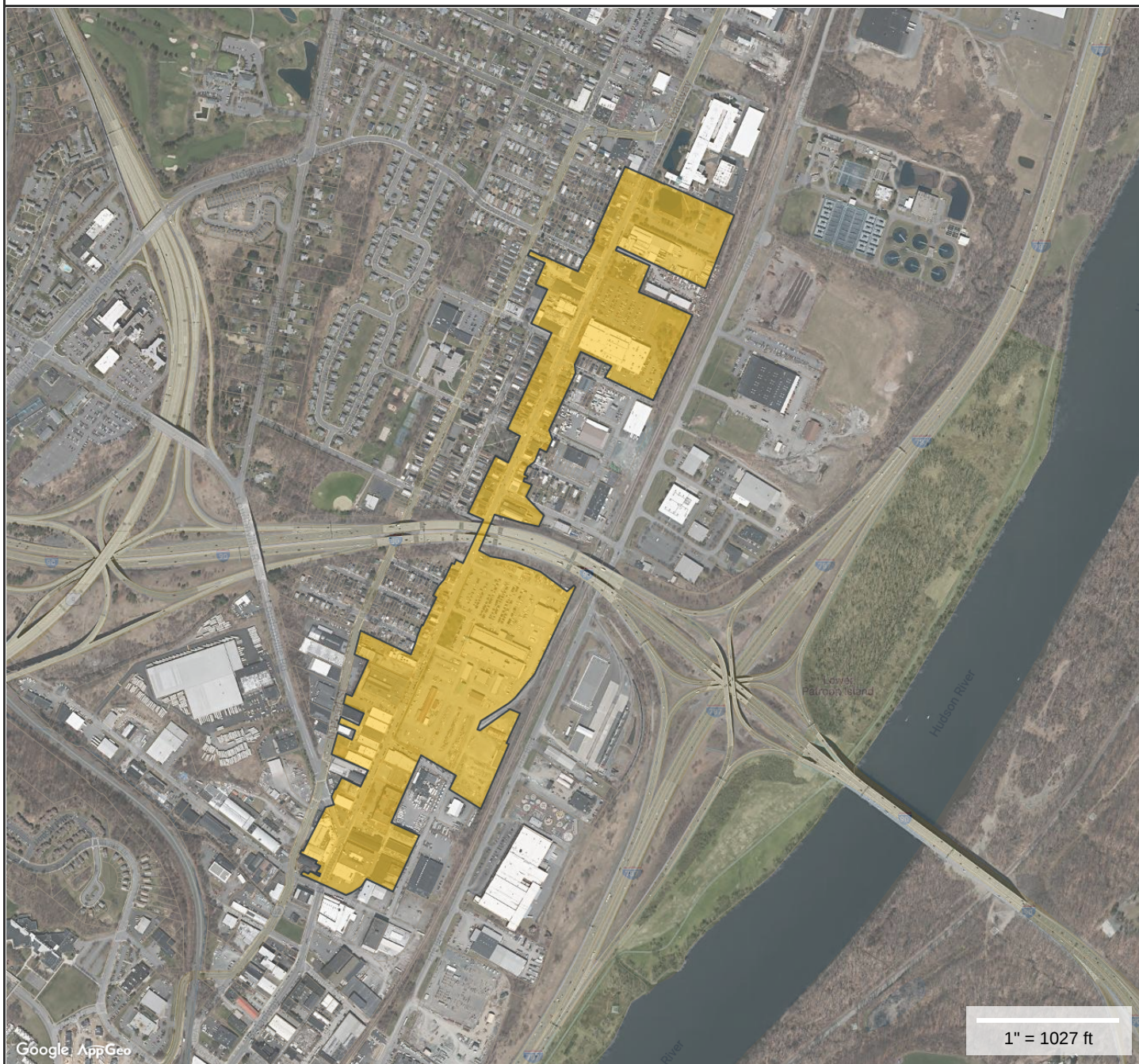


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## North Albany - North Broadway Commercial Corridor



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## South End - South Pearl Street Commercial Corridor

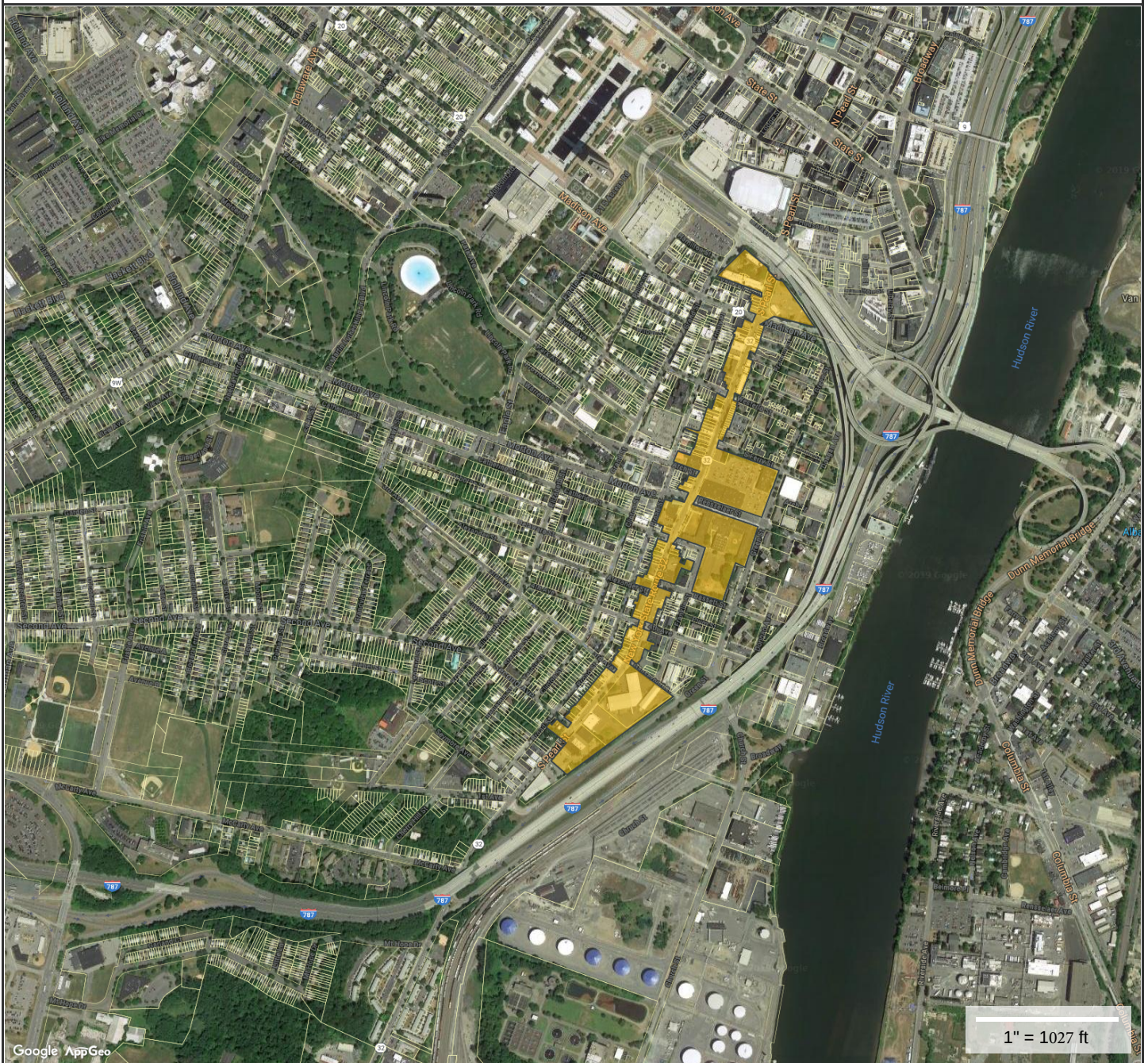


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## South End - South Pearl Street Commercial Corridor

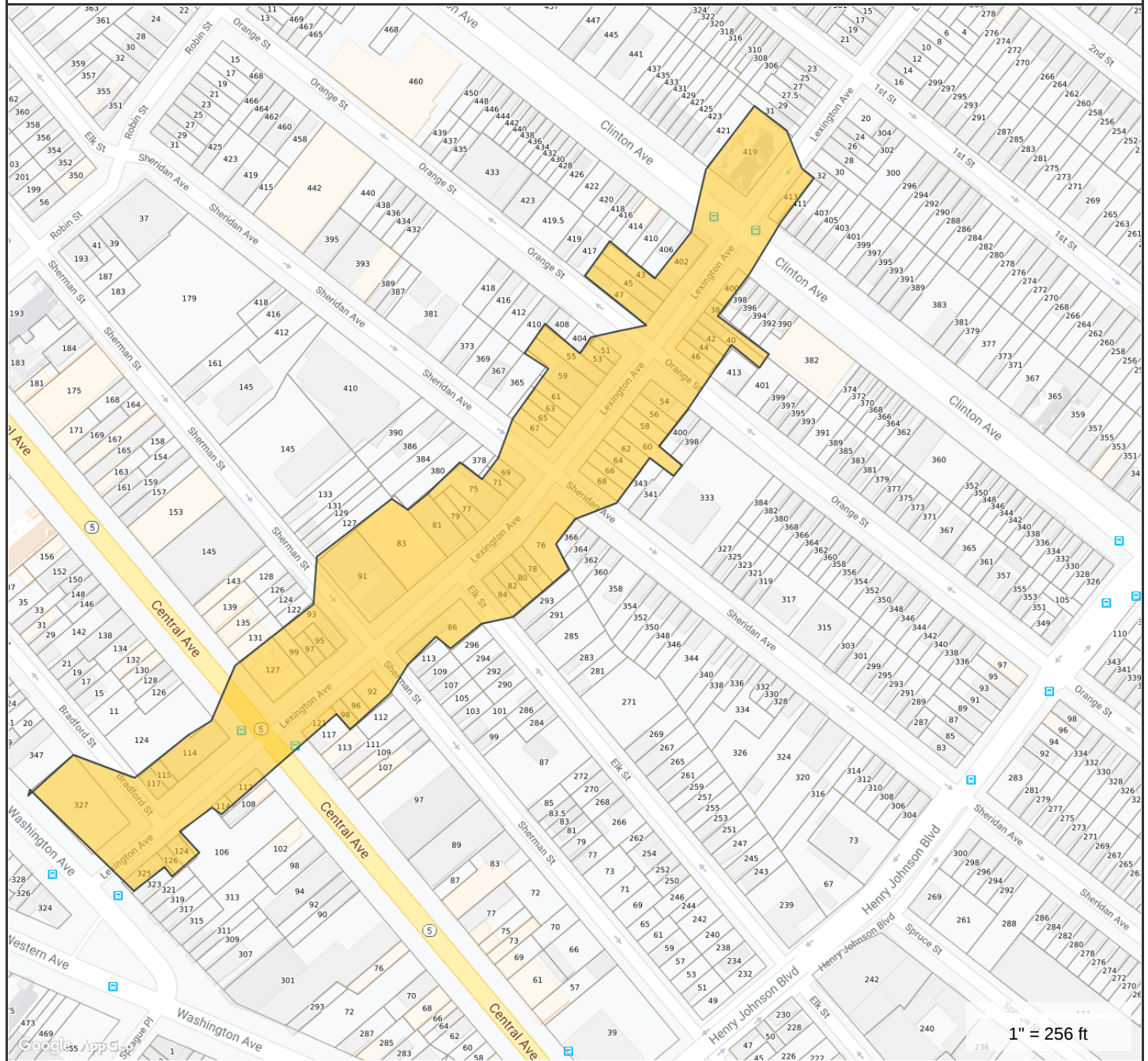


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## West Hill - Lexington Ave Commercial Corridor



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## West Hill - Lexington Ave Commercial Corridor



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Capitalize Albany Corporation  
21 Lodge Street  
Albany, New York 12207

MEMORANDUM

TO: Capitalize Albany Finance & Investment Committee  
FROM: Mark Opalka  
RE: Capitalize Albany Corporation 4th Quarter Financial Reports  
DATE: January 14, 2019

**BUDGET PERFORMANCE**

On a pre-audit basis, through December 31, 2019, the Capitalize Albany Corporation had net income of \$539,271. This position compares favorably to the year-to-date (YTD) budgeted net loss of \$308,690. Capitalize Albany Corporation had a net loss of \$46,907 at December 31, 2018.

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

- ***2019 pre-audited revenue is \$5,859,580, which is \$4,308,551 (278%) above the 2019 budget.***
  - **Professional Service Fee Income.** Professional Service Fee Income is \$394,228 which is 45,656 (13%) over budget. This variance is a direct result of the City of Albany Industrial Development Agency and the City of Albany Capital Resource Corporation Board of Directors approving an increase in the fee charged by the Corporation to provide professional services to both of these organizations.
  - **Loan Interest Income.** Loan interest income is \$59,831 which is \$46,397 (44%) under budget. This variance is a direct result of loan payoffs that occurred during 2018 with no loan closings YTD. The Corporation approved a \$500,000 loan 2019 but as of December 31<sup>st</sup> no loan disbursement has been made.
  - **Investment & Interest Income.** Interest and Investment Income is \$287,029 which is \$195,456 (213%) over budget. This variance is due to gains realized in sales and redemptions of equities and fixed income investments as well as positive gains in the FMV of equities held in the Corporation's Investment Portfolio with Hugh Johnson Advisors. Additionally as part of an RFP that was issued in 2018 the Corporation has moved some of its unrestricted funds and invested these funds in fixed income securities and certificate of deposits which currently earn higher yields than what the Corporation was previously earning.
  - **Project & Program Revenue.** Project and Program revenue is \$4,263,202. This revenue is from grant revenue realized from the Amplify Albany and Downtown Retail grant programs. These revenues have offsetting project and program expenses. Also this revenue includes \$4,076,266 in grant

income realized from the NYS ESD grant awarded for the redevelopment of the Liberty Park site in Downtown Albany.

- **YTD 2019 expenses are \$5,125,536 which is \$3,465,358 (209%) above the 2019 budget.**
  - **Salary & Fringe Expense.** Salary and Fringe expense are \$796,290 which is \$142,676 (15%) under budget under budget. This variance is attributable to Corporation budgeting for an increase in staff.
  - **Professional Fee Expense.** Professional fee expenses are \$213,526 which is \$24,323 (10%) under budget. The variance is attributable to lower general legal, accounting, and IT expenses.
  - **Real Estate Expense.** Real Estate expenses are \$89,393 which is \$48,066 (116%) over budget. The variance is attributable to an emergency demolition which was needed to be performed at the Corporation's owned property located at 174 North Pearl Street.
  - **Occupancy Expense.** Occupancy expenses are \$31,178 which is \$14,631 (32%) under budget. This variance is attributable to lowered general maintenance costs incurred by the Corporation during 2019.
  - **Project & Program Expense.** Project and Program Expenses are \$3,893,136. These expenses were for the disbursement of Amplify Albany, Retail Program and Facade grants awarded (\$186,976), expenses related to the Skyway project (\$28,818) as well as expenses and adjustments related to the acquisition of property located in the Liberty Park area of downtown Albany (\$3,677,341).

## **LOANS**

- Richard Dobush (Enterprise Community) repaid his loan during the first quarter.
- Joyce Banks (Ten Broeck) repaid her loan during the second quarter.
- Mary Smalls (Ten Broeck) satisfied her loan as part of a settlement agreement in the fourth quarter.

## **BALANCE SHEET**

- At December 31, 2019, compared to December 31, 2018, unrestricted cash has increased by \$2,651,922. This is primarily a result of the Corporation moving a portion of its unrestricted fund balance to investments to seek higher yields.
- Investments increased by \$2,419,724. This is primarily a result of the Corporation moving a portion of its unrestricted balance to investments to seek higher yields.

- Restricted cash has increased \$6,208,130 primarily due to grant monies received from NYS ESD to redevelop the Liberty Park area of downtown Albany.
- Mortgage notes receivable has decreased by \$141,264. This is a result of a loan payoffs as well as scheduled loan payment activity.
- Liabilities have increased by \$5,545,652. This is primarily due to an increase in unearned grant revenue for grant funds received from NYS ESD for the redevelopment of the Liberty Park site in Downtown Albany.

### **CASH FLOW STATEMENT**

- Capitalize Albany's December 31, 2019 cash and cash equivalents decreased 2,651,914 to \$3.26 million. This decrease is primarily attributable the movement of funds to the Corporation's investment portfolio as well as Amplify Albany, Retail Grant and Façade Grant disbursements.
- 2019 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 flow from in capital and financing activities reflects scheduled debt service payments during 2019 as well as the purchase of property in the Liberty Park area of Downtown Albany to be used for redevelopment.
- Cash flow from investing activities reflects projected loan disbursement and repayment activity, direct finance lease payments, and investment activity.

	January 1, 2019 - December 31, 2019						Projected Variance from Budget
	Q4	YTD Actual	YTD Budget	Variance - \$	Variance - %	Original Budget	
<b>REVENUE</b>							
General Economic & Community Development Support Income	\$ 192,400	\$ 497,443	\$ 497,443	\$ -	0%	\$ 497,443	\$ -
Real Estate Income	189,665	298,473	302,022	(3,549)	-1%	302,022	(3,549)
Professional Service Agreement Income	98,557	394,228	348,582	45,646	13%	348,582	45,646
Loan Interest Income	14,804	59,831	106,228	(46,397)	-44%	106,228	(46,397)
Fee Income	2,048	24,564	18,470	6,094	33%	18,470	6,094
Direct Finance Lease Income	-	-	-	-	0%	-	-
Investment & Interest Income	36,444	138,844	91,573	47,271	52%	91,573	47,271
FMV Adj on Fidelity Inv	35,307	76,790	-	76,790	100%	-	76,790
G/L on Sale/Redemption	3,753	71,396	-	71,396	100%	-	71,396
Membership & Event Support	4,000	34,810	33,500	1,310	4%	33,500	1,310
TOTAL REVENUE	<u>\$ 576,977</u>	<u>\$ 1,596,378</u>	<u>\$ 1,397,818</u>	<u>\$ 198,560</u>	14%	<u>\$ 1,397,818</u>	<u>\$ 198,560</u>
<b>EXPENSE</b>							
Salaries & Fringe Expense	\$ 236,929	\$ 796,290	\$ 938,966	\$ (142,676)	-15%	\$ 938,966	\$ (142,676)
Professional Fees	56,076	213,526	237,849	(24,323)	-10%	237,849	(24,323)
Administrative Expenses	14,144	65,860	70,073	(4,213)	-6%	70,073	(4,213)
Interest Expense	19,503	19,503	20,493	(990)	-5%	20,493	(990)
Real Estate Expenses	8,148	89,393	41,328	48,066	116%	41,328	48,066
Occupancy Expense	7,182	31,178	45,809	(14,631)	-32%	45,809	(14,631)
Bad Debt Expense (recovery)	-	(4,657)	-	(4,657)	0%	-	(4,657)
Membership & Event Expense	20,805	21,306	12,450	8,856	71%	12,450	8,856
TOTAL EXPENSES BEFORE DEPRECIATION	<u>\$ 362,789</u>	<u>\$ 1,232,401</u>	<u>\$ 1,366,967</u>	<u>\$ (134,566)</u>	-10%	<u>\$ 1,366,967</u>	<u>\$ (134,566)</u>
NET INCOME BEFORE DEPRECIATION & PROGRAM ACTIVITY	<u>\$ 214,188</u>	<u>\$ 363,977</u>	<u>\$ 30,851</u>	<u>\$ 333,126</u>	1080%	<u>\$ 30,851</u>	<u>\$ 333,126</u>
DEPRECIATION	<u>\$ 194,774</u>	<u>\$ 194,774</u>	<u>\$ 199,541</u>	<u>\$ (4,767)</u>	-2%	<u>\$ 199,541</u>	<u>\$ (4,767)</u>
NET INCOME (LOSS) AFTER DEPRECIATION	<u>\$ 19,414</u>	<u>\$ 169,203</u>	<u>\$ (168,690)</u>	<u>\$ 337,893</u>	200%	<u>\$ (168,690)</u>	<u>\$ 337,893</u>
<b>PROJECT &amp; PROGRAM REVENUE</b>							
NYS ESD (Liberty Park)	\$ 4,076,226	\$ 4,076,226	\$ -	\$ 4,076,226	0%	\$ -	\$ 4,076,226
CACRC Grant	29,518	186,976	153,211	33,765	22%	153,211	33,765
New York Parks (Skyway Project)	-	-	-	-	0%	-	-
Total Program Income	<u>\$ 4,105,745</u>	<u>\$ 4,263,202</u>	<u>\$ 153,211</u>	<u>\$ 4,109,991</u>	2683%	<u>\$ 153,211</u>	<u>\$ 4,109,991</u>
<b>PROJECT &amp; PROGRAM EXPENSE</b>							
Liberty Park Expenses	\$ 3,764,716	\$ 3,677,341	\$ 40,000	\$ 3,637,341	9093%	\$ 40,000	\$ 3,637,341
Capitalize Albany Amplify and Retail Grants	29,518	186,976	153,211	33,765	100%	153,211	33,765
Impact Downtown Albany (Skyway Project)	-	28,818	100,000	(71,182)	-71%	100,000	(71,182)
Total Program Expense	<u>\$ 3,794,234</u>	<u>\$ 3,893,136</u>	<u>\$ 293,211</u>	<u>\$ 3,599,924</u>	1228%	<u>\$ 293,211</u>	<u>\$ 3,599,925</u>
NET INCOME (LOSS) FROM PROGRAM ACTIVITY	<u>\$ 311,510</u>	<u>\$ 370,067</u>	<u>\$ (140,000)</u>	<u>\$ 510,067</u>	364%	<u>\$ (140,000)</u>	<u>\$ 510,066</u>
NET INCOME (LOSS) AFTER DEPRECIATON & PROGRAM ACTIVITY	<u>\$ 330,925</u>	<u>\$ 539,270</u>	<u>\$ (308,690)</u>	<u>\$ 847,959</u>	275%	<u>\$ (308,689)</u>	<u>\$ 847,959</u>



# CAPITALIZE ALBANY CORPORATION

## Comparative Balance Sheets

### Pre-Audited Draft

	December 31, 2019	December 31, 2018
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 3,260,200	\$ 5,912,122
Investments	6,065,069	3,645,345
Restricted cash	6,829,968	621,838
Mortgage notes receivable, net	1,323,959	1,465,223
Net investment in direct financing leases	-	-
Accrued interest receivable	28,901	21,858
Grants receivable	-	-
Receivables from the City of Albany and City agencies	-	-
Other receivables, net	198,738	196,178
Property held for investment and lease, net	2,129,357	1,880,718
Property and equipment, net	340,221	336,241
Other assets	439,696	451,664
<b>Total assets</b>	<b>\$ 20,616,109</b>	<b>\$ 14,531,187</b>
<b>Deferred Outflows of Resources</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Liabilities</b>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 91,796	\$ 369,590
Due to the City of Albany	46,150	72,892
Unearned grant and other income	6,990,886	944,200
Bonds payable	1,150,000	1,350,000
Revolving loan fund liability	676,982	673,479
Unearned program support	20,383	20,384
<b>Total liabilities</b>	<b>\$ 8,976,197</b>	<b>\$ 3,430,545</b>
<b>Deferred Inflows of Resources</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Position</b>		
Net invested in capital assets	\$ 856,001	\$ 856,001
Restricted for:		
Debt service	-	-
CDBG eligible activities	114,356	114,356
Other program specific activities	8,190	8,190
Impact Downtown Albany	-	-
Unrestricted	10,661,365	10,122,095
<b>Total net position</b>	<b>\$ 11,639,912</b>	<b>\$ 11,100,642</b>

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

	<b>December 31, 2019</b>	<b>Year Ended December 31, 2018</b>
Revenues		
Grant income and Contribution Income	\$ 4,760,645	\$ 1,003,131
Rental income	301,394	300,287
Other interest and investment income	284,108	68,581
Interest income on mortgage notes	59,831	74,358
Gain on sale of properties	-	69,555
Fees and other income	453,601	417,067
Total revenues	<u>5,859,579</u>	<u>1,932,979</u>
Expenses		
Salaries and fringe benefits	796,290	760,640
Program and project costs	4,160,512	1,102,460
Interest expense	19,503	22,554
Bad debt expenses (recovery)	(4,657)	-
Administrative Expenses	348,661	113,836
Total expenses	<u>5,320,309</u>	<u>1,999,490</u>
Excess of (expenses over revenues) revenues over expenses	539,270	(66,511)
Net Position, Beginning of Year	<u>11,100,642</u>	<u>11,167,153</u>
Net Position, End of Month	<u>\$ 11,639,912</u>	<u>\$ 11,100,642</u>

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<b>Cash Flows From Operating Activities</b>		
Cash received from customers	\$ 381,429	\$ 305,986
Cash received from grantors	10,822,808	755,485
Other operating cash receipts	453,601	405,960
Cash payments to suppliers and grantees	(1,738,574)	(750,913)
Cash payments to employees	(796,290)	(760,640)
Net cash provided by operating activities	<u>9,122,974</u>	<u>(44,122)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Proceeds from sale of property held for sale	-	700,000
Purchase of property held for investment and lease	(3,301,613)	(10,958)
Purchase of property and equipment	(16,827)	(20,243)
Purchase of other assets including purchase options	-	-
Principal payments on bonds payable	(200,000)	(350,000)
Interest paid on bonds payable	(22,378)	(25,621)
Net cash used in capital and related financing activities	<u>(3,540,818)</u>	<u>293,178</u>
<b>Cash Flows From Investing Activities</b>		
Interest on cash and cash equivalents and investments	118,006	61,886
Net decrease (increase) in restricted cash	(6,208,130)	105,226
Proceeds from sales and maturities of investments	13,313,088	2,238,428
Purchase of investments	(15,593,640)	(2,286,932)
Issuance of mortgage notes receivable	-	(100,000)
Repayments received on mortgage notes receivable	136,607	540,259
Principal payments received under direct financing leases	-	188,148
Net cash used in investing activities	<u>(8,234,070)</u>	<u>747,015</u>
<b>Change in cash and cash equivalents</b>	<b>(2,651,914)</b>	<b>996,071</b>
<b>Cash and cash equivalents:</b>		
Beginning of year	<u>5,912,122</u>	<u>4,916,051</u>
End of year	<u><u>\$ 3,260,208</u></u>	<u><u>\$ 5,912,122</u></u>
<b>Reconciliation of Excess of (Expenses Over Revenues)</b>		
<b>Revenues Over Expenses to Net Cash Provided by Operating Activities</b>		
Excess of (expenses over revenues) revenues over expenses	\$ 539,270	\$ (66,511)
Adjustments to reconcile excess of (expenses over revenues) revenues over expenses to net cash provided by operating activities:		
Depreciation and amortization	3,065,821	189,785
Adjustment for losses on mortgage notes and other receivables	4,657	(11,107)
Gain on sale of property	-	(69,555)
Net realized and unrealized losses (gains) on investments	(139,172)	29,540
Interest income on cash and cash equivalents and investments	(118,007)	(67,220)
Interest expense on bonds payable	22,378	22,554
Changes in:		
Grants receivable	11,974	(311,269)
Other receivables, accrued interest receivable and other assets	(9,602)	(99,560)
Accounts payable and accrued expenses	(304,535)	275,598
Unearned grant, program support and other income	6,046,686	61,088
Revolving loan fund liability	3,503	2,535
Net cash provided by operating activities	<u>\$ 9,122,974</u>	<u>\$ (44,122)</u>

**CAPITALIZE ALBANY CORPORATION PROPERTY**

<b><u>Parcel ID</u></b>	<b><u>Acres</u></b>	<b><u>Location</u></b>
76.34-2-32	0.06	21 Lodge Street
65.65-2-84	0.41	170 Henry Johnson Blvd.
65.82-5-35	0.11	174 North Pearl Street
76.8-1-3	0.38	35 Spencer Street
76.27-1-25.1	0.03	Spencer Street
76.8-1-4	0.06	41 Montgomery Street
65.82-5-38	0.07	168 North Pearl Street
65.82-5-37	0.07	170 North Pearl Street
76.26-4-12	0.03	27 Clinton Avenue
76.26-4-11	0.03	27 1/2 Clinton Avenue
76.26-4-10	0.04	29 1/2 Clinton Avenue
76.27-1-20	0.31	683 Broadway (1 Quakenbush Square)
76.26-4-15	0.44	Front of 11 Clinton Avenue
65.65-5-80	0.04	200A Henry Johnson Blvd. (State of NY)
65.65-5-79	0.04	200B Henry Johnson Blvd. (CAIDA)
65.65-5-78	0.04	200C Henry Johnson Blvd. (CAIDA)
76.50-1-4	0.02	60 Green Street
76.42-5-23	0.07	50 Green Street
76.42-5-22	0.04	52-54 Green Street
76.42-5-21	0.02	58 Green Street
76.42-5-24	0.04	52 Hudson Street
76.42-5-27	0.13	46 Hudson Street
76.42-5-28	0.01	37 Division St
76.42-5-29	0.03	41 Division St
76.42-5-30	0.04	43 Division St
76.42-5-31	0.04	45 Division St
76.42-5-32	0.04	47 Division St
76.42-5-33	0.04	49 Division St
	0.56	Corning Preserve
	5.36	Corning Preserve - 2002 Port Bonds/Improvements

## **CAC FINANCE & INVESTMENT COMMITTEE CHARTER**

The Finance & Investment Committee Charter was adopted by the Board of Directors of the Capitalize Albany Corporation (“CAC”) on March 31, 2009 and amended on January 26, 2016.

### **Purpose**

The purpose of the Finance & Investment Committee shall be to (1) ensure the financial health of CAC (2) ensure that CAC assets are protected and resources are used appropriately and (3) assist the Board in understanding CAC’s financial condition.

### **Scope of Responsibilities**

The CAC Finance & Investment Committee shall be responsible for the following:

- Project review
  - Review projects and recommend action for Board approval.
  - Review proposals for the issuance of debt.
- Involvement with CAC finance department management.
  - Work with management to ensure timely and accurate financial data is presented to the Board.
  - Review and recommend new or revised financial policies to the Board for approval.
- Budget Oversight
  - Provide guidelines for the development of the annual operating budget.
  - Review and recommend an annual operating budget for Board approval.
  - Review the financial performance of CAC against budget projections for the period to-date.
- Investment Oversight
  - Develop the investment policy for CAC and review this policy annually.
  - As necessary, recommend investment policy changes to the Board for approval.
  - Meet with the investment manager (if any) at least annually to review the performance. As appropriate, conduct a search for and select a new investment manager.
  - Coordinate with Audit Committee to deliver annual investment report to CAC Board of Directors.
- Meet with CAC staff or outside counsel, as necessary.
- Retaining, at the CAC’s expense, such outside counsel, experts and other advisors as the Finance & Investment Committee may deem appropriate, upon approval of said expenditure(s) by the CAC Board of Directors.

- Recommend any recommend changes to its Committee Charter to the Board.

The CAC Board will ensure that the Finance & Investment Committee has sufficient resources to carry out its duties.

### **Composition of Committee and Selection of Members**

The membership of the Committee shall be as set forth in accordance with and pursuant to Article IV, Section 9 of the Corporation's bylaws. The Finance and Investment Committee shall be comprised of not less than three (3) independent members. The members shall serve until their resignation, retirement, removal by the Board or until their successors shall be appointed and qualified. When feasible, the immediate past Finance and Investment Committee Chair will continue serving as a member of the Committee for at least one year to ensure an orderly transition.

Finance & Investment Committee members shall possess or obtain a basic understanding of financial reporting, accounting, and auditing.

### **Meetings**

The Committee will meet a minimum of four times per year, with the expectation that additional meetings may be required to adequately fulfill all the obligations and duties outlined in the charter. Meeting agendas will be prepared for every meeting and provided to Committee members in advance of the scheduled meeting, along with the appropriate materials needed to make informed decisions. The Committee shall act only on the affirmative vote of a majority of the members at a meeting or by unanimous consent. Minutes of these meetings are to be recorded.

Members of the Committee, as well as the appropriate senior staff are expected to attend each committee meeting, in person or via telephone or videoconference.

The Committee may invite other individuals to attend meetings and provide pertinent information, as necessary.

## **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).

## 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.