



CAPITALIZE ALBANY
CORPORATION

Monday, April 20, 2020
Via Conference, 11:00 a.m.

Capitalize Albany Corporation
Finance and Investment Committee Meeting
Agenda

In response to a disaster emergency declared pursuant to New York State Executive Law § 28 and Executive Order 202.1, the April meeting of the Capitalize Albany Corporation Finance and Investment Committee will be held remotely with the public provided the opportunity to listen in to the proceedings via conference line by dialing +16468769923,,410019549# Detailed minutes of the proceedings will be posted on the Corporation's website following the meeting.

1. Review of the minutes from the Finance & Investment Committee meeting of March 16, 2020
2. Financial Update
 - a) Investments Update from Hugh Johnson Advisors
 - b) Quarterly Financial Report
3. COVID 19 Response Updates
4. Liberty Park
 - a) 59 Green Street
 - b) Acquisition Update
5. Other Business

Capitalize Albany Corporation Finance Committee Meeting

Agenda Item #1: Review of Minutes from March 16, 2020

Materials:

- 3/16/2020 Capitalize Albany Corporation Governance Committee Minutes

MINUTES



CAPITALIZE ALBANY
CORPORATION

Date of Meeting: March 16, 2020

Meeting: Capitalize Albany Corporation Finance & Investment Committee Meeting

The meeting of the Capitalize Albany Corporation Finance & Investment Committee was held at 11:00 a.m., March 16, 2020. Pursuant to New York State Executive Order 220.1 issued on March 12, 2020, the meeting was held via conference call. The call-in information was posted publicly to allow for the public's attendance at the proceedings.

The following were in attendance:

Committee Members: Jeff Sperry, John Harris, John Vero, and Bob Curley

Other: Thomas M. Owens, Esq.

Staff: Sarah Reginelli, Mark Opalka, Andrew Corcione, Christopher Medve, Ashley Mohl, and Tammie Fanfa

Excused Members: Anders Tomson

The meeting was called to order at 11:01 a.m.

Review of the minutes from the Finance & Investment Committee meeting of January 13, 2020

The Committee reviewed the minutes of the meeting. John Vero made a motion for approval, and Jeff Sperry seconded. The Committee agreed unanimously to approve the minutes from the Finance & Investment Committee meeting of January 13, 2020.

New Business

Albany Center of Economic Success (ACES) Request

Staff presented a request from ACES regarding certain mortgages. The Committee discussed the history of the property at 255 Orange Street and the Corporation's involvement. A robust discussion was held regarding the multiple options provided within the request. A motion was made by Robert Curley and seconded by Jeff Sperry to recommend the second option to the Board for its approval pending an outcome of an upcoming Albany Community Development Agency Board Meeting. A vote was taken and passed unanimously.

Clinton Market Collective Design and Engineering

Staff briefed the Committee on the status of the Board-approved procurement process for design and engineering services related to the Clinton Market Collective project. Fourteen teams responded to the solicitation. From this pool five teams were interviewed based on their performance in the authorized scoring rubric. A second round of scoring produced three finalists from which staff has requested clarifications and a standard "best and final offer." Staff indicated that they were confident in the responses, and recommended approving the execution of a contract with the top-scoring finalist not to exceed \$360,000. The contract would be paid for through a Department of State grant as part of the Downtown Revitalization Initiative. A motion was made by Jeff Sperry and seconded by John Vero to recommend that the Board authorize execution of the contract pursuant to the approved procurement process. Following Committee discussion, of the recommended procurement, a vote was taken and passed unanimously.

Old Business

Liberty Park Update

Staff informed the Committee that Liberty Square Development LLC has closed on the purchase and sale agreement with the Albany Convention Center Authority for the surplus properties at the former convention center site. Staff indicated that the Albany Parking Authority had reached out with interest in managing parking operations.

Other Business

Staff gave an update on the business continuity plan during COVID-19 including anticipated financial and operational impacts.

Adjournment

There being no further business, the Capitalize Albany Corporation Finance & Investment Committee meeting was adjourned at 11:27 a.m.

Capitalize Albany Corporation Finance Committee Meeting

Agenda Item #2: Financial Update

Materials:

- a) Quarterly Financial Report

MEMORANDUM



**CAPITALIZE ALBANY
CORPORATION**

To: Capitalize Albany Finance Committee
From: Capitalize Albany Staff
Date: April 20, 2020
Re: Capitalize Albany 1st Quarter 2020 Financial Reports

BUDGET PERFORMANCE

On a pre-audit basis, through March 31, 2020, Capitalize Albany Corporation had a net loss of \$139,221. The Corporation projected a year-to-date (YTD) budgeted net loss of \$9,556. Capitalize Albany Corporation had net income of \$10,561 at March 31, 2019.

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

- ***YTD 2020 revenue is \$321,970, which is \$286,943 (47%) below the 2020 budget.***
 - **Professional Service Fee Income.** Professional Service Agreement Income is \$123,557 which is 25,000 (25%) 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 to the Corporation to provide professional services to both of these organizations.
 - **Loan Interest Income.** Loan Interest Income is \$14,588 which is \$5,162 (26%) under budget. This variance is a direct result of no new loans being disbursed in 2018 and 2019 to offset the payoff that occurred during those years.
 - **Real Estate Income.** Real Estate income is \$23,554 which is \$143,635 (86%) under budget. This is a direct result of budgeted sale of Corporation owned property not occurring during the 1st quarter as anticipated.
 - **Investment & Interest Income.** Interest and Investment Income is (\$19,723) which is 48,079 (170%) under budget. This variance is primarily due to the losses incurred in the equity portion of the Corporation's investment portfolio as a result of the market downturn which occurred in the late first quarter due to COVID-19 concerns.
 - **Project & Program Revenue.** Project and Program revenue is \$113,247. This revenue is from grant monies realized for the Amplify Albany and façade grant programs and the Liberty Park project. These revenues have offsetting project and program expenses.
- ***YTD 2020 expenses are \$461,191 which is \$157,178 (25%) below the 2020 budget.***
 - **Salary & Fringe Expense.** Salary and Fringe expense are \$229,522 which is \$26,557 (10%) under budget. This variance is attributable to the Corporation having lower staffing levels than what was budgeted. Staffing levels have since increased to meet the organizational chart.

- **Administrative Expense.** Administrative expenses are \$5,892 which is \$6,186 (51%) under budget. This variance is attributable to lower general office expenses, employee training expenses and meeting expenses than anticipated during the quarter.
- **Occupancy Expenses.** Occupancy expenses are \$9,659 which is \$18,476 (48%) under budget. The variance is attributable to lower building maintenance expenses that occurred during the first quarter.
- **Project & Program Expense.** Project and Program Expenses are \$134,314. These expenses were for the grant disbursements for the Amplify Albany and Façade grant programs as well as expenses incurred for the Liberty Park project. These expenses have offsetting project and program revenue.

BALANCE SHEET

- At March 31, 2020, compared to December 31, 2019, unrestricted cash has decrease by \$290,444.
- Investments decreased by \$35,111. This is primarily due to market performance, which occurred in the equities portion of the Corporation's investment portfolio.
- Restricted cash has increased \$30,179 due to scheduled payments and one loan payoff on the Corporation's Enterprise Community Loans.
- Mortgage notes receivable has decreased by \$48,428. This is a result of scheduled loan payment activity and a loan payoff.
- Liabilities have decreased by \$153,866. This is due to unearned grant revenue being realized under the amplify, façade grant programs as well NYD ESD grant funds for the Liberty Park project.

CASH FLOW STATEMENT

- Currently, CAC's December 31, 2020 cash and cash equivalents is anticipated to decrease by approximately \$1.6 million to \$8.5 million. This decrease is primarily attributable the NYS grant monies being utilized for the Liberty Park project as well as a scheduled loan disbursement which is anticipated to occur in 2020.
- Projected 2020 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 and capital purchases made during 2020.
- Cash flow from investing activities reflects projected loan disbursement and repayment activity, direct finance lease payments, and investment.

	January 1, 2020 - December 31, 2020							
	YTD Actual	YTD Budget	Variance - \$	Variance - %	Apr - Dec Adjustment Forecast	2020 Projection	Original Budget	Projected Variance from Budget
REVENUE								
General Economic & Community Development Support Income	\$ 62,500	\$ 62,500	\$ -	0%	\$ 434,943	\$ 497,443	\$ 497,443	\$ -
Real Estate Income	23,554	167,189	(143,635)	-86%	190,226	213,779	394,868	(181,089)
Professional Service Agreement Income	123,557	98,557	25,000	25%	370,671	494,228	394,228	100,000
Loan Interest Income	14,588	19,750	(5,162)	-26%	59,250	73,838	79,000	(5,162)
Fee Income	3,997	2,142	1,855	87%	12,676	16,673	14,818	1,855
Direct Finance Lease Income	-	-	-	0%	-	-	-	-
Investment & Interest Income	30,121	28,356	1,764	6%	84,919	115,039	113,425	1,614
FMV Adj on Fidelity Inv	(61,100)	-	(61,100)	100%	-	(61,100)	-	(61,100)
G/L on Sale/Redemption	11,256	-	11,256	100%	-	11,256	-	11,256
Membership & Event Support	250	5,000	(4,750)	-95%	7,000	7,250	33,500	(26,250)
TOTAL REVENUE	\$ 208,723	\$ 383,494	\$ (174,772)	-46%	\$ 1,159,684	\$ 1,368,407	\$ 1,527,282	\$ (158,875)
EXPENSE								
Salaries & Fringe Expense	\$ 229,522	\$ 256,080	\$ (26,557)	-10%	\$ 788,652	\$ 1,018,174	\$ 1,109,679	\$ (91,505)
Professional Fees	81,803	82,535	(732)	-1%	240,560	322,363	274,745	47,618
Administrative Expenses	5,892	12,078	(6,186)	-51%	72,450	78,342	74,713	3,629
Interest Expense	-	-	-	0%	17,143	17,143	17,143	-
Real Estate Expenses	-	-	-	0%	4,000	4,000	4,000	-
Occupancy Expense	9,659	18,476	(8,817)	-48%	56,103	65,762	75,403	(9,641)
Bad Debt Expense (recovery)	-	-	-	0%	-	-	-	-
Membership & Event Expense	-	-	-	0%	25,450	25,450	25,450	-
TOTAL EXPENSES BEFORE DEPRECIATION	\$ 326,877	\$ 369,168	\$ (42,291)	-11%	\$ 1,204,358	\$ 1,531,235	\$ 1,581,133	\$ (49,899)
NET INCOME BEFORE DEPRECIATION & PROGRAM ACTIVITY	\$ (118,154)	\$ 14,326	\$ (132,481)	-925%	\$ (44,673)	\$ (162,828)	\$ (53,851)	\$ (108,976)
DEPRECIATION	\$ -	\$ -	\$ -	#DIV/0!	\$ 199,541	\$ 199,541	\$ 199,541	\$ -
NET INCOME (LOSS) AFTER DEPRECIATION	\$ (118,154)	\$ 14,326	\$ (132,480)	925%	\$ (244,214)	\$ (362,369)	\$ (253,392)	\$ (108,976)
PROJECT & PROGRAM REVENUE								
NYS ESD (Liberty Park)	\$ 83,216	\$ 199,208	\$ (115,992)	0%	695,020	778,236	\$ 894,228	\$ (115,992)
CACRC Grant	30,031	26,111	3,920	15%	74,414	104,445	104,445	-
New York Parks (Skyway Project)	-	-	-	0%	-	-	-	-
Total Program Income	\$ 113,247	\$ 225,319	\$ (112,072)	-50%	\$ 769,434	\$ 882,681	\$ 998,673	\$ (115,992)
PROJECT & PROGRAM EXPENSE								
Liberty Park Expenses	\$ 104,283	\$ 223,090	\$ (118,807)	-53%	\$ 844,598	948,881	\$ 948,882	\$ (1)
Capitalize Albany Amplify and Retail Grants	30,031	26,111	3,920	100%	74,414	104,445	104,445	-
Impact Downtown Albany (Skyway Project)	-	-	-	#DIV/0!	\$ 100,000	100,000	-	100,000
Total Program Expense	\$ 134,314	\$ 249,201	\$ (114,887)	-46%	\$ 1,019,012	\$ 1,153,326	\$ 1,053,327	\$ 99,999
NET INCOME (LOSS) FROM PROGRAM ACTIVITY	\$ (21,067)	\$ (23,882)	\$ 2,815	12%	\$ (249,578)	\$ (270,645)	\$ (54,654)	\$ (215,991)
NET INCOME (LOSS) AFTER DEPRECIATION & PROGRAM ACTIVITY	\$ (139,221)	\$ (9,556)	\$ (129,665)	-1357%	\$ (493,792)	\$ (633,013)	\$ (308,046)	\$ (324,968)

CAPITALIZE ALBANY CORPORATION

Comparative Balance Sheets

Pre-Audited Draft

	March 31, 2020	December 31, 2020	December 31, 2019
Assets			
Current Assets:			
Cash and cash equivalents	\$ 2,969,756	\$ 1,640,216	\$ 3,260,200
Investments	6,029,957	6,089,957	6,065,068
Restricted cash	6,860,480	6,860,705	6,830,301
Mortgage notes receivable, net	1,255,279	1,897,310	1,303,701
Net investment in direct financing leases	-	-	-
Accrued interest receivable	32,452	32,452	30,174
Grants receivable	-	-	-
Receivables from the City of Albany and City agencies	-	-	-
Other receivables, net	197,189	90,780	103,126
Property held for investment and lease, net	5,721,561	5,521,078	5,700,129
Property and equipment, net	361,054	336,996	340,221
Other assets	466,349	13,611	580,747
Total assets	\$ 23,894,077	\$ 22,483,105	\$ 24,213,667
Deferred Outflows of Resources	\$ -	\$ -	\$ -
Liabilities			
Current Liabilities:			
Accounts payable and accrued expenses	\$ 27,794	\$ 15,634	\$ 82,252
Due to the City of Albany	59,521	59,521	59,521
Unearned grant and other income	6,858,568	6,163,548	6,958,634
Bonds payable	1,150,000	940,000	1,150,000
Revolving loan fund liability	713,065	713,065	712,406
Unearned program support	7,119	7,118	7,119
Total liabilities	\$ 8,816,066	\$ 7,898,885	\$ 8,969,932
Deferred Inflows of Resources	\$ -	\$ -	\$ -
Net Position			
Net invested in capital assets	\$ 5,774,838	\$ 5,774,838	\$ 5,774,838
Restricted for:			
Debt service	-	-	-
CDBG eligible activities	114,700	114,700	114,700
Other program specific activities	2,292	2,292	2,292
Impact Downtown Albany	-	-	-
Unrestricted	9,186,181	8,692,389	9,325,403
Total net position	\$ 15,078,011	\$ 14,584,219	\$ 15,217,232

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

Pre Audited Draft

	Year to Date March 31, 2020	Projected December 31, 2020	Year Ended December 31, 2019
Revenues			
Grant income and Contribution Income	\$ 175,747	\$ 1,380,124	\$ 4,818,709
Rental income	23,554	213,779	298,473
Other interest and investment income	(19,723)	65,196	287,030
Interest income on mortgage notes	14,588	73,838	59,731
Gain on sale of properties	-	-	-
Fees and other income	127,804	518,151	466,833
Total revenues	<u>321,970</u>	<u>2,251,088</u>	<u>5,930,776</u>
Expenses			
Salaries and fringe benefits	229,522	1,018,174	801,249
Program and project costs	134,315	1,332,809	573,858
Interest expense	-	17,143	19,503
Bad debt expenses (recovery)	-	-	44,304
Administrative Expenses	97,354	515,975	375,272
Total expenses	<u>461,191</u>	<u>2,884,101</u>	<u>1,814,186</u>
Excess of (expenses over revenues) revenues over expenses	(139,221)	(633,013)	4,116,590
Net Position, Beginning of Year	<u>15,217,232</u>	<u>15,217,232</u>	<u>11,100,642</u>
Net Position, End of Month	<u>\$ 15,078,011</u>	<u>\$ 14,584,219</u>	<u>\$ 15,217,232</u>

CAPITALIZE ALBANY CORPORATION
STATEMENTS OF CASH FLOWS
Pre-Audited Draft

	<u>March 31, 2020</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash Flows From Operating Activities			
Cash received from customers	\$ 60,388	\$ 318,241	\$ 381,268
Cash received from grantors	76,339	1,152,833	10,811,166
Other operating cash receipts	127,804	518,151	453,568
Cash payments to suppliers and grantees	(286,126)	(1,712,293)	(1,028,574)
Cash payments to employees	<u>(229,522)</u>	<u>(1,018,174)</u>	<u>(801,249)</u>
Net cash provided by operating activities	<u>(251,117)</u>	<u>(741,243)</u>	<u>9,816,179</u>
Cash Flows From Capital and Related Financing Activities			
Proceeds from sale of property held for sale	-	-	-
Purchase of property held for investment and lease	(21,432)	-	(3,994,883)
Purchase of property and equipment	<u>(20,832)</u>	<u>(20,833)</u>	<u>(23,272)</u>
Purchase of other assets including purchase options	-	-	-
Principal payments on bonds payable	-	(210,000)	(200,000)
Interest paid on bonds payable	<u>-</u>	<u>(17,143)</u>	<u>(19,503)</u>
Net cash used in capital and related financing activities	<u>(42,264)</u>	<u>(247,976)</u>	<u>(4,237,658)</u>
Cash Flows From Investing Activities			
Interest on cash and cash equivalents and investments	24,434	92,989	199,028
Net decrease (increase) in restricted cash	(30,179)	(30,404)	(88,110)
Proceeds from sales and maturities of investments	1,678,974	1,678,973	5,639,290
Purchase of investments	<u>(1,688,536)</u>	<u>(1,748,310)</u>	<u>(7,919,842)</u>
Issuance of mortgage notes receivable	-	(787,000)	-
Repayments received on mortgage notes receivable	48,422	193,391	147,656
Principal payments received under direct financing leases	<u>-</u>	<u>-</u>	<u>-</u>
Net cash used in investing activities	<u>33,116</u>	<u>(600,361)</u>	<u>(2,021,978)</u>
Change in cash and cash equivalents	(260,265)	(1,589,580)	3,556,543
Cash and cash equivalents:			
Beginning of year	<u>10,090,501</u>	<u>10,090,501</u>	<u>6,533,958</u>
End of year	<u>\$ 9,830,236</u>	<u>\$ 8,500,921</u>	<u>\$ 10,090,501</u>
	<u>March 31, 2020</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Reconciliation of Excess of (Expenses Over Revenues)			
Revenues Over Expenses to Net Cash Provided by Operating Activities			
Excess of (expenses over revenues) revenues over expenses	\$ (139,221)	\$ (633,013)	\$ 4,116,590
Adjustments to reconcile excess of (expenses over revenues) revenues over expenses to net cash provided by operating activities:			
Depreciation and amortization	-	203,109	194,775
Adjustment for losses on mortgage notes and other receivables	-	-	44,304
Gain on sale of property	-	-	-
Net realized and unrealized losses (gains) on investments	48,348	48,348	(139,171)
Interest income on cash and cash equivalents and investments	(24,434)	(92,990)	(112,460)
Interest expense on bonds payable	-	17,143	19,503
Changes in:			
Grants receivable	-	567,136	6,059,430
Other receivables, accrued interest receivable and other assets	18,056	10,068	(12,336)
Accounts payable and accrued expenses	(54,458)	(66,617)	(274,218)
Unearned grant, program support and other income	(100,067)	(795,086)	(84,073)
Revolving loan fund liability	<u>659</u>	<u>659</u>	<u>3,835</u>
Net cash provided by operating activities	<u>\$ (251,117)</u>	<u>\$ (741,243)</u>	<u>\$ 9,816,179</u>

Capitalize Albany Corporation Finance Committee Meeting

Agenda Item #3: COVID 19 Response Updates

Materials:

COVID 19 Response

MEMORANDUM



CAPITALIZE ALBANY
CORPORATION

To: Capitalize Albany Finance Committee
From: Capitalize Albany Staff
Date: April 20, 2020
Re: Capitalize Albany COVID-19 Update

Business Continuity

As the COVID-19 continues to effect the local and national economies, the Corporation has been proactive in reaching out to its borrowers and tenants. In early April, a letter was sent out to all borrowers and tenants indicating that staff was still working and able to assist them during this challenging time. The correspondence directed them to the assistance that has been compiled on the SupportsmAlbany website should be utilized for additional financial resources, and encouraged them to contact us with concerns. To date, two tenants have reached out and indicated that no assistance was necessary.

External Response Programming

As the City's Economic Development Organization, the Corporation has been reached out to by several organizations requesting its administration of funding restricted to developing loans to address disaster adaptation and recovery efforts. Staff is currently working to develop frameworks for programs that address the following phases of response:

- Continuity
- Adaptation
- Resiliency

We are awaiting guidance from both the Federal and State levels regarding restrictions and compliance measures that will come with the funding, prior to our ability to propose program guidelines to the Board. Staff is recommending that we agree to the role of administrator in order to ensure that limited local resources are used efficiently, effectively and fully in compliance with public regulations. Once guidelines have been established, and funding has been proposed, we may call for a special meeting to review program guidelines, administrative fees, grant agreements, and contracts for services.