

**RESOLUTION 1-2020
OF THE
CAPITALIZE ALBANY CORPORATION**

WHEREAS, the mission of the Capitalize Albany Corporation (“CAC”) is to facilitate strategic economic development and stimulate transformative investment throughout the City of Albany, making New York’s Capital a vibrant place to thrive; and

WHEREAS, in support of its mission, CAC established a Real Estate Loan Program in June 2010 to provide financing to qualifying real estate development projects to support the revitalization of property and the retention/creation of jobs for City residents targeting properties currently vacant or underutilized and where rehabilitation/construction could have a positive effect on the community; and

WHEREAS, the Palace is in the midst of making significant investments in its physical infrastructure (including expansion, renovation and new construction) which will enable the Palace to expand the diversity and quality of its cultural and entertainment offerings (the “Palace Revitalization Project”) to the public; and

WHEREAS, Resolution 20-2019 authorized CAC to enter into a purchase and sale agreement (PSA) with The Palace Performing Arts Center, Inc., a 501(c)(3) New York not for profit corporation (the “Palace”) for the transfer of six (6) CAC-owned unimproved real property parcels (27/27½/29½ Clinton Avenue & 168/170/174 North Pearl Street) (the “Property”) which are immediately adjacent to the real property owned by the Palace on which the Palace owns and operates the historic Palace Theater in downtown Albany; and

WHEREAS, the PSA was subject to the Palace applying and receiving approval from CAC to finance the purchase of the Property at terms including a first mortgage security position on the Property, a potential 30 year maximum term (after a 10 year term with the option for two ten-year extensions), and 3.25% interest rate for the first ten years (with interest resetting at the 10 and 20 year mark at the 10 year Treasury + 175 basis points, if the loan is not repaid earlier); and

WHEREAS, CAC has reviewed the application of the Palace for a loan from CAC in the amount of \$283,400.00 (the “Loan”) to assist with the acquisition of the Property and allow the Project to move forward; and

WHEREAS, an underwriting review has been completed by CAC staff, and such review was presented to, and reviewed by, the CAC Finance and Investment Committee (“Committee”) and the Committee recommends that the Board approve the Loan; and

Transfer of Property from Capitalize Albany Corporation (“CAC”) to The Palace Performing Arts Center, Inc. (the “Palace”)

Information Pursuant to New York Public Authority Law Section 2897(7)

- i. Full description of the asset: The real properties/improvements to be transferred to the Palace are located at 27 Clinton Avenue, 27 ½ Clinton Avenue, 29 ½ Clinton Avenue, 168 North Pearl Street, 170 North Pearl Street, and 174 North Pearl Street (collectively, the “Property”). These six lots are immediately adjacent to the Palace Theater property, and consist of approximately 0.34 acres in total. One of the lots (174 North Pearl Street) contained a three (3) story building; however, this existing structure was declared unstable/uninhabitable in March 2019, and CAC was in the process of completing its demolition; in August 2019, the City of Albany declared the structure located at 174 North Pearl Street to be unsafe and completed an emergency demolition. With the completed demolition of the one improvement located at 174 North Pearl Street, all six (6) lots now consist of unimproved land.
- ii. Appraisal of the fair market value of the asset and any other information establishing the fair market value sought by the board. A commercial appraisal was performed by Empire State Appraisal Consultants, Inc. which estimated the FMV of the six parcels at \$283,400 in December 2015, with a unitary value of \$310,000. However, the appraisal assumed the building then located on the 174 North Pearl Street lot to be usable for residential purposes.
- iii. Description of the purpose of the transfer, and a reasonable statement of the kind and amount of the benefit to the public resulting from the transfer, including but not limited to the kind, number, location, wages or salaries of jobs created or preserved as required by the transfer, the benefits, if any, to the communities in which the asset is situated as are required by the transfer. CAC is a not-for-profit corporation (tax exempt IRC §501(c)(3) organization) with offices at 21 Lodge Street, Albany, New York, 12207. CAC’s corporate purpose is to facilitate the creation and retention of jobs, businesses and industry within the City of Albany, and CAC’s mission is to “facilitate strategic economic development and stimulate transformative investment throughout the City of Albany, making New York’s Capital a vibrant place to thrive.” The Palace is a not-for profit corporation (tax exempt §IRC 501(c)(3) organization) with offices at 19 Clinton Avenue, Albany, New York, 12207. The Palace’s mission is to “bring world-class arts and entertainment to New York’s Capital Region, greatly enhancing the area’s cultural and economic development.” The Palace operates the historic Palace Theatre in downtown Albany and presents a broad range of performances for a diverse audience, and the venue is made available as a community center for public gatherings. Additionally, the Palace provides art education programming for young people from Albany and the Capital Region. Partnerships are forged between/among The Palace, local businesses and charitable organizations, making downtown Albany and the greater region a more vibrant destination for residents

and visitors, and contributing positively to the area's continued economic development. As the leader in Albany's art/entertainment sector, the Palace's significantly contributes to economic development in Albany and throughout the Capital Region. The Palace is in the midst of making significant investments in its physical infrastructure (including expansion, renovation and new construction) which will enable the Palace to expand the diversity and quality of its cultural and entertainment offerings (the "Palace Revitalization Project") to the public. No jobs are required to be created or retained by this transfer. The Property was purposely acquired by CAC with the awareness that the Palace Revitalization Project was being formulated – in order to effectively land-bank the Property until such time as plans and funds for the Palace Revitalization Project were in place. In order for the Palace Revitalization Project to move forward, the Palace is required to own the Property. This property transfer will directly support CAC's mission to facilitate economic development in the City.

- iv. Statement of the value to be received compared to the fair market value. \$283,400. Note that no real estate brokers are involved in the transaction and therefore, no portion of the purchase price amount will be deducted for brokerage fees.
- v. Names of any private parties participating in the transfer, and if different than the statement required by section (iv), a statement of the value to the private party. The Palace Performing Arts Center, Inc.
- vi. Names of other private parties who have made an offer for such asset, the value offered, and the purpose for which the asset was sought to be used. None.