



Monday, August 17, 2020
Via Conference, 11:00 a.m.

CAPITALIZE ALBANY
CORPORATION

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 May 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 1-646-876-9923, meeting # 848 8370 5675. 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 July 20, 2020
2. Financial Update
 - a) Quarterly Investment Update
 - b) Quarterly Financial Report
3. COVID 19 Business Continuity
 - a) PPP Loan Update
 - b) COVID-19 Forbearance Update
4. Grant Programs
 - a) Emergency Round – Small Business Programs Update
 - b) COVID-19 Small Business Adaptation Program
5. Liberty Park Update
6. Other Business

Capitalize Albany Corporation Finance Committee Meeting

Agenda Item #1: Review of Minutes from June 15, 2020

Materials:

- Minutes from June 15, 2020

MINUTES



**CAPITALIZE ALBANY
CORPORATION**

Date of Meeting: June 15, 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., June 15, 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: John Vero, Anders Tomson, Bob Curley, and John Harris,

Other: Thomas M. Owens, Esq.

Staff: Sarah Reginelli, Mark Opalka, Tom Conoscenti, and Tammie Fanfa

Excused Members: Jeff Sperry

The meeting was called to order at 11:03 a.m.

Review of the minutes from the Finance & Investment Committee meeting of May 11, 2020

The Committee reviewed the minutes of the meeting. John Harris made a motion for approval, and Bob Curley seconded. The Committee agreed unanimously to approve the minutes from the Finance & Investment Committee meeting of May 11, 2020.

COVID-19 Business Continuity

PPP Loan Update

Staff informed the Committee that following the May committee and board meetings, new guidance on the Paycheck Protection Program (PPP) had been given from the Federal government which was reviewed with counsel and UHY. The conclusions reached by counsel and UHY reaffirmed the Board's decision to move forward with the PPP Loan. Staff also advised the Committee that they participated in a seminar held by UHY on the loan forgiveness guidelines and have been proactively documenting the financial records for the PPP loan.

COVID-19 Forbearance

Staff briefed the Committee on several requests for assistance from tenants and borrowers resulting from COVID-19. After much discussion, the Committee recommended that for tenants and borrowers impacted, staff could negotiate an up-to 90-day forbearance period in which payments during that 90-day period could be deferred and repaid before or at the end of the term. The Committee recommended that staff look into additional risk monitoring for the Corporation's loan and lease portfolios.

Grant Programs

Emergency Round – Small Business Program

Staff advised the Committee that applications are being accepted for emergency grants to assist businesses in the City that were directly impacted by recent vandalism and looting. The program leverages the existing City of Albany Small Business Façade Improvement Program and Retail Grant Programs which utilize funding from the Albany Community Development Agency (ACDA). A memo summarizing the program along with modifications for the emergency round was shared/reviewed and discussed with the Committee. A motion to ratify the modifications to exiting program guidelines to accommodate the emergency round of small business programs was made by Bob Curley and seconded by John Vero. The motion passed with all members voting aye.

Related to this, staff reviewed with the Committee a draft Memorandum of Understanding (MOU) between ACDA and CAC to accept additional funding for the emergency round of the Façade Improvement Program. A motion was

made by Bob Curley and seconded by John Vero to accept the agreement, motion passes with all members voting aye.

COVID 19 Response Programs

Staff updated the Committee on anticipated changes to NYS legislation to allow the IDA to provide grants and loans to small businesses for the purchase of Personal Protective Equipment (PPE) as well as of conversations CAC is having with ACDA regarding funding to assist businesses impacted by COVID-19, particularly minority and women-owned businesses. It was noted that up to \$1 million of funding from ACDA had been approved and that staff and ACDA were having conversations about terms of such an agreement. Staff described the general program parameters for a grant fund that would be managed under a grant/professional service agreement by Capitalize Albany Corporation. John Vero made a motion to recommend the Board accept funding for and administration of the specified funds for COVID-19 relief for small businesses pursuant to approval and guidelines from the State and Federal sources. The motion was seconded by Bob Curley and approved unanimously.

The Committee discussed the importance of assessing the Corporation's activity through an equity perspective to ensure unintentional bias is detected, if present, and mitigated. The Committee discussed possible opportunities for future outreach and program endeavors to strengthen the Corporation's efforts around equity.

Liberty Park

Staff updated the Committee on its search for a new property manager, which would assist the corporation with various property needs at Liberty Park such as building stabilization as well as the timeline for the purchase (by Liberty Square Development LLC) of 59 Green, which has been reviewed by the board previously and is undergoing due diligence including title, survey and an update to the existing Phase I ESA. The closing is expected to occur in September following the successful completion of due diligence and final approval from the Board in August. Staff also updated the Committee on application for acquisition assistance, which has been submitted to the IDA, and noted that the IDA had approved the solicitation of an appraiser.

Other Business

None.

Adjournment

There being no further business, the Capitalize Albany Corporation Finance & Investment Committee meeting was adjourned at 12:01 p.m.

Capitalize Albany Corporation Finance Committee Meeting

Agenda Item #2: Financial Update

Materials:

- a) Quarterly Investment Update
- b) Quarterly Financial Report

MEMORANDUM



CAPITALIZE ALBANY
CORPORATION

To: Capitalize Albany Finance Committee
From: Capitalize Albany Staff
Date: July 20, 2020
Re: Capitalize Albany 2nd Quarter 2020 Financial Reports

BUDGET PERFORMANCE

On a pre-audit basis, through June 30, 2020, the Capitalize Albany Corporation had a net loss of \$100,063. The Corporation projected a year-to-date (YTD) budgeted net loss of \$136,871. Capitalize Albany Corporation had net income of \$174,821 at June 30, 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 \$900,245, which is \$267,833 (23%) below the 2020 budget.***
 - **Professional Service Fee Income.** Professional Service Agreement Income is \$247,114 which is 50,000 (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 charged by the Corporation to provide professional services to both of these organizations.
 - **Loan Interest Income.** Loan Interest Income is \$28,986 which is \$10,514 (27%) 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 \$47,294 which is \$143,600 (75%) under budget. This is a direct result of budgeted sale of Corporation owned property not occurring during the first half of 2020.
 - **Investment & Interest Income.** Interest and Investment Income is \$99,701 which is 42,988 (76%) over budget. This variance is primarily due to second quarter investment performance of the equity portion of the Corporation's investment portfolio.
 - **Membership & Event Support.** Membership and Event Support is \$750 which is \$24,250 (97%) under budget. This variance is primarily due to the 2020 investor campaign not beginning until late in the second quarter.
 - **Project & Program Revenue.** Project and Program revenue is \$279,544. This revenue is from grant monies realized for the Amplify Albany and façade grant programs and the Liberty Park project. Most of these revenues have offsetting project and program expenses.

- **YTD 2020 expenses are \$1,000,319 which is \$304,641 (23%) below the 2020 budget.**
 - **Salary & Fringe Expense.** Salary and Fringe expense are \$471,196 which is \$83,643 (15%) under budget. This variance is attributable to the Corporation having lower staffing levels during the first quarter than what was budgeted.
 - **Administrative Expense.** Administrative expenses are \$32,946 which is \$9,159 (22%) under budget. This variance is attributable to lower general office expenses, employee training and meeting expenses.
 - **Occupancy Expenses.** Occupancy expenses are \$15,352 which is \$21,599 (58%) 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 \$280,233. 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.

BALANCE SHEET

- At June 30, 2020, compared to December 31, 2019, unrestricted cash has decrease by \$305,338.
- Investments increased by \$71,441. This is primarily due to market performance which occurred in the equities portion of the Corporation’s investment portfolio.
- Restricted cash has increased \$113,078 due to scheduled payments and one loan payoff on the Corporation’s Enterprise Community Loans.
- Mortgage notes receivable has decreased by \$77,238. This is a result of scheduled loan payment activity and a loan payoff.
- Liabilities have increased by \$222,105. This is due to grant monies being received for the amplify, façade grant programs and commercial cooridor programs. The grant revenue will be realized when grant awards are paid to the grantee.

CASH FLOW STATEMENT

- Currently, CAC’s December 31, 2020 cash and cash equivalent is anticipated to decrease by approximately \$1 million to \$9.07 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, 2019 - December 31, 2019				July - Dec Adjustment Forecast	2020 Projection	Original Budget	Projected Variance from Budget
	YTD Actual	YTD Budget	Variance - \$	Variance - %				
REVENUE								
General Economic & Community Development Support Income	\$ 190,843	\$ 190,843	\$ -	0%	\$ 306,600	\$ 497,443	\$ 497,443	\$ -
Real Estate Income	47,294	190,893	(143,600)	-75%	149,335	196,629	394,868	(198,240)
Professional Service Agreement Income	247,114	197,114	50,000	25%	247,114	494,228	394,228	100,000
Loan Interest Income	28,986	39,500	(10,514)	-27%	28,958	57,943	79,000	(21,057)
Fee Income	6,024	11,034	(5,010)	-45%	3,784	9,808	14,818	(5,010)
Direct Finance Lease Income	-	-	-	0%	-	-	-	-
Investment & Interest Income	62,501	56,713	5,789	10%	56,550	119,051	113,425	5,626
FMV Adj on Fidelity Inv	20,984	-	20,984	100%	-	20,984	-	20,984
G/L on Sale/Redemption	16,216	-	16,216	100%	-	16,216	-	16,216
Membership & Event Support	750	25,000	(24,250)	-97%	4,750	5,500	33,500	(28,000)
TOTAL REVENUE	\$ 620,711	\$ 711,097	\$ (90,386)	-13%	\$ 797,091	\$ 1,417,802	\$ 1,527,282	\$ (109,480)
EXPENSE								
Salaries & Fringe Expense	\$ 471,196	\$ 554,840	\$ (83,643)	-15%	\$ 482,826	\$ 954,022	\$ 1,109,679	\$ (155,657)
Professional Fees	199,723	198,772	951	0%	158,781	358,504	344,481	14,022
Administrative Expenses	32,946	42,106	(9,159)	-22%	34,728	67,674	74,713	(7,039)
Interest Expense	-	-	-	0%	17,143	17,143	17,143	-
Real Estate Expenses	156	-	156	0%	4,156	4,312	4,000	312
Occupancy Expense	15,352	36,952	(21,599)	-58%	37,627	52,979	75,403	(22,424)
Bad Debt Expense (recovery)	-	-	-	0%	-	-	-	-
Membership & Event Expense	712	-	712	0%	25,450	26,162	25,450	712
TOTAL EXPENSES BEFORE DEPRECIATION	\$ 720,086	\$ 832,668	\$ (112,583)	-14%	\$ 760,711	\$ 1,480,796	\$ 1,650,870	\$ (170,074)
NET INCOME BEFORE DEPRECIATION & PROGRAM ACTIVITY	\$ (99,375)	\$ (121,572)	\$ 22,197	-18%	\$ 36,380	\$ (62,994)	\$ (123,587)	\$ 60,594
DEPRECIATION	\$ -	\$ -	\$ -	#DIV/0!	\$ 199,541	\$ 199,541	\$ 199,541	\$ -
NET INCOME (LOSS) AFTER DEPRECIATION	\$ (99,375)	\$ (121,572)	\$ 22,197	18%	\$ (163,161)	\$ (262,535)	\$ (323,128)	\$ 60,594
PROJECT & PROGRAM REVENUE								
NYS ESD (Liberty Park)	\$ 245,811	\$ 430,881	\$ (185,070)	0%	648,417	894,228	\$ 894,228	\$ -
CACRC Grant	33,733	26,111	7,622	29%	70,712	104,445	104,445	-
New York Parks (Skyway Project)	-	-	-	0%	-	-	-	-
Total Program Income	\$ 279,544	\$ 456,993	\$ (177,448)	-39%	\$ 719,129	\$ 998,673	\$ 998,673	\$ -
PROJECT & PROGRAM EXPENSE								
Liberty Park Expenses	\$ 246,499	\$ 446,180	\$ (199,681)	-45%	\$ 702,382	948,883	\$ 948,882	\$ 1
Capitalize Albany Amplify and Retail Grants	33,733	26,111	7,622	100%	70,712	104,445	104,445	-
Impact Downtown Albany (Skyway Project)	-	-	-	#DIV/0!	\$ 100,000	100,000	100,000	-
Total Program Expense	\$ 280,233	\$ 472,291	\$ (192,058)	-41%	\$ 873,093	\$ 1,153,328	\$ 1,153,327	\$ 1
NET INCOME (LOSS) FROM PROGRAM ACTIVITY	\$ (688)	\$ (15,299)	\$ 14,610	95%	\$ (153,965)	\$ (154,655)	\$ (154,654)	\$ (1)
NET INCOME (LOSS) AFTER DEPRECIATION & PROGRAM ACTIVITY	\$ (100,063)	\$ (136,871)	\$ 36,807	27%	\$ (317,125)	\$ (417,190)	\$ (477,782)	\$ 60,592

CAPITALIZE ALBANY CORPORATION

Comparative Balance Sheets

Pre-Audited Draft

	June 30, 2020	Projected December 31, 2020	December 31, 2019
Assets			
Current Assets:			
Cash and cash equivalents	\$ 3,565,538	\$ 2,609,682	\$ 3,260,200
Investments	6,136,509	6,176,509	6,065,068
Restricted cash	6,943,379	6,417,381	6,830,301
Mortgage notes receivable, net	1,226,463	1,581,494	1,303,701
Net investment in direct financing leases	-	-	-
Accrued interest receivable	34,511	34,511	30,174
Grants receivable	-	-	-
Receivables from the City of Albany and City agencies	-	-	-
Other receivables, net	180,957	156,623	103,126
Property held for investment and lease, net	5,729,767	5,554,284	5,700,129
Property and equipment, net	361,054	336,996	340,221
Other assets	131,029	128,525	580,747
Total assets	\$ 24,309,207	\$ 22,996,005	\$ 24,213,667
Deferred Outflows of Resources	\$ -	\$ -	\$ -
Liabilities			
Current Liabilities:			
Accounts payable and accrued expenses	\$ 136,647	\$ 15,618	\$ 82,252
Due to the City of Albany	59,521	59,521	59,521
Unearned grant and other income	7,125,072	6,511,724	6,958,634
Bonds payable	1,150,000	940,000	1,150,000
Revolving loan fund liability	713,678	713,678	712,406
Unearned program support	7,119	7,119	7,119
Total liabilities	\$ 9,192,037	\$ 8,247,660	\$ 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	9,225,339	8,908,214	9,325,403
Total net position	\$ 15,117,169	\$ 14,800,044	\$ 15,217,232

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

Pre Audited Draft

	Year to Date June 30, 2020	Projected December 31, 2020	Year Ended December 31, 2019
Revenues			
Grant income and Contribution Income	\$ 470,387	\$ 1,625,216	\$ 4,818,709
Rental income	47,294	196,629	298,473
Other interest and investment income	99,701	156,251	287,030
Interest income on mortgage notes	28,986	57,943	59,731
Gain on sale of properties	-	-	-
Fees and other income	253,888	509,536	466,833
Total revenues	<u>900,256</u>	<u>2,545,575</u>	<u>5,930,776</u>
Expenses			
Salaries and fringe benefits	471,196	1,083,122	801,249
Program and project costs	281,102	1,333,834	573,858
Interest expense	-	17,143	19,503
Bad debt expenses (recovery)	-	-	44,304
Administrative Expenses	248,021	528,666	375,272
Total expenses	<u>1,000,319</u>	<u>2,962,765</u>	<u>1,814,186</u>
Excess of (expenses over revenues) revenues over expenses	(100,063)	(417,190)	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>\$ 15,117,169</u>	<u>\$ 14,800,042</u>	<u>\$ 15,217,232</u>

CAPITALIZE ALBANY CORPORATION
STATEMENTS OF CASH FLOWS
Pre-Audited Draft

	June 30, 2020	December 31, 2020	December 31, 2019
Cash Flows From Operating Activities			
Cash received from customers	\$ 447,670	\$ 216,643	\$ 381,268
Cash received from grantors	638,097	1,631,802	10,811,166
Other operating cash receipts	253,888	509,536	453,568
Cash payments to suppliers and grantees	(474,727)	(1,704,593)	(1,028,574)
Cash payments to employees	(471,196)	(1,083,122)	(801,249)
Net cash provided by operating activities	<u>393,732</u>	<u>(429,734)</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	(29,638)	(54,638)	(3,994,883)
Purchase of property and equipment	(20,832)	(20,833)	(23,272)
Purchase of other assets including purchase options	-	-	-
Principal payments on bonds payable	-	(210,000)	(200,000)
Interest paid on bonds payable	-	(17,143)	(19,503)
Net cash used in capital and related financing activities	<u>(50,470)</u>	<u>(302,614)</u>	<u>(4,237,658)</u>
Cash Flows From Investing Activities			
Interest on cash and cash equivalents and investments	58,691	99,179	199,028
Net decrease (increase) in restricted cash	(113,078)	(50,427)	(88,110)
Proceeds from sales and maturities of investments	3,714,731	3,749,744	5,639,290
Purchase of investments	(3,662,368)	(3,800,093)	(7,919,842)
Issuance of mortgage notes receivable	-	(500,000)	-
Repayments received on mortgage notes receivable	77,238	222,207	147,656
Principal payments received under direct financing leases	-	-	-
Net cash used in investing activities	<u>75,214</u>	<u>(279,389)</u>	<u>(2,021,978)</u>
Change in cash and cash equivalents	418,476	(1,011,738)	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>\$ 10,508,977</u>	<u>\$ 9,078,763</u>	<u>\$ 10,090,501</u>
	<u>June 30, 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	\$ (100,063)	\$ (417,190)	\$ 4,116,590
Adjustments to reconcile excess of (expenses over revenues) revenues over expenses to net cash provided by operating activities:			
Depreciation and amortization	-	224,541	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	(37,167)	(37,167)	(139,171)
Interest income on cash and cash equivalents and investments	(58,691)	(99,180)	(112,460)
Interest expense on bonds payable	-	17,143	19,503
Changes in:			
Grants receivable	-	452,222	6,059,430
Other receivables, accrued interest receivable and other assets	367,548	(57,834)	(12,336)
Accounts payable and accrued expenses	54,395	(66,634)	(274,218)
Unearned grant, program support and other income	166,438	(446,906)	(84,073)
Revolving loan fund liability	1,272	1,272	3,835
Net cash provided by operating activities	<u>\$ 393,732</u>	<u>\$ (429,734)</u>	<u>\$ 9,816,179</u>