



Tuesday, January 18, 2022
Via Conference, 11:00 a.m.

CAPITALIZE ALBANY
CORPORATION

Capitalize Albany Corporation
Finance and Investment Committee Meeting
Agenda

The October 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 # 840 1450 1443. 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 October 19, 2021
2. Annual Review of Financial Reports
 - a) Unaudited Budget Results 2021
 - b) Investment Portfolio
 - c) Quarterly Investment Update
 - d) Annual Real Property Report
 - e) Loan Allowances 2021
3. Annual Review of Corporate Policies
 - a) Review Finance Committee Charter
 - b) Review Investment Policy
4. Other Business
 - a) Liberty Park Account Update
 - b) Clinton Market Construction Update
 - c) Financial Services Update

MINUTES



CAPITALIZE ALBANY
CORPORATION

Date of Meeting: October 19, 2021

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., October 19, 2021. The meeting took place via electronic teleconference as allowed by recent legislation. Instructions on how the public was able to attend the meeting via conference call were published in the public notice of the meeting. A record of the meeting via the Minutes are transcribed below and have been posted to the Corporation's website.

The following were in attendance:

Committee Members: John Vero, Anders Tomson, and John Harris

Staff: Sarah Reginelli, Mark Opalka, Tom Conoscenti, and Erin Grace

Excused Members: Robert Curley

The meeting was called to order at 11:05 a.m.

Review of the minutes from the Finance & Investment Committee meeting of April 19, 2021

The Committee reviewed the minutes of the meeting. John Harris made a motion for approval, and John Vero seconded. The Committee agreed unanimously to approve the minutes from the Finance & Investment Committee meeting of April 19, 2021.

Draft 2022 Budget

Staff reviewed with the Committee the Draft Proposed Annual Budget for Capitalize Albany Corporation. Staff stated the budget anticipates a surplus of approximately \$378,600, related to approximately \$950,000 in grant income for capitalized expenses that will depreciate over time. Staff outlined the Salary and Benefit Expense to be \$1,264,880 and Professional Fess budgeted to be \$296,760.

Staff noted that the preliminary budget is built on forecasting assumptions regarding program and project expenses related to Liberty Park and the Clinton Market Collective based on currently know facts. The Committee discussed the prudence of presenting a budget that projects items that can be reasonably anticipated at the time of its drafting, with the understanding that the Committee and the Board tracks financial performance quarterly.

Following discussion, the Committee accepted the 2022 Draft Proposed Annual Budget, and noted that this Draft Proposed Annual Budget will move to the full Board for approval in October barring any significant proposed changes in the interim. The motion was made by John Vero, seconded by John Harris. A vote being taken, the motion passed unanimously.

Executive Session

Chair Anders Tomson asked for a motion to enter Executive Session to discuss the employment history of an individual. The motion was made by John Vero and seconded by John Harris, and the committee entered executive session at 11:40 a.m. On a motion from John Harris and seconded by John Vero, the committee exited executive session. No action was taken in executive session.

Other Business

None.

Adjournment

There being no further business, the Capitalize Albany Corporation Finance & Investment Committee meeting was adjourned at 11:55.

	January 1, 2021 - December 31, 2021						
	YTD Actual	YTD Budget	Variance - \$	Variance - %	2021 Projection	Original Budget	Projected Variance from Budget
REVENUE							
General Economic & Community Development Support Income	\$ 497,443	\$ 497,443	\$ -	0%	\$ 497,443	\$ 497,443	\$ -
Real Estate Income	247,876	396,354	(148,478)	-37%	247,876	396,354	(148,478)
Professional Service Agreement Income	494,228	556,728	(62,500)	-11%	494,228	556,728	(62,500)
Loan Interest Income	60,973	56,123	4,850	9%	60,973	56,123	4,850
Fee Income	3,259	10,959	(7,700)	-70%	3,259	10,959	(7,700)
Direct Finance Lease Income	-	-	-	0%	-	-	-
Investment & Interest Income	71,438	110,180	(38,742)	-35%	71,438	110,180	(38,742)
FMV Adj on Fidelity Inv	7,351	-	7,351	100%	7,351	-	7,351
G/L on Sale/Redemption	2,394	-	2,394	100%	2,394	-	2,394
Membership & Event Support	32,660	33,500	(840)	-3%	32,660	33,500	(840)
TOTAL REVENUE	\$ 1,417,621	\$ 1,661,287	\$ (243,666)	-15%	\$ 1,417,621	\$ 1,661,287	\$ (243,666)
EXPENSE							
Salaries & Fringe Expense	\$ 1,129,828	\$ 1,180,090	\$ (50,262)	-4%	\$ 1,129,828	\$ 1,180,090	\$ (50,262)
Professional Fees	328,891	369,834	(40,943)	-11%	328,891	369,834	(40,943)
Administrative Expenses	55,618	99,865	(44,247)	-44%	55,618	99,865	(44,247)
Interest Expense	1,286	8,910	(7,625)	0%	1,286	8,910	(7,625)
Real Estate Expenses	162	4,312	(4,150)	100%	162	4,312	(4,150)
Occupancy Expense	50,718	88,941	(38,222)	-43%	50,718	88,941	(38,222)
Bad Debt Expense (recovery)	(810)	-	(810)	100%	(810)	-	(810)
Membership, Event & Marketing Expenses	10,411	27,500	(17,089)	-62%	10,411	27,500	(17,089)
TOTAL EXPENSES BEFORE DEPRECIATION	\$ 1,576,104	\$ 1,779,452	\$ (203,348)	-11%	\$ 1,576,104	\$ 1,779,452	\$ (203,348)
NET INCOME BEFORE DEPRECIATION & PROGRAM ACTIVITY	\$ (158,483)	\$ (118,165)	\$ (40,318)	34%	\$ (158,483)	\$ (118,165)	\$ (40,318)
DEPRECIATION	\$ 193,252	\$ 195,825	\$ (2,573)	-1%	\$ 193,252	\$ 195,825	\$ (2,573)
NET INCOME (LOSS) AFTER DEPRECIATION	\$ (351,735)	\$ (313,990)	\$ (37,745)	-12%	\$ (351,735)	\$ (313,990)	\$ (37,745)
PROJECT & PROGRAM REVENUE							
Liberty Park	\$ 534,364	\$ 470,661	\$ 63,703	14%	534,364	\$ 470,661	\$ 63,703
Capitalize Albany Grant Programs	145,639	130,630	15,009	100%	145,639	130,630	15,009
PPP Loan Forgiveness	129,100	-	129,100	100%	129,100	-	129,100
Total Program Income	\$ 809,103	\$ 601,291	\$ 207,812	35%	\$ 809,103	\$ 601,291	\$ 207,812
PROJECT & PROGRAM EXPENSE							
Liberty Park Expenses	\$ 467,903	\$ 438,941	\$ 28,963	7%	467,903	\$ 438,941	\$ 28,963
Capitalize Albany Grant Programs	55,599	130,630	(75,031)	-57%	55,599	130,630	(75,031)
Clinton Market Collective	90,040	-	90,040	100%	90,040	100,000	(9,960)
Total Program Expense	\$ 613,543	\$ 569,571	\$ 43,972	8%	\$ 613,543	\$ 669,571	\$ (56,028)
NET INCOME (LOSS) FROM PROGRAM ACTIVITY	\$ 195,560	\$ 31,721	\$ 163,840	-517%	\$ 195,560	\$ (68,280)	\$ 263,840
NET INCOME (LOSS) AFTER DEPRECIATION & PROGRAM ACTIVITY	\$ (156,174)	\$ (282,269)	\$ 126,095	45%	\$ (156,174)	\$ (382,269)	\$ 226,095

These financial statements omit substantially all disclosures required by US GAAP. They have not been subjected to an audit, review or compilation agreement, and therefore no assurance is provided on them.

CAPITALIZE ALBANY CORPORATION**Comparative Balance Sheets****Pre-Audited Draft**

	December 31, 2021	December 31, 2020
Assets		
Current Assets:		
Cash and cash equivalents	\$ 2,791,419	\$ 3,469,351
Investments	6,303,026	6,231,220
Restricted cash	6,228,367	6,546,534
Mortgage notes receivable, net	1,284,568	1,163,043
Net investment in direct financing leases	-	-
Accrued interest receivable	30,355	39,876
Grants receivable	90,040	255,496
Receivables from the City of Albany and City agencies	-	-
Other receivables, net	247,486	123,590
Property held for investment and lease, net	5,465,012	5,639,990
Property and equipment, net	324,507	342,781
Other assets	147,048	157,983
Total assets	\$ 22,911,828	\$ 23,969,864
Deferred Outflows of Resources	\$ -	\$ -
Liabilities		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 97,851	\$ 178,703
Due to the City of Albany	59,521	59,521
Unearned grant and other income	6,462,614	7,063,965
Bonds payable	720,000	940,000
Revolving loan fund liability	714,827	714,487
Unearned program support	7,120	7,119
Total liabilities	\$ 8,061,934	\$ 8,963,795
Deferred Inflows of Resources	\$ -	\$ -
Net Position		
Net invested in capital assets	\$ 5,932,587	\$ 5,157,687
Restricted for:		
Debt service	-	-
CDBG eligible activities	115,138	115,138
Other program specific activities	420	420
Impact Downtown Albany	-	-
Unrestricted	8,801,749	9,732,823
Total net position	\$ 14,849,894	\$ 15,006,068

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Confidential Draft - For Discussion Purposes Only

Capitalize Albany Corporation

STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN NET ASSETS

Pre Audited Draft

	<u>December 31, 2021</u>	<u>Year Ended December 31, 2020</u>
Revenues		
Grant income and Contribution Income	\$ 1,306,546	\$ 1,116,607
Rental income	247,876	297,744
Other interest and investment income	81,182	213,370
Interest income on mortgage notes	60,973	45,907
Gain on sale of properties	-	-
Fees and other income	530,147	530,307
	<u>2,226,724</u>	<u>2,203,935</u>
Total revenues		
Expenses		
Salaries and fringe benefits	1,129,828	1,044,235
Program and project costs	789,098	839,235
Interest expense	1,286	8,703
Bad debt expenses (recovery)	(810)	-
Administrative Expenses	463,496	522,926
	<u>2,382,898</u>	<u>2,415,099</u>
Total expenses		
Excess of (expenses over revenues) revenues over expenses	(156,174)	(211,164)
Net Position, Beginning of Year	<u>15,006,068</u>	<u>15,217,232</u>
Net Position, End of Month	<u>\$ 14,849,894</u>	<u>\$ 15,006,068</u>

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CAPITALIZE ALBANY CORPORATION
STATEMENTS OF CASH FLOWS
Pre-Audited Draft

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash Flows From Operating Activities		
Cash received from customers	\$ 172,562	\$ 307,153
Cash received from grantors	881,928	1,276,505
Other operating cash receipts	530,147	530,307
Cash payments to suppliers and grantees	(1,138,575)	(1,113,464)
Cash payments to employees	(1,129,828)	(1,044,235)
	<u>(683,766)</u>	<u>(43,734)</u>
Net cash provided by operating activities		
Cash Flows From Capital and Related Financing Activities		
Proceeds from sale of property held for sale	-	-
Purchase of property held for investment and lease	-	(5,252)
Purchase of property and equipment	-	(20,833)
Purchase of other assets including purchase options	-	(109,598)
Proceeds from Paychex Protection Program	-	129,100
Principal payments on bonds payable	(220,000)	(210,000)
Interest paid on bonds payable	(1,286)	(8,703)
	<u>(221,286)</u>	<u>(225,286)</u>
Net cash used in capital and related financing activities		
Cash Flows From Investing Activities		
Interest on cash and cash equivalents and investments	69,009	108,941
Proceeds from sales and maturities of investments	(5,361,143)	7,365,491
Purchase of investments	5,323,422	(7,420,686)
Issuance of mortgage notes receivable	(500,000)	-
Repayments received on mortgage notes receivable	377,665	140,658
Principal payments received under direct financing leases	-	-
	<u>(91,047)</u>	<u>194,404</u>
Net cash used in investing activities		
Change in cash and cash equivalents	(996,099)	(74,616)
Cash and cash equivalents and restricted cash:		
Beginning of year	<u>10,015,885</u>	<u>10,090,501</u>
End of year	<u>\$ 9,019,786</u>	<u>\$ 10,015,885</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</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	\$ (156,172)	\$ (605,674)
Adjustments to reconcile excess of (expenses over revenues) revenues over expenses to net cash provided by operating activities:		
Depreciation and amortization	193,252	193,251
Adjustment for losses on mortgage notes and other receivables	810	-
Gain on sale of property	-	-
Net realized and unrealized losses (gains) on investments	(34,081)	(110,957)
Interest income on cash and cash equivalents and investments	(69,013)	(109,942)
Interest expense on bonds payable	1,286	8,703
Changes in:		
Grants receivable and other receivables	176,393	183,605
Other receivables, accrued interest receivable and other assets	(114,375)	(45,490)
Accounts payable and accrued expenses	(80,852)	69,948
Due to the City of Albany	-	-
Unearned grant, program support and other income	(601,351)	370,741
Revolving loan fund liability	340	2,081
	<u>(683,764)</u>	<u>(43,734)</u>
Net cash provided by operating activities		

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CAPITALIZE ALBANY CORPORATION PROPERTY

Parcel ID	Acres	Location
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)
76.50-1-14	0.02	60 Green Street
76.50-1-8	0.04	59 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
76.42-5-25	0.07	50 Hudson 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
76.42-5-34	0.3	10 Dallius Street
76.42-5-44	0.25	358 Broadway
76.50-1-3	0.04	56 Division St
76.50-1-4	0.03	54 Division St
76.50-1-5	0.03	52 Division St
76.50-1-6	0.04	57 Green St
76.50-1-7	0.01	57 1/2 Green St
76.50-1-8	0.04	59 Green St
76.50-1-9	0.13	61 Green St
76.50-1-10	0.07	65 Green St
76.50-1-12	0.02	65 Hamilton St
76.50-1-13	0.02	67 Hamilton St
76.50-1-23	0.42	27 Dallius St
76.50-1-15	0.02	62 Green St
76.50-1-16	0.02	62 1/2 Green St
76.50-1-17	0.04	64 Green St
76.50-1-18	0.06	66 Green St
76.50-1-19	0.08	72 Green St
76.50-1-20	0.04	74 Green St
76.50-1-21	0.02	46 Division St
76.50-1-22	0.03	44 Division St
76.11-1-7	0.44	3 City Square
76.11-1-8	0.14	2 E-Comm Sq
76.11-1-9	0.05	3 E-Comm Sq
76.11-1-10	0.29	310 Broadway
76.11-1-13	0.09	5 Pruyn St
76.50-1-31	0.21	346 Broadway
76.50-1-34	0.08	1 City Sq
76.11-1-12	0.03	298 Broadway
	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).