

City of Albany Industrial Development Agency, a Component Unit of the City of Albany

Management's Discussion And Analysis

The following Management's Discussion and Analysis ("MD&A") of the City of Albany Industrial Development Agency's ("CAIDA" or "Agency") activities and financial performance is offered as an introduction and overview of the financial statements of CAIDA for the fiscal years ended December 31, 2015 and 2014. Following this MD&A are the basic financial statements of CAIDA together with the notes thereto which are essential to a full understanding of the data contained in the financial statements. In addition to the notes, this section also presents certain required supplementary information to assist with the understanding of CAIDA's financial operations.

OPERATION SUMMARY

The City of Albany Industrial Development Agency's mission is to assist in the enhancement and diversity of the economy of the City of Albany by acting in support of projects within the City that create and/or retain jobs and/or promote private sector investment utilizing the statutory powers of the Agency as set forth under the provisions of the laws of the State of New York. To do this, CAIDA is authorized and empowered by the provisions of the laws of New York State to, among other things: acquire, own, lease, and dispose of property as well as provide certain financial assistance to qualifying projects. CAIDA can provide conduit bond financing, real property tax exemptions, mortgage recording tax exemptions, and sales and use tax exemptions to qualifying projects for the purpose of promoting, developing, encouraging, and assisting in the acquisition, construction, reconstruction, improvement, maintenance, equipping and/or furnishing of commercial facilities - among others. CAIDA participates in a project by taking title to or a leasehold interest in the real property and/or equipment of the project using the proceeds of bonds sold by CAIDA. By separate agreement, the private firm leases the facilities from the CAIDA. Lease payments are usually equal to the debt service obligations of the issued bonds. The CAIDA does not provide credit enhancement and issues bonds on a non-recourse basis.

Through a professional services agreement, the Capitalize Albany Corporation, an independent, not-for-profit economic development corporation and public authority, provides staffing and administrative support to CAIDA. Staff meets with prospective developers to discuss the specifics of a particular project or development and makes recommendations about appropriate economic development programs as well as other project related issues. If CAIDA is an appropriate route, the applicant will complete and submit an application that outlines certain information and data, including the anticipated level of job creation and retention that the project is expected to generate. Staff and counsel review the application to determine project qualifications and perform necessary due diligence activities. The five-member CAIDA Finance Committee and the seven-member CAIDA Board meet monthly or as necessary to consider project applications and assess the public benefits associated with the proposed project, economic impacts and benefits to the local economy as well as the anticipated employment impact. As part of the review process, the CAIDA members also consider the project's potential costs and revenues to the local community, including an analysis of the potential increase in overall tax revenues due to increases in the value of improved property as well as the impact of providing for a gradual increase in new tax revenues in the form of temporary abatements. Each project is also required to provide an inducement resolution that specifically states how the project meets the statutory definitions of eligibility. The Agency convenes a public hearing for all projects that request financial incentives greater than \$100,000 in value.

**City of Albany Industrial Development Agency,
a Component Unit of the City of Albany**

Management's Discussion And Analysis

FINANCIAL OPERATIONS HIGHLIGHTS

The chart below provides a condensed summary of revenues and expenses for the years ended December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Total revenues, gains, and other support	\$1,186,999	\$1,934,171
Total expenses	<u>757,506</u>	<u>686,794</u>
Excess Of Revenues Over Expenses	<u>\$ 429,493</u>	<u>\$1,247,377</u>

Agency revenues are predominantly derived from a 1% administrative fee paid by applicants for projects that close within a given year. As a result, revenues will fluctuate from year to year based on the level of project activity. The following projects closed in 2015 and paid an administrative fee to the Agency:

Park South Partners

This project is comprised of the acquisition of land located on Morris, Dana, and Robin streets and construction of a mixed-use project. When completed, this mixed-use project will include approximately 21,000 square feet of retail space as well as 268 market-rate apartments. This approximately \$52.6 million project will create an estimated 11 permanent jobs and 200 construction jobs.

67 Howard Street, LLC

This project is comprised of the acquisition and construction of a parking facility containing approximately 300 parking spaces adjacent to the Capital Center convention facility and Renaissance by Marriott. This approximately \$8 million project will create an estimated two permanent jobs and 20 construction jobs.

Eleftheria Properties, LLC

This project, located at 241 South Allen Street, is comprised of the acquisition and construction of two, three-story garden apartment buildings. Each building will contain 24 units of one and two bedroom market-rate apartments. This approximately \$6.2 million project will create an estimated one permanent job and 50 construction jobs.

Broadway Albany Realty, LLC

This project, located at 833 Broadway, is comprised of the acquisition and rehabilitation of a mostly vacant existing 140,000 square foot office building. After renovations of the building are completed, approximately 112,000 square feet will be occupied by Maximus Inc. for a call center. This approximately \$4.4 million project will create an estimated 430 permanent jobs and 40 construction jobs.

**City of Albany Industrial Development Agency,
a Component Unit of the City of Albany**

Management's Discussion And Analysis

40-48 South Pearl Street, LLC

This project is comprised of the acquisition and redevelopment of two adjoining vacant buildings across the street from the Times Union Center. When completed, this mixed-use project will include approximately 16 market-rate apartments, a 4,500 square foot restaurant, and three 600 square foot retail spaces on the ground floor. This approximately \$2.4 million project will create an estimated 35 permanent jobs and 15 construction jobs.

1475 Washington Avenue Associates, LLC

This project is comprised of land acquisition and construction of an approximately 183,750 square foot, four-story private student housing complex. When completed, this project will have approximately 118 units of one to four bedroom and bathroom combinations. Units will share a kitchen and common areas. Additionally, the project will include 145 parking spaces for residents. This approximately \$27.5 million project will create an estimated seven permanent jobs and 90 construction jobs.

One Columbia Realty, LLC

This project is comprised of the acquisition and redevelopment of a vacant 25,369 square foot office building into approximately 21 one and two bedroom market-rate apartments. This approximately \$2.6 million project will create an estimated one permanent job and 25 construction jobs.

A condensed summary of CAIDA's net assets at December 31, 2015 and 2014 is shown below:

	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
Cash and Cash Equivalents	\$2,386,372	\$1,956,694
Mortgage Notes Receivable	<u>131,970</u>	<u>131,970</u>
TOTAL ASSETS	<u>\$2,518,342</u>	<u>\$2,088,664</u>
<u>Liabilities and Net Assets</u>		
Accounts Payable	\$58,610	\$ 58,425
Mortgage Notes Payable	<u>131,970</u>	<u>131,970</u>
Total Liabilities	190,580	190,395
Net Assets	<u>2,327,762</u>	<u>1,898,269</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$2,518,342</u>	<u>\$2,088,664</u>

**City of Albany Industrial Development Agency,
a Component Unit of the City of Albany**

Management's Discussion And Analysis

FUTURE OPERATIONS

As of December 31, 2015, the following projects have been approved by the CAIDA Board and are expected to close in 2016:

CDP Holland, LLC

This project, located at 25 Holland Avenue, 19 Holland Avenue, and 1 Cortland Street, comprises the acquisition and demolition of existing deteriorating structures to construct a new seven story, 122,500 square foot market-rate apartment building. When completed, this project will include approximately 125 units of one and two bedroom market-rate apartments, as well as 170 structured parking spaces. This approximately \$23 million project will create an estimated four permanent jobs and 175 construction jobs.

FINANCIAL STATEMENTS

CAIDA's financial statements are prepared on an accrual basis in accordance with U.S. generally accepted accounting principles promulgated by the *Government Accounting Standards Board (GASB)*. CAIDA is a public benefit corporation created by State legislation and is a component unit of the City of Albany. CAIDA follows enterprise fund accounting; accordingly, the financial statements are presented using the economic resources management focus. These financial statements are presented in a manner similar to a private business.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of CAIDA's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed in writing to:

City of Albany Industrial Development Agency
Attention: Chief Financial Officer & Assistant Treasurer
21 Lodge Street
Albany, New York 12207