

City of Albany Capital Resource Corporation

21 Lodge Street
Albany, New York 12207
Telephone: (518) 434-2532
Fax: (518) 434-9846

Tracy Metzger, *Chair*
Susan Pedo, *Vice Chair*
Darius Shahinfar, *Treasurer*
C. Anthony Owens, *Secretary*
Lee Eck
Dominick Calsolaro
Robert Schofield

Sarah Reginelli, *Chief Executive Officer*
Mark Opalka, *Chief Financial Officer*
William Kelly, *Agency Counsel*

To: Tracy Metzger
Darius Shahinfar
Susan Pedo
Anthony Owens
Lee Eck
Dominick Calsolaro
Robert Schofield

Sarah Reginelli
John Reilly
Joe Scott
Mark Opalka
Joe Landy
Andy Corcione
Chantel Burnash

Date: January 20, 2017

CRC REGULAR MEETING AGENDA

A Regular Meeting of the City of Albany Capital Resource Corporation Board of Directors will be held on **Thursday, January 26th at 5:30 PM** or immediately following the Annual Meeting of the City of Albany CRC at 21 Lodge Street, Albany, NY 12207 (Large Conference Room)

Roll Call

Reading of Minutes of the Board Meeting of December 15, 2016

Approval of Minutes of the Board Meeting of December 15, 2016

Report of Chief Financial Officer

A. Financial Report

Unfinished Business

- None

New Business

- A. Annual Housekeeping Resolution 2017
- B. Presentation of Annual Investment Report

Other Business

- A. Corporation Update

Adjournment

The next regularly scheduled Board Meeting will be held **Thursday, February 16, 2017** at 21 Lodge Street, Albany, NY.
Please check the website www.albanyida.com for updated meeting information.

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John Reilly, *Agency Counsel*

CRC MINUTES OF THE REGULAR BOARD MEETING Thursday, December 15, 2016

Attending: Tracy Metzger, Susan Pedo, Darius Shahinfar, C. Anthony Owens, Dominick Calsolaro, and Lee Eck

Absent: Robert Schofield

Also Present: Sarah Reginelli, Mark Opalka, Andy Corcione, Ashley Mohl, Chantel Burnash, Mike Bohne, John Reilly and Joe Scott

Chair Tracy Metzger called the regular meeting of the CRC to order at 12:26 PM.

Roll Call

Chair Tracy Metzger reported that all Board members were present, with the exception of Robert Schofield.

Reading of Minutes of the Regular Meeting of November 17, 2016

Since the minutes of the previous meeting had been distributed to Board members in advance for review, Chair Tracy Metzger made a proposal to dispense with the reading of the minutes.

Approval of Minutes of the Regular Meeting of November 17, 2016

Chair Tracy Metzger made a proposal to approve the minutes of the regular Board meeting of November 17, 2016 as presented. A motion to accept the minutes, as presented, was made by C. Anthony Owens and seconded by Darius Shahinfar. A vote being taken, the minutes were accepted unanimously.

Report of Chief Financial Officer

Mark Opalka reviewed the monthly financial report with the Board.

Unfinished Business

None.

New Business

Approval Resolution - Community Loan Fund

Staff gave an overview of the Corporation's opportunity to participate in the funding of a local share/matching funds with the Community Loan Fund, which would leverage both organizations' assets to provide a loan fund for City of Albany businesses/projects. Staff informed the Board that the Corporation's \$250,000 of funding, as well as the CDFI and New York State funds matching it, will be restricted to projects located entirely within the boundaries of the City of Albany, bringing the locally restricted pool to \$750,000. The Board discussed the significant use of resources by the Corporation to fund small business and community development programming.

Chair Tracy Metzger presented the Approval Resolution – Community Loan Fund to the Board. A motion to adopt the resolution was made by Lee Eck and seconded by C. Anthony Owens. A vote being taken, the resolution passed unanimously.

Other Business

Resolution Approving Amendment - Contract for Services 2016 IDA

Staff reviewed the modification of the terms of the Contract for Services 2016 with the IDA, which more accurately reflects cost of services. Chair Tracy Metzger presented the Contract for Services 2016 IDA – Resolution Approving Amendment to the Board. A motion to adopt the resolution was made by C. Anthony Owens and seconded by Lee Eck. Susan Pedo abstained from the vote. A vote being taken, the resolution passed.

Corporation Update

Staff distributed the 2017 Board and Finance Committee calendar schedules. Staff reminded the Board that the Corporation Board meetings will commence at 5:00pm beginning in January. Committee meetings will not be affected. The Corporation’s public hearings will also occur at 5:00pm, in addition to 12:00pm. The Board accepted the calendar schedules for the upcoming year and will notify Staff if they have any conflicts.

Staff advised the Board that Staff has been convening meetings to prepare for upcoming annual reporting.

There being no further business, Chair Tracy Metzger adjourned the meeting at 12:40 PM.

Respectfully submitted,

C. Anthony Owens, Secretary

City of Albany CRC
2016 Monthly Cash Position
December 2016

	<i>Actual</i>												
	January	February	March	April	May	June	July	August	September	October	November	December	YTD Total
Beginning Balance	\$ 1,036,285	\$ 979,560	\$ 979,969	\$ 980,383	\$ 902,754	\$ 577,982	\$ 579,711	\$ 560,681	\$ 560,928	\$ 694,030	\$ 694,323	\$ 694,606	\$ 1,036,285
Revenue													
Fee Revenue													
Application Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500
Agency Fee	-	-	-	-	-	-	-	-	132,888	-	-	-	132,888
Administrative Fee	-	-	-	-	-	-	-	-	-	-	-	-	-
Modification Fee	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal - Fee Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500	\$ -	\$ -	\$ 132,888	\$ -	\$ -	\$ -	\$ 134,388
Other Revenue													
Interest Income	\$ 389	\$ 409	\$ 414	\$ 371	\$ 273	\$ 229	\$ 220	\$ 247	\$ 224	\$ 293	\$ 283	\$ 265	3,618
Misc	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal - Other Revenue	\$ 389	\$ 409	\$ 414	\$ 371	\$ 273	\$ 229	\$ 220	\$ 247	\$ 224	\$ 293	\$ 283	\$ 265	\$ 3,618
Total - Revenue	\$ 389	\$ 409	\$ 414	\$ 371	\$ 273	\$ 1,729	\$ 220	\$ 247	\$ 133,112	\$ 293	\$ 283	\$ 265	\$ 138,005
Expenditures													
Audits	1,500	-	-	3,000	-	-	-	-	-	-	-	-	4,500
Transit Enhancement Program	55,000	-	-	-	-	-	-	-	-	-	-	55,000	110,000
Strategic Activities	-	-	-	75,000	325,000	-	19,250	-	-	-	-	-	419,250
IDA	-	-	-	-	-	-	-	-	-	-	-	48,500	48,500
D & O Insurance	-	-	-	-	-	-	-	-	-	-	-	1,317	1,317
Misc.	614	-	-	-	46	-	-	-	10	-	-	-	670
Total - Expenditures	\$ 57,114	\$ -	\$ -	\$ 78,000	\$ 325,046	\$ -	\$ 19,250	\$ -	\$ 10	\$ -	\$ -	\$ 104,817	\$ 584,237
Ending Balance	\$ 979,560	\$ 979,969	\$ 980,383	\$ 902,754	\$ 577,982	\$ 579,711	\$ 560,681	\$ 560,928	\$ 694,030	\$ 694,323	\$ 694,606	\$ 590,054	\$ 590,054

City of Albany CRC

Fee Detail by Month

December 2016

	Name	Application Fee	Agency Fee	Administration Fee	Modification Fee	TOTAL FEE
<i>January</i>		\$ -	\$ -	\$ -	\$ -	\$ -
	TOTAL	-	-	-	-	-
<i>February</i>		\$ -	\$ -	\$ -	\$ -	\$ -
	TOTAL	-	-	-	-	-
<i>March</i>		\$ -	\$ -	\$ -	\$ -	\$ -
	TOTAL	-	-	-	-	-
<i>April</i>		\$ -	\$ -	\$ -	\$ -	\$ -
	TOTAL	-	-	-	-	-
<i>May</i>		\$ -	\$ -	\$ -	\$ -	\$ -
	TOTAL	-	-	-	-	-
<i>June</i>	Empire Commons Student Housing, Inc	\$ 1,500	-	\$ -	\$ -	\$ 1,500
	TOTAL	\$ 1,500	\$ -	\$ -	\$ -	\$ 1,500

City of Albany CRC

Fee Detail by Month

December 2016

	Name	Application Fee	Agency Fee	Administration Fee	Modification Fee	TOTAL FEE
<i>July</i>		\$ -	\$ -	-	-	-
	TOTAL	\$ -	\$ -	\$ -	\$ -	\$ -
<i>August</i>		\$ -	\$ -	-	-	-
	TOTAL	\$ -	\$ -	\$ -	\$ -	\$ -
<i>September</i>	Empire Commons Student Housing, Inc.	\$ -	\$ 132,888	\$ -	\$ -	\$ 132,888
	TOTAL	\$ -	\$ 132,888	\$ -	\$ -	\$ 132,888
<i>October</i>		\$ -		\$ -		\$ -
	TOTAL	\$ -	\$ -	\$ -	\$ -	\$ -
<i>November</i>		\$ -	\$ -	\$ -	\$ -	\$ -
	TOTAL	\$ -	\$ -	\$ -	\$ -	\$ -
<i>December</i>		\$ -	\$ -	\$ -	\$ -	\$ -
	TOTAL	\$ -	\$ -	\$ -	\$ -	\$ -
	2016 TOTAL	\$ 1,500 <i>Application Fee</i>	\$ 132,888 <i>Agency Fee</i>	\$ - <i>Administration Fee</i>	\$ - <i>Modification Fee</i>	\$ 134,388 <i>TOTAL FEE</i>

**CITY OF ALBANY CAPITAL RESOURCE CORPORATION
ANNUAL HOUSEKEEPING RESOLUTION 2017**

A regular meeting of City of Albany Capital Resource Corporation (the “Corporation”) was convened in public session at the office of the Corporation located at 21 Lodge Street in the City of Albany, Albany County, New York on January 26, 2017 at 5:30 p.m., local time.

The meeting was called to order by the (Vice) Chair of the Corporation and, upon roll being called, the following members of the Corporation were:

PRESENT:

Tracy L. Metzger	Chair
Susan Pedo	Vice Chair
Hon. Darius Shahinfar	Treasurer
C. Anthony Owens	Secretary
Dominick Calsolaro	Member
Lee Eck	Member
Robert T. Schofield	Member

ABSENT:

AGENCY STAFF PRESENT INCLUDED THE FOLLOWING:

Mark Opalka	Chief Financial Officer
Ashley Mohl	Senior Economic Developer II, Capitalize Albany Corporation
Joseph Landy	Senior Economic Developer II, Capitalize Albany Corporation
Andrew Corcione	Economic Developer, Capitalize Albany Corporation
Michael Bohne	Communications & Marketing, Capitalize Albany Corporation
Chantel Burnash	Executive Assistant, Capitalize Albany Corporation
William Kelly, Esq.	Interim Agency Counsel
A. Joseph Scott, III, Esq.	Special Agency Counsel

The following resolution was offered by _____, seconded by _____, to wit:

RESOLUTION APPROVING CERTAIN APPOINTMENTS AND ADMINISTRATIVE MATTERS OF THE CORPORATION.

WHEREAS, the Corporation is authorized and empowered by the provisions of Section 1411 of the New York State Not-For-Profit Corporation Law (the “NFPCL”) to take steps to relieve and reduce unemployment, promote and provide for additional and maximum employment, better and maintain job opportunities, instruct or train individuals to improve or develop their capabilities for such jobs, carry on scientific research for the purpose of aiding a community or geographical area by attracting new industry to the community or area or by encouraging the development of, or retention of, an industry in the community or area, lessening the burdens of government and acting in the public interest; and

WHEREAS, the NFPCL and the Corporation’s certificate of incorporation allow the Corporation to make certain appointments and approve certain administrative matters; and

WHEREAS, the members of the Corporation desire to make certain appointments and approve certain administrative matters;

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE CITY OF ALBANY CAPITAL RESOURCE CORPORATION, AS FOLLOWS:

Section 1. The Corporation hereby takes the following actions:

(A) Approves the appointments and the administrative matters described in Schedule A attached hereto.

(B) Approves, ratifies and confirms the policies described in Schedule A and contained in the Corporation's Policy Manual.

Section 2. The Corporation hereby authorizes the Chair and the Chief Executive Officer to take all steps necessary to implement the matters described in Schedule A attached.

Section 3. This Resolution shall take effect immediately.

The question of the adoption of the foregoing resolution was duly put to vote on roll call, which resulted as follows:

Tracy Metzger	VOTING	_____
Susan Pedo	VOTING	_____
Hon. Darius Shahinfar	VOTING	_____
C. Anthony Owens	VOTING	_____
Dominick Calsolaro	VOTING	_____
Lee Eck	VOTING	_____
Robert T. Schofield	VOTING	_____

The resolution was thereupon declared duly adopted.

STATE OF NEW YORK)
) SS.:
COUNTY OF ALBANY)

I, the undersigned (Assistant) Secretary of City of Albany Capital Resource Corporation (the “Corporation”), do hereby certify that I have compared the foregoing extract of the minutes of the meeting of the members of the Corporation held on January 26, 2017 with the original thereof on file in my office, and that the same is a true and correct copy of said original and of the whole of said original so far as the same relates to the subject matters therein referred to.

I FURTHER CERTIFY that (A) all members of the Corporation had due notice of said meeting; (B) said meeting was in all respects duly held; (C) pursuant to Article 7 of the Public Officers Law (the “Open Meetings Law”), said meeting was open to the general public, and due notice of the time and place of said meeting was given in accordance with such Open Meetings Law; and (D) there was a quorum of the members of the Corporation present throughout said meeting.

I FURTHER CERTIFY that, as of the date hereof, the attached Resolution is in full force and effect and has not been amended, repealed or rescinded.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Corporation this 26th day of January, 2017.

(Assistant) Secretary

(SEAL)

SCHEDULE A

Confirmation of Regular Corporation Meeting Schedule

Third Thursday of each month at 5:30 o'clock p.m., local time

Appointment of Chief Executive Officer and Staff to the Corporation

Sarah Reginelli, Chief Executive Officer
Mark Opalka, Chief Financial Officer

Appointment of Accounting Firm of the Corporation

Teal, Becker & Chiamonte, CPAs, P.C.

Appointment of Corporation Counsel

City of Albany Office of Corporation Counsel – William Kelly - Interim (see Schedule B)

Appointment of Bond Counsel to the Corporation

Hodgson Russ LLP - A. Joseph Scott, III (see Schedule C)

Appointments to Governance Committee

Tracy Metzger, Chair
C. Anthony Owens
Robert T. Schofield

Appointments to Audit Committee

Susan Pedo, Chair
Hon. Darius Shahinfar
Dominick Calsolaro

Appointments to Finance Committee

C. Anthony Owens, Chair
Tracy Metzger
Susan Pedo
Hon. Darius Shahinfar
Lee Eck

Approval and Confirmation of Corporation Policies

Uniform Tax Exemption Policy
Investment Policy
Procurement Policy
Enforcement Policy
Administrative and Other Fees
Conduct and Notification of Public Hearings

Media Relations Policy
Local Labor Policy
PAAA Policies

Appointment of Contract Officer

Sarah Reginelli

Appointment of Investment Officer

Mark Opalka

SCHEDULE B
PROFESSIONAL SERVICES AGREEMENT

DRAFT FOR DISCUSSION PURPOSES ONLY

PROFESSIONAL SERVICES AGREEMENT

Between

CITY OF ALBANY

and

CITY OF ALBANY INDUSTRIAL DEVELOPMENT AGENCY

and

CITY OF ALBANY CAPITAL RESOURCE CORPORATION

This professional services agreement, made this ___ day of January, 2017 (the “Agreement”) between the CITY OF ALBANY INDUSTRIAL DEVELOPMENT AGENCY, a public benefit corporation organized and existing under the laws of the State of New York having an office for the transaction of business located at 21 Lodge Street, Albany, New York (hereinafter referred to as the “Agency”), the CITY OF ALBANY CAPITAL RESOURCE CORPORATION a not-for-profit corporation organized and existing under the laws of the State of New York having an office for the transaction of business located at 21 Lodge Street, Albany, New York (hereinafter referred to as the “Corporation”), and the CITY OF ALBANY, having its principal office at City Hall, Eagle Street, Albany, New York (hereinafter referred to as the “City”):

WITNESSETH:

WHEREAS, the Agency and the Corporation need general counsel services in connection with their operations;

WHEREAS, the City through it office of the Corporation Counsel has offered to provide such general legal services to the Agency and the Corporation; and

WHEREAS, the Agency, the Corporation and the City desire to enter into this Agreement to formally provide for the terms of the general counsel services to be provided to the Agency and the Corporation.

NOW, THEREFORE, THE PARTIES HERETO DO MUTUALLY COVENANT AND AGREE AS FOLLOWS:

ARTICLE 1 - SERVICES TO BE PERFORMED

The office of the Corporation Counsel (the “General Counsel”) shall perform the general legal services set forth under Article 2 entitled “SCOPE OF PROFESSIONAL SERVICES” during the period commencing on January 1, 2017 and continuing until December 31, 2017. In the performance and acceptance of the services herein, the parties understand, acknowledge, and agree that the General Counsel is assuming no managerial role, nor undertaking any oversight responsibilities with regard to the powers and duties of the Agency or the Corporation or the actions or non-actions of its members and board of directors. Nothing in this Agreement should be construed to transfer governance, oversight, or fiduciary responsibilities from the Agency or the Corporation to General Counsel.

ARTICLE 2 - SCOPE OF PROFESSIONAL SERVICES

During the period of this Agreement, the General Counsel agrees to provide general legal services for the Agency and Corporation, including but not limited to the following:

1. attendance at meetings of the Agency and the Corporation;
2. representing the Agency and the Corporation on general litigation matters;
3. provision of local counsel opinions on Agency and Corporation projects and financings;
4. provision of general counsel advice, including rendering opinions on Open Meetings Law, Freedom of Information Law, General Municipal Law – Conflicts issues; and
5. conference with and assistance to the Agency and Corporation finance team, including bond counsel on Agency and Corporation matters.

ARTICLE 3 - PROFESSIONAL SERVICES FEE

In consideration of the terms and conditions of this Agreement, the Agency and the Corporation agree to pay and the City agrees to accept, as full compensation for all services rendered under this Agreement an amount equal to \$42,000 per year. The General Counsel shall provide professional staff time towards fulfillment of this Agreement, including all administrative clerical, secretarial, accounting, compliance, and information technology support as required.

ARTICLE 4 - METHOD OF PAYMENT

The Agency and the Corporation will pay the City the professional services fee referenced under Article 3 of this Agreement in a single installment due and payable no later than December 31, 2017.

ARTICLE 5 – TERMINATION

This Agreement may be terminated at any time by any party upon thirty (30) days prior written notice. In the event of termination, General Counsel shall be entitled to compensation for all work performed pursuant to this Agreement to the date of termination.

ARTICLE 6 - EQUAL EMPLOYMENT OPPORTUNITY

General Counsel shall comply with all Federal, State, and Local equal employment opportunity laws, rules, and regulations relating, to all matters contained in this Agreement.

ARTICLE 7 - ACCOUNTING RECORDS

General Counsel shall make all reasonable efforts to keep accurate and systematic accounts and records with respect to the services provided pursuant to this Agreement. The aforementioned records shall be made available for inspection or audit by the Agency if required. General Counsel shall not be required to maintain or submit itemized hourly records with respect to the services rendered. All records produced to the Agency pursuant to this Agreement shall be kept confidential and their contents shall not be disclosed by anyone in violation of the attorney-client privilege.

ARTICLE 8 –ASSIGNING AGREEMENT

The General Counsel shall not assign or transfer this Agreement or any interest herein without first receiving written approval of the Agency and the Corporation.

ARTICLE 9 – OWNERSHIP OF WORK PRODUCT

All final and written or tangible products completed by the General Counsel shall belong to the Agency and the Corporation. In the event of premature discontinuance of performance, the General Counsel agrees to deliver all existing products and data files to the Agency and the Corporation.

ARTICLE 10 - SURETY AND INSURANCE

The City will defend and indemnify the Agency for all claims, demands and causes of action arising out of the provision of legal services contemplated by this Agreement by General Counsel, agents or employees of the City.

ARTICLE 11 – ARBITRATION

In any event and notwithstanding any provisions made in the Agreement, the parties hereto will submit to arbitration any question or dispute arising between said parties as to the interpretation of any term or condition herein contained or with respect to any matter of compliance or non-compliance with the terms hereof, in accordance with and pursuant to Article 75 of the Civil practice Law and Rules of the State of New York.

ARTICLE 12 - EXTRA WORK

It is understood and agreed between the parties hereto that no claim for damages or extra work shall be made in connection with this Agreement except such as may be ordered in writing and further evidenced by the execution of a supplemental Agreement between the Agency and Corporation and the City.

ARTICLE 13 – AMENDMENT

Each and every provision of law and clause required to be inserted in this Agreement shall be deemed to have been inserted herein and, if through mistake or otherwise, such provision is not inserted then, upon the application of either party, this Agreement shall be amended forthwith to make such insertion.

ARTICLE 14 - SUCCESSORS AND ASSIGNS

All of the terms, covenants, and Agreements herein contained shall be binding upon and shall inure to the benefit of successors and assigns of the respective parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

**CITY OF ALBANY INDUSTRIAL
DEVELOPMENT AGENCY**

By: _____
Chair

**CITY OF ALBANY CAPITAL RESOURCE
CORPORATION**

By: _____
Chair

CITY OF ALBANY

By: _____
[_____]

SCHEDULE C
ENGAGEMENT LETTER

DRAFT FOR DISCUSSION PURPOSES ONLY

January __, 2017

City of Albany Capital Resource Corporation
21 Lodge Street
Albany, New York 12207
Attention: Tracy L. Metzger, Chair

Re: City of Albany Capital Resource Corporation
Legal Services – 2017

Dear Chair Metzger:

We are very pleased that the City of Albany Capital Resource Corporation (the “Corporation”) has requested us (the “Firm”) to perform certain legal services for the Corporation as Bond Counsel to the Corporation. The scope of the work you have asked us to undertake is briefly described on Schedules A and B attached to this letter. A description of our policy with respect to certain administrative matters, including attorney representation conflicts and client communications is attached as Schedule D to this letter.

For each type of work described on a schedule attached hereto, we propose to bill for such work in the manner described on the respective schedule relating thereto. If such bill is sent to a party other than the Corporation, a courtesy copy of such bill will be sent to the Corporation upon request.

In connection with performing legal services, we will typically incur expenses, such as photocopying, shipping of documents, travel, long distance telephone calls and filing fees. Such expenses are not included as part of our fee for professional legal services, and periodic statements showing the amount of such disbursements will be rendered to the party responsible for paying for the legal services to which such expenses relate. Such out-of-pocket expenses are not included as part of our fee for professional legal services, and periodic statements showing the amount of such disbursements will be made available for review by the Applicant and/or the Corporation upon request. For your information, we have attached hereto as Schedule C our policy with respect to the recovery of client disbursements. If such bill is sent to a party other than the Corporation, a courtesy copy of such bill will be sent to the Corporation upon request.

In the unlikely event that a dispute arises between us relating to our fees, you may have the right to arbitration of the dispute pursuant to Part 137 of the Rules of the Chief Administrator of the Courts, a copy of which will be provided to you upon request.

This agreement to provide legal services may be terminated by either party upon thirty (30) days prior written notice. Further, the Firm reserves the right to vary the services offered to the Corporation from those illustrated above upon sixty (60) days prior written notice to the Corporation.

Please acknowledge your agreement to the above by signing and returning a copy of this letter for our records.

We appreciate the opportunity to represent you.

Very truly yours,

HODGSON RUSS LLP

By: _____
A. Joseph Scott, III

Agreed and Accepted as of this
_____ day of January, 2017

CITY OF ALBANY
CAPITAL RESOURCE CORPORATION

By: _____
Chair

SCHEDULE A

Applicant Projects

Services as Bond Counsel

Where an applicant (the “Applicant”) requests that the Corporation undertake a particular project (an “Applicant Project”) and such Applicant Project will be financed out of proceeds of taxable or tax-exempt revenue bonds issued by the Corporation (each separate issue of bonds being sometimes hereinafter referred to as the “Bonds”), we would anticipate acting as bond counsel to the Corporation with respect to said transaction. We understand that the Corporation has retained John J. Reilly, Esq., the Corporation Counsel of the City of Albany, as local counsel or Corporation Counsel. We further understand that the Corporation would retain the option of using other law firms as Bond Counsel to the Corporation where our firm has a legal conflict, or where there are special circumstances. In our capacity as Bond Counsel to the Corporation, we would work with Mr. Reilly on Applicant Projects.

As a matter of custom and prudence, both the issuers and purchasers of taxable and tax-exempt Bonds require an opinion of nationally recognized bond counsel. Such opinion ordinarily states that (1) the Bonds have been properly authorized and issued and are legal, valid and binding obligations of the Corporation, (2) the legal documentation effectively provides the intended security for the Bonds, (3) interest on the Bonds is exempt from personal income taxes imposed by the State of New York (if the interest on the Bonds is excludable from gross income for federal income tax purposes), and (4), if the Bonds are intended to be issued as federally tax-exempt obligations, interest on the Bonds is excludable from gross income for federal income tax purposes. We anticipate rendering such opinions in connection with the issuance of each issue of the Bonds issued by the Corporation during the period of our engagement.

In order to establish the factual basis for the legal conclusions expressed in such opinion, we will prepare a record of proceedings (or transcript) for each issue of Bonds, which transcript will contain all documents and other materials necessary to assure that the form and substance of the transaction conform with the applicable requirements of the Internal Revenue Code of 1986, as amended (the “Code”), the New York Not-For-Profit Corporation Law (the “Act”) and other applicable New York laws. The record of proceedings for each such transaction will typically include the following, as appropriate: (A) a copy of the application made by the Applicant to the Corporation with respect to the particular project (the “Applicant Project”), together with documents relating to the Corporation’s actions accepting said application, holding a public hearing with respect thereto, and obtaining any required approvals with respect to the Applicant Project from the governing board or “chief elected official” of the municipality for whose benefit the Corporation was created; (B) a loan agreement, whereby (1) the Corporation agrees to loan the proceeds of the Bonds to the Applicant, and (3) the Corporation agrees to repay the loan; (C), if the transaction includes multiple holders of the Bonds, a trust indenture between the Corporation and a corporate trustee acting as representative of the owners of the Bonds; (D), if required by the purchasers of the Bonds, a mortgage and/or security agreement from the Corporation and the Applicant to the trustee (or the owner of the Bonds); (E) a guaranty of the Bonds from the Applicant to the trustee (or the owner of the Bonds); (F) various other security documents; (G), if the Bonds are intended to be issued as federally tax-exempt bonds, various tax compliance documents; (H) a bond purchase agreement among the Corporation, the Applicant and the initial purchaser of the Bonds; and (I), if the Bonds are intended to be offered to multiple potential purchasers, various bond offering documents (including a preliminary and a final official statement or private placement memorandum relating to the Bonds). As Bond Counsel, we typically draft all of such documents (excepting the bond offering documents, which are typically drafted by counsel to the initial purchaser of the Bonds, with input from us), as well as other documents which are customary and appropriate in such transactions. In addition, we assume responsibility for certain

administrative matters, such as coordinating meetings, preparing bond forms, making arrangements for the closing and coordinating with counsel to the other parties to the transaction.

We typically assume no responsibility for any disclosure which may be required under state or federal securities law in connection with the issuance and sale of the Bonds (excepting only the description of the Bonds and the bond documents appearing in the bond offering documents) or for the accuracy, completeness or fairness of statements, representations, information or financial data supplied by the Applicant, or any of its affiliates.

Where we represent a capital resource corporation on a regular basis, we typically provide certain pre-application services at no cost to the Corporation (or the applicant) unless an application is subsequently filed with the Corporation and the transaction subsequently moves beyond the inducement phase. Such pre-application services include providing advice to Corporation staff as to whether a proposed transaction meets the requirements of the Act and the Corporation's Certificate of Incorporation; attendance at pre-application meetings with prospective applicants whenever requested by Corporation staff; and attendance at seminars and other marketing events organized by Corporation staff.

Upon receipt from the Corporation of an application and accompanying documentation relating to a particular project, we review the application to ascertain conformity of the proposed project with applicable state and federal laws affecting the Corporation; prepare an opinion letter to the Corporation regarding the legality of the proposed project; assuming said project appears legal, prepare the necessary documentation allowing the Corporation to indicate preliminary acceptance of said application and allowing the Corporation to conduct a public hearing relating to the transaction; assist the Corporation in complying with the requirements of the New York State Environmental Conservation Law applicable to said application; and, if the Corporation determines to reject an application, advise the Corporation on how best to accomplish said rejection. We typically request that our capital resource corporation clients include as part of their application an indemnity agreement, whereby the Applicant agrees to pay all legal expenses incurred by the Corporation, whether the transaction closes or not. Notwithstanding said indemnity agreement, we typically do not seek payment from either the Applicant or the Corporation if the transaction does not proceed beyond the final inducement resolution.

Once the Corporation has adopted a final inducement resolution with respect to the Applicant Project (and, if the transaction includes Bonds, we have received a draft commitment letter from the initial purchaser of the Bonds), we will prepare a first draft of the basic documents relating to the transaction. Upon receipt of comments from the relevant parties, we will finalize the basic documents and distribute drafts of the various supplemental documents to be delivered at closing for approval of the various parties. If the transaction includes Bonds and the Bonds are intended to be reoffered to multiple parties, once the documents are in good order, (A) the initial purchaser will circulate the preliminary official statement or preliminary private placement memorandum to judge market interest in the Bonds, (B) once the preliminary official statement or preliminary private placement memorandum has been circulated, the initial purchaser of the Bonds will "price" the Bonds (i.e., set the interest rates and other business terms of the Bonds), and (C), if the Applicant accepts the pricing on the Bonds, the various parties would then enter into the bond purchase agreement and the other documents relating to the sale of the Bonds, and the sale of the Bonds will be consummated.

Upon closing and delivery of our opinion, our responsibilities as Bond Counsel will be concluded with respect to the transaction; specifically, but without implied limitation, we do not undertake (unless separately engaged) to provide continuing advice to the Corporation or any other party relating to the transaction.

Once an application is filed with the Corporation, if the Applicant requests that we begin drafting the basic documents for the transaction and for any reason thereafter the transaction does not close, we typically bill the Applicant for our legal fees on an hourly basis, based on our standard hourly billing rates, as well as our disbursements incurred in connection therewith.

With respect to taxable and/or tax-exempt bond transactions, once the structure of said transaction is decided upon, based on our understanding of the proposed structure of the transaction, the anticipated timing of the closing, our normal hourly rates and our educated guess as to the amount of time it will take us to conclude a particular transaction, we will discuss with the Corporation and/or furnish to the Applicant an estimate of our anticipated fees for such transaction. For certain transactions where the amount of required legal services which are predictable, we will if requested furnish a fixed fee for such transaction. Our fees as bond counsel are generally in the range of \$15,000-\$95,000, plus disbursements, again, depending on the size, type, timetable and complexity of the bond financing.

Our statement for services for an applicant transaction will be rendered at closing. If the structure of the transaction changes significantly, or the closing of the transaction occurs beyond a reasonable period (6 months for a bond transaction), and such restructuring or delay results in an increase in the time that we must expend on the transaction, we reserve the right to renegotiate any fixed fee. Any fee estimate is based upon the foregoing assumptions and further assumes that there will be no extraordinary questions of law, that the structure of the transaction does not change significantly once the initial draft of the basic documents are prepared and that we will not need to prepare more than the normal 3 or 4 drafts of the documents prior to closing. It also assumes that our firm will not be called upon to perform additional services with regard to securities law disclosure or other aspects of the transaction falling outside the traditional responsibilities of Bond Counsel outlined above. In the event that the facts do not bear out the foregoing assumptions, we expect to charge for our additional services on an hourly basis. In any event, we will discuss with the Corporation any additional services to be performed by us prior to our performing them.

We recognize that the Corporation will have more applicants and more repeat business if project beneficiaries feel that they have been fairly treated by the Corporation and its staff, including legal counsel. In this regard, we feel almost as a partner with the Corporation and often sacrifice short-term gain for the long term interests of the Corporation. Accordingly, we take pains to ensure that the project beneficiary is advised early on in the process regarding what magnitude of legal bills to expect, and endeavor to enter into an engagement letter with the client spelling out both his and our expectations prior to performing significant work beyond the inducement stage. We also endeavor to ensure that our bills do not exceed comparable bills rendered by upstate firms on comparable transactions.

Sometimes, our client will advise us early on in a transaction that the transaction is “fee-sensitive”-i.e., that the applicant will only utilize the Corporation in the transaction if total fees are kept below a certain ceiling. In these circumstances, we will advise our client whether it is possible to keep our fees below a ceiling, and if we agree that it is possible, we will thereafter ensure that our fees do not exceed the ceiling. Similarly, if we agree to include our disbursements in such a ceiling, we will ensure that our total bill does not exceed the ceiling.

If the Corporation or the Applicant requests that we perform additional services beyond those described above, our fee for those additional services will be based on the time which we devote to said additional services. Our firm’s hourly rates presently range between \$210 and \$815 for lawyers and between \$110 and \$410 for legal assistants. The current hourly rate for A. Joseph Scott, III is \$450/hour. Periodic statements showing the current legal fee due will be made available for review by the Applicant and/or the Corporation upon request.

In connection with the issuance of the Bonds, we typically incur significant out-of-pocket expenses, such as photocopying, shipping of documents, travel, long distance telephone calls and filing fees. In addition, we compile a closing transcript after the Bonds are issued is completed, which is distributed to each of the parties to the transaction and which involves additional photocopying costs and binding fees. Such out-of-pocket expenses are not included as part of our fee for professional legal services, and periodic statements showing the amount of such disbursements will be made available for review by the Applicant and/or the Corporation upon request. For your information, we have attached hereto as Schedule C our policy with respect to the recovery of client disbursements. The actual amount of the disbursements may be minimized by shipping documents first class mail rather than by overnight courier and by limiting the number of drafts of documents. Upon request, we will discuss with the Applicant or the Corporation in more detail the steps we can take to minimize disbursements.

In performing our services as Bond Counsel, our primary client relationship will be with the Corporation, although the transaction will be for the primary benefit of the Applicant. We assume that the Applicant and the other parties to the transaction will retain such counsel as they deem necessary and appropriate to represent their respective interests in the transaction.

SCHEDULE B

Non-Applicant Projects

General

Where the Corporation proposes to undertake a transaction involving a project which does not involve an applicant (a “Non-Applicant Project”), we would anticipate acting as counsel to the Corporation with respect to said transaction. Examples of Non-Applicant Projects undertaken by capital resource corporations around New York State include offices for the capital resource corporation, incubator buildings, industrial parks, shortline rail facilities, community centers, an airport, a parking garage and similar examples of “economic development infrastructure”. Examples of transactions involving Non-Applicant Projects might include obtaining financing (in the form of grants and/or loans) with respect thereto; reviewing real estate title records and/or title reports relating thereto; reviewing acquisition and/or construction documentation relating thereto; documenting the leasing and/or sale thereof, in whole or in part; and handling other matters relating thereto. Other examples include the review of Corporation policies and procedures, including policies relating to the Public Authorities Accountability Act of 2006, and the preparation of Application Forms and Policy Manuals.

Once we understand the scope of the work which the Corporation desires us to undertake with respect to a particular transaction, we will discuss with the Corporation an estimate of our anticipated fees for said transaction. We would expect to bill such matters at our normal hourly rates. Once we and the Corporation reach an understanding as to the legal budget for said transaction, the source for payment thereof and the billing schedule related thereto, we will send a letter to the Corporation memorializing said understanding. Periodic statements showing the current legal fee due will be made available for review by the Corporation upon request.

SCHEDULE C

Firm Policy With Respect to Client Disbursements

In the course of providing legal services to its clients, the Firm will from time to time incur various expenses on their behalf. These expenses are generally invoiced to the client in addition to the fees for legal services rendered. It is the policy of the Firm to attempt to keep these charges as low as possible, consistent with the timely performance of high quality legal services. Further, the Firm reserves the right to adjust the various charges for client disbursements on an annual basis, in the course of the Firm's customary review of attorney hourly rates and charges. Any adjustments in such charges will be made available to the client at the client's request.

The client is entitled to establish certain parameters in an attempt to limit disbursement charges, but it must be recognized that certain charges may be inevitable due to the nature of the transaction or legal services involved. Clients who desire to establish parameters for disbursements should contact the attorney-in-charge of the specific matter.

Certain of the disbursements described below are increased by a multiplier to compensate the Firm for various costs not identifiable to a particular client.

Set forth below are summary descriptions of the categories of disbursements commonly incurred on behalf of our clients. This list is by no means exhaustive, and other charges not described below will be invoiced to the client in an appropriate manner. Furthermore, the charges for certain of the items described below are imposed by third parties and may be increased without notice to us or to our clients:

1. **BINDING:** The entire cost of binding transcripts for circulation to various financing participants is invoiced to the client. The total cost is a function on the number and size of the transcripts to be bound and the charges for photocopies (see below).
2. **COMPUTER TIME SHARING:** The actual cost of computer time sharing for access to legal and other data bases will be passed through to the client. These charges are generally incurred in the course of performing legal research.
3. **FILING AND RECORDING FEES AND CERTIFICATE CHARGES:** The cost of various filings and recordings with federal, state and local agencies is borne by the client. Charges for obtaining certified copies of documents from federal, state and local agencies are also invoiced to the client. Occasionally, due to the nature and timing of the transaction involved, filings or requests for certified copies will be handled through service companies which may charge a premium rate.
4. **PUBLICATION:** Certain transactions require the publication of legal notices. The charges for such publication are established by the respective newspaper or periodical, and it is the policy of the Firm to pay the vendor directly and then forward the invoice to the client for reimbursement of same to the Firm.
5. **STAFF OVERTIME:** When secretarial or other support staff are required to work overtime with respect to a specific transaction, the cost is invoiced to the client at the rate of \$32.00 per hour. In addition, all employees who work 10.5 consecutive hours or more are entitled to receive either lunch or dinner at the Firm's expense. These meal costs will be charged to the client responsible for the overtime costs.

6. **PHOTOCOPIES:** Photocopies are charged at a rate of 10 cents per page. For large quantities of photocopying which do not require immediate turnaround, we will use a local photocopying service if it can provide copies at a lower rate.
7. **SHIPPING AND LOCAL DELIVERY:** The cost of shipment by Federal Express, United Parcel Service, Express Mail, U.S. Mail or other delivery service at the retail price charged for such service is invoiced directly to the client. The actual amount of the charges will depend upon the number, weight, and carrier of packages and letters sent. The client will also be charged for local delivery by outside couriers at their normal rates, and for our in-house courier (\$7.50 per delivery or package).
8. **TELEPHONE:** The Firm's telephone system allows for the attribution of long distance charges to the appropriate client and file. These charges include long distance charges for telecopies, as well as conference calls arranged through Soundpath Conferencing Services. Most of our long distance calls are placed through RCI Long Distance Service at rates approximately the same as AT&T rates.
9. **TELECOPY:** Telecopies are charged at 50 cents per page. The charge is designed to amortize the cost of acquiring and maintaining our telecopiers, as well as to cover the cost of administrative expenses associated with telecopy charges, the cost of collection and the time-value of money.
10. **TRAVEL:** The actual cost of travel, including charges for mileage for firm-owned or attorney-owned automobiles at 53.5 cents per mile, parking, plane or train fares, taxi, hotel, meals, etc., will be invoiced to the client.

SCHEDULE D

Firm Policy With Respect to Various Administrative Matters

General

For your information, Part 1215 of the Joint Rules of the Appellate Division requires that a letter of engagement be sent to any person or entity that is responsible for the payment of attorney's fees. Further, in the unlikely event that a dispute arises between us relating to our fees, you may have the right to arbitration of the dispute pursuant to Part 137 of the Rules of the Chief Administrator of the Courts, a copy of which will be provided to you upon request.

Attorney Representation Conflicts and Waivers

In performing our services to the Corporation, we represent only the Corporation. We assume that other parties to a transaction involving the Corporation will retain such counsel as they deem necessary and appropriate to represent their interest in the transaction. As we have discussed, you are aware that we represent many other clients in numerous and diverse matters. It is possible that, during the time that we are representing the Corporation, some of our past, present or future clients will have transactions with the Corporation. The Corporation agrees that we may continue to represent, or may undertake in the future to represent, existing or new clients in any matter that is not substantially related to our work with the Corporation (even if the interests of such clients in those other matters is directly adverse to the interests of the Corporation); however, we agree that your prospective consent to conflicting representation shall not apply in any instance where, as a result of our representation of the Corporation, we have obtained proprietary or other confidential information of a non-public nature, that, if known to such other client, could be used in any such other matter by such client to your material disadvantage.

In certain circumstances, a past or present client of our Firm may ask us to represent that client directly in a transaction involving the Corporation. In such situation, if the Corporation obtains separate counsel to represent the Corporation and if the Corporation consents to our representation of such client in such transaction, we may represent such client in such transaction, even if the interests of such client in such transaction is directly adverse to the interests of the Corporation; however, we agree that your prospective consent to such conflicting representation shall not apply in any instance where, as a result of our representation of the Corporation, we have obtained proprietary or other confidential information of a non-public nature, that, if known to such other client, could be used in such transaction by such client to your material disadvantage.

Acceptance of this proposal further constitutes authorization by the Corporation to permit the Chair or the Chief Executive Officer of the Corporation to execute any writing required by our conflicts partner to resolve any such "potential" conflicts of interest that may arise in the future.

Client Communications

As noted above, in performing our services as bond counsel to the Corporation, our client is the Corporation, and we represent its interests in connection with the particular matter. While the Corporation takes formal action by resolution of its board (the “Corporation Board”), the Chief Executive Officer typically has the day-to-day responsibility for the operations of the Corporation and the undertaking of Applicant and Non-applicant Projects. Further, since the members of the Corporation Board are appointed officials and not full-time employees of the Corporation, we anticipate that the majority of our conversations and discussions will be with the Chair, the Vice Chair, the Chief Executive Officer, the Chief Financial Officer and other officers of the Corporation.

Accordingly, when we need to communicate information to the Corporation, you agree that communicating same to the Chair, the Vice Chair, the Chief Executive Officer, the Chief Financial Officer or any other official of the Corporation shall be treated as if we had communicated such information to the full membership of the Corporation. Further, if in our reasonable judgment we believe it necessary to communicate directly with the full membership of the Corporation, we will be permitted to do so.

City of Albany
Capital Resource Corporation

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Albany, New York 12207
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(f): 518.434.9846

Tracy Metzger, *Chair*
Susan Pedo, *Vice Chair*
Darius Shahinfar, *Treasurer*
C. Anthony Owens, *Secretary*
Dominick Calsolaro
Robert Schofield

Sarah Reginelli, *Chief Executive Officer*
Mark Opalka, *Chief Financial Officer*
John Reilly, *Corporation Counsel*

City of Albany Capital Resource Corporation
Annual Investment Report
For the Year-Ending 12/31/16

As required by the City of Albany Capital Resource Corporation's (the Corporation) investment policy, the annual investment report is hereby submitted for your review. The following chart identifies the depositories of Corporation funds as well as balances invested at year-end.

The National Union Bank of Kinderhook 1 Hudson Street Kinderhook, NY 12106	\$590,054
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All Corporation funds are held in either a money market or checking account at each of the financial institutions listed above and are either covered by FDIC insurance or collateralized. While not included in the New York State Authorities Budget Office definition of "investments," these holdings are considered "investments" by the Corporation's policy manual. A summary of the activity in the Corporation's checking and money market accounts for the year-ending December 31, 2015 is as follows:

Checking Accounts

	<u>Kinderhook Bank</u>
Beginning Balance 1/1/16	\$ 58,666
Additions during year	736,511
Withdrawals during year	790,177
Interest Earned	<u>0</u>
Ending Balance 12/31/16	<u>\$ 5,000</u>

Money Market Accounts

	<u>Kinderhook Bank</u>
Beginning Balance 1/1/16	\$ 917,618
Additions during year	225,940
Withdrawals during year	562,122
Interest Earned	<u>3,618</u>
Ending Balance 12/31/16	<u>\$ 585,054</u>

Please note that a detailed summary of the cash activity of the Corporation is provided at each Board meeting.

Interest Income:

Interest income for 2016 was equal to \$3,618, about \$3,524 more than 2015 interest income of \$94. This increase in interest income was a result of higher interest rate earned on the Corporation's balances in 2016

Annual Audit:

The firm of Teal, Becker & Chiarmonte has been engaged to perform an audit of the 2016 financial activity of the Corporation. As part of this engagement, Teal, Becker & Chiarmonte will audit the balances of the Corporation's depository accounts. This audit is expected to be completed in March 2017.