

Albany Industrial Development Agency

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Anthony J. Ferrara, *Chairman*
Willard A. Bruce, *Vice-Chairman*
Susan Pedo, *Secretary*
Kathy Sheehan, *Treasurer*
Martin Daley

Michael Yevoli, *Chief Executive Officer*
Erik J. Smith, *Chief Financial Officer*
John Reilly, *Agency Counsel*

IDA MINUTES OF REGULAR MEETING Thursday, October 20th, 2011

Attending: Tony Ferrara, Bill Bruce, Susan Pedo & Kathy Sheehan

Absent:

Also Present: Joe Scott, Patrick Jordan, Mike Yevoli, Megan Daly, Erik Smith, Brad Chevalier & Amy Gardner

Chairman Tony Ferrara called the regular meeting of the IDA to order at 12.15PM.

Roll Call

Chairman Ferrara reported that all Board Members with the exception of Martin Daley.

Reading of Minutes of the Regular Meeting of September 15th, 2011

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

Approval of Minutes of the Regular Meeting of September 15th, 2011

Chairman Ferrara made a proposal to approve the minutes of the Regular Board Meeting as presented. A motion to accept the minutes, as presented, was made by Kathy Sheehan and seconded by Bill Bruce. A vote being taken, the minutes were accepted unanimously.

New Business

City of Albany Industrial Development Agency Operating Budget for 2012

Erik Smith presented the proposed Operating Budget to the Board. Mr. Smith advised the Board that the budget was presented to the Finance Committee last week and discussed in great detail. Mr. Smith reminded the Board that they are considering the budget at this time in order for the Agency and the CRC to be in compliance with PAAA which will require the posting of the approved budgets on PARIS by Nov 1st. PAAA requires that public authorities post their proposed budgets 60 days prior to their fiscal year end. The Agency's fiscal year end is Dec. 31st.

Mr. Smith advised the Board that the budget is consistent with years past and is a fairly conservative budget. Mr. Smith went on to review the items discussed at the Finance Committee meeting. The first item discussed was the fee revenue which is the largest revenue component of the budget and is based

upon the anticipated project activity of \$37 million. According to Mr. Smith that amount is a reasonable estimate based on what was budgeted for 2011 which was approximately \$41 million of project activity. The current project activity for 2011 is approximately \$74 million. This represents a significant improvement from 2010 which was a rather lean year when the agency had \$32 million in project activity. Looking back a bit further, project activity in 2009 was \$54 million. Based on historical activity and project activity that will not close in 2011 (and will roll into next year), the projected revenue fees is a reasonable estimate for 2012.

The second item discussed was the creation of a reserve in case of unexpected legal action against the Agency. Mr. Smith spoke with the auditors about the possible creation of an allowance that would be part of the current fiscal year and serve as a reserve. Mr. Smith and the auditors came to the conclusion that the accounting fails for that type of approach. It is not justifiable to book an expense for an event that is so unpredictable. Mr. Smith advised the Board that this is not a course he recommends pursuing. Mr. Smith assured the Board that cash on hand is maintained for any unforeseen expenses that may arise in the future. Mr. Smith advised the Board that any future unexpected legal fees would be presented to the Board with a full explanation of the situation and would possibly include a budget amendment to capture the financial impact of the transaction.

Mr. Smith advised the Board that the budget will generate no income or loss and the Agency will end the year with the same amount of cash it started with. Mr. Smith illustrated for the Board that although a 25% decrease in project activity would most likely demonstrate a net loss for the Agency and cause a reduction of cash on hand, it would not render the Agency insolvent. The Agency would still be able to meet its contractual obligations. Mr. Smith stated that while a couple of the obligations are long term including the Arbor Hill Community Center, the agreement with the Albany Parking Authority and the grant to Capitalize Albany Corporation there is sufficient protection against becoming insolvent. Operating procedure requires that anything that comes up outside of those items requires Board approval at which time the Board would have the opportunity to amend the budget. Bill Bruce asked Mr. Smith when the agreements with the Arbor Hill Community Center and the Parking Authority would expire. Mr. Smith answered that the Arbor Hill Community Center agreement as it is written now expires November 30th, 2099 and the Albany Parking Authority agreement expires as of August 31st, 2018. These relationships have changed with the closing of the New Covenant Charter School but the lease agreement still remains in effect. There are ongoing negotiations occurring to determine what the future use of the space should be. The IDA will not deviate from its current obligations without the Board approving amendments to the lease.

Chairman Ferrara presented the *City of Albany Industrial Development Agency Operating Budget for 2012* to the Board. A motion to adopt the Resolution was made by Susan Pedo and seconded by Kathy Sheehan. A vote being taken, the Budget passed unanimously.

Teresian House Nursing Home Company, Inc. Project Authorizing Execution of Documents in Connection with Resignation of Trustee Resolution

Joe Scott reviewed the Resolution with the Board explaining that this is a project the IDA had previously issued bonds for. Mr. Scott advised the Board that HSBC is pulling back from its bond trustee activity and resigning as the trustee of this project; New York Mellon has been selected as the new trustee.

Chairman Ferrara asked if voting on this resolution would create a conflict because he sits on the Teresian House Board of Directors. Mr. Scott made a recommendation as Counsel stating that his suggestion was to move forward with the approval of the resolution because there was no legal issue with Chairman Ferrara voting on this resolution and this was strictly an administrative issue.

Chairman Ferrara presented the *Teresian House Nursing Home Company, Inc. Project Authorizing Execution of Documents in Connection with Resignation of Trustee Resolution* to the Board. A motion to adopt the Resolution was made by Bill Bruce and seconded by Kathy Sheehan. A vote being taken, the resolution passed unanimously.

Living Resources Corporation Project Authorizing Execution of Documents in Connection with Resignation of Trustee Resolution

Joe Scott reviewed the Resolution with the Board explaining that this is a project the IDA had previously issued bonds for. Mr. Scott advised the Board that HSBC is pulling back from its bond trustee activity and resigning as the trustee of this project; M&T Bank has been selected as the new trustee.

Chairman Ferrara presented the *Living Resources Corporation Project Authorizing Execution of Documents in Connection with Resignation of Trustee Resolution* to the Board. A motion to adopt the Resolution was made by Bill Bruce and seconded by Kathy Sheehan. A vote being taken, the resolution passed unanimously.

Albany Institute of History & Art Project Authorizing Execution of Documents in Connection with Resignation of Trustee Resolution

Joe Scott reviewed the Resolution with the Board explaining that this is a project the IDA had previously issued bonds for. Mr. Scott advised the Board that HSBC is pulling back from its bond trustee activity and resigning as the trustee of this project; M&T Bank has been selected as the new trustee.

Chairman Ferrara presented the *Albany Institute of History & Art Project Authorizing Execution of Documents in Connection with Resignation of Trustee Resolution* to the Board. A motion to adopt the Resolution was made by Bill Bruce and seconded by Kathy Sheehan. A vote being taken, the resolution passed unanimously.

Unfinished Business

4-6 Sheridan, LLC Project Synopsis

Joe Scott presented a summary of the project to the Board outlining the project and the requests of the IDA. Clemente Parente, from 4-6 Sheridan, LLC representing the project was present to answer questions. Mr. Scott reviewed each action item pertaining to this project with the Board.

4-6 Sheridan, LLC SEQR Resolution

Joe Scott reviewed the Resolution with the Board explaining that the findings determined that this project would not have a significant effect on the environment.

Chairman Ferrara presented the *4-6 Sheridan, LLC SEQR Resolution* to the Board. A motion to adopt the Resolution was made by Kathy Sheehan and seconded by Bill Bruce. A vote being taken, the Resolution passed unanimously.

4-6 Sheridan, LLC PILOT Deviation Resolution

Joe Scott reviewed the Resolution with the Board and assured the Board that the financial assistance does not include the mortgage recording tax.

Chairman Ferrara presented *4-6 Sheridan, LLC PILOT Deviation Resolution* to the Board. A motion to adopt the Resolution was made by Kathy Sheehan and seconded by Bill Bruce. A vote being taken, the Resolution passed unanimously.

4-6 Sheridan, LLC Approving Resolution

Chairman Ferrara presented the *4-6 Sheridan, LLC Approving Resolution* to the Board. A motion to adopt the Resolution was made by Bill Bruce and seconded by Susan Pedo. A vote being taken, the Resolution passed unanimously.

Reports of Committees

None

Report of Chief Executive Officer

Mike Yevoli reported that the Common Council Planning Committee has recommended two applicants for the vacant board seats to go before the Common Council for review.

Report of Chief Financial Officer

Erik Smith reported that \$92,000 has been generated in fee revenue due to project closings. An application fee was also received but the application is still being processed.

Communications

None

Other Business

None

There being no further business, Chairman Ferrara adjourned the meeting at 1:00PM.

Respectfully submitted,

Mike Yevoli, Assistant Secretary

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