

Public Authorities Accountability Act of 2005

Filed pursuant to and in accordance with Subdivision (1) of Section 2800 of the Public
Authorities Law:

Annual Report

2011

1.) Operations and Accomplishments in 2011

The Albany Convention Center Authority (“ACCA”) was created on September 21, 2004 by the enactment of Title 28-BB of the Public Authorities Law (Chapter 468 of the Laws of 2004). The general purpose of the ACCA is to design, develop, plan, finance, create, site, construct, renovate, administer, operate, manage, and maintain a convention facility located in the City of Albany (the “Project”).

Significant activities during 2011 were as follows:

During this past year the Albany Convention Center Authority has taken significant strides toward delivering a “shovel ready” project. The following is offered in summary of those efforts:

- Increased land inventory to nearly 75% of total needed for convention center project, including area for: Private hotel development opportunity and public development of the Intermodal/Parking facility;
- Continued negotiations with remaining land owners;
- Completed Phase 1-B Archeology within the Study Area for the center; received OPRHP approval of a Phase 2/3 Archeological study to coincide with the construction of the center.
- Implemented comprehensive plan and put in place professional teams to manage all owned structures and parking facilities for the period prior to construction;
- Engaged engineering consultants for a risk assessment and preliminary design for the relocation of existing utilities within the Study Area for the center;
- Continued discussions with OGS to attain control of the area under the South Mall arterial for both construction period staging and those operational needs for parking and the queuing of interstate, local and tour busses along with tractor trailers;
- Communicated economic impact potential of the convention center project to the public and all levels of state and local government via the website, presentations, and memorandum.
- As good stewards, the ACCA initiated those improvements to the controlled properties necessary for life safety, the efficient management of the structures & parking lots, and as necessitated by the extended delay in receiving an approval to proceed with the project, including:
 - Limited pavement repair;
 - Line striping;
 - Fence repairs and removals;
 - Additional signage;
 - Exterior lighting upgrades at Buildings 2 & 3;
 - Repair of the handicapped access point @ Building 3;
 - Temporary structural netting @ Bldg. 4 to control failing masonry.
- As the result of Hurricane Irene and the subsequent flooding, the ACCA initiated:
 - Elevator repairs;
 - Basement cleanings in Bldgs. 2 & 3;

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- To reduce operational costs the ACCA had terminated the utility services to Bldg. #6 and reduced the activity in Bldg. #4 to storage of site maintenance equipment exclusively;

2.) Financial Reports – (i) Audited Financials: follow link below:

http://www.accany.com/albany_convention_center_authority/FinancialInformation/Audits/2011.aspx

(ii) grant and subsidy programs - The ACCA received a second grant for \$10 million in 2009 approved by Governor David Patterson and administered by the Empire State Development Corporation (ESDC). The grant is being used for certain expenses associated with the project as approved by ESDC. Those include:

- Land acquisition
- Archeology, historical conservation and environmental remediation
- Preconstruction and site planning
 - Project management
 - Phase 1B environmental investigation
 - Survey/title updates/appraisals
 - Architectural renderings/schematics
 - Program Review
 - Cost estimating

Approximately \$722,000 remains from this grant

(iii) operating and financial risks - The ACCA's funding is currently derived from Empire State Development Corporation grants based upon a \$75 million State budget appropriation and a portion of a Hotel-Motel Occupancy Tax enacted by Albany County. The ACCA had accessed funds from these sources for its operational and financial obligations that occurred in 2011. The operations of the ACCA in 2011 were limited to preparing the convention center facility site for development.

(iv) current ratings, if any, of bonds issued by recognized municipal bond rating agencies and notice of changes in such ratings – N/A

(v) long-term liabilities, including leases and employee benefits plans - Lease obligations are the only long-term liabilities of the ACCA. As a result of the acquisitions, purchase of buildings and land made on August 24, 2010, the Authority was assigned ground leases relating to surface parking areas which contain development rights. These parcels are part of the area designated for the building of the convention center. Assignment of these ground leases allows for the Authority to take the existing leases over from the original lessee with the same terms in place. The ground leases are accounted for as operating leases. The leases include a purchase option for two of the three properties during the final five years of the lease term. During the interim time frame from assignment until the convention center is underway, the surface parking areas to which these leases relate are being rented on a daily, monthly and event basis utilizing management agents.

3.) Mission statement and measurements including its most recent measurement report

Mission Statement: The New York state legislature found, determined and declared that a convention center facility located in downtown Albany will provide significant economic and social benefits to the City and County of Albany and the entire capital district region and that locating such convention center facility in the City of Albany is in the public interest, given the convenience and accessibility of the City, its significance in the history of the State, its stature as the capital city of the State and the seat of State government. It is therefore the purpose and mission of the Albany Convention Center Authority to design, develop, plan, finance, create, site, construct, renovate, administer, operate, manage, and maintain a convention center facility within the downtown area of the City of Albany.

Measurement Report:

The performance of the Authority can be measured by the conduct of the following activities within its allocated resources and necessary approvals:

- 1.) All pre-development activities such as studies, surveys, site selection, design, and land acquisition; and

See accomplishments for 2011 in item 1 above.

- 2.) All construction activities necessary to construct the convention center facility; and

None

- 3.) All activities associated with operating a convention center facility.

None

4.) Schedule of bonds and notes Outstanding

There are no bonds or notes outstanding as of December 31, 2011

5.) Compensation schedule for salaries in excess of \$100,000.

- a.) Duncan Stewart, Executive Director/CEO.

6.) Biographical information for all persons with salaries in excess of \$100,000

Mr. Duncan Stewart has over 25 years of experience in commercial construction and development industries. His career includes employment with several Capital Region developers and contractors, including serving 12 years as vice president of operations for Zandri Construction in Cohoes. Project experience includes: the air-traffic control

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tower/Tracon Facility, air cargo and maintenance buildings at the Albany International Airport, renovations and additions to Albany Public Schools #20 and #27, new gymnasium and classroom additions to the St. Anne Institute in Albany, Woodland Hills Montessori School, renovations and additions to St. Pius X, St. Augustine's, and St. Mary's Crescent among other liturgical facilities.

A resident of Averill Park, Mr. Stewart, is a native of Boston, having lived in the Capital Region since 1975. In his project work, he has served in both the capacity of an owner's representative and general contractor and has extensive experience with the construction management process both as advisor and as constructor.

7.) Projects undertaken during the past year

Pursuant to its enabling legislation, the general purpose of the ACCA is to design, develop, plan, finance, create, site, construct, renovate, administer, operate, manage, and maintain a convention facility located in the City of Albany. Therefore, the ACCA has a single statutorily mandated project.

Please see 2011 activities listed in Section 1 above, which are all in furtherance of the single project.

8.) Listing of all real property having a fair market value in excess of \$15,000.

No real property having a fair market value in excess of \$15,000 was purchased or disposed of in 2011.

9.) Code of ethics - See attachment A

10.) Assessment of internal control structure and procedures

Our independent auditor found no material weakness in the Internal Control Structure and Procedures during the 2011 Audit.

11.) Enabling legislation – Follow link below

http://www.accany.com/albany_convention_center_authority/AboutACCA/NYSEnablingLegislation.aspx

12.) Description of the authority and its board structure

- **Committees and Members**
 - Audit & Finance Committee – a committee of the whole
 - Governance Committee:
 - Chair – Michael Perrin
 - Members – Kai Earle; Michele Vennard

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- **Board Meetings and Attendance** - follow link below
http://www.accany.com/albany_convention_center_authority/MeetingRecord/2011.aspx
- **Description of Major Authority Units or Subsidiaries** – NA
- **Number of Employees** – 2

13.) Charter and by-laws – See Attachment B

14.) Listing of material changes in operations and programs during the reporting year – None in 2011.

15.) Minimum of a 4 year financial plan, including: (i) current and projected capital budget, (ii) operating budget report, including an actual versus estimated budget with an analysis and measurements of financial and operating performance – See Attachments C-1 and C-2

16.) Board performance evaluations; provided, however, that such evaluations shall not be subject to disclosure under FOIL – See Attachment D

17.) Description of the total amount of assets, services or both assets and services bought or sold without competitive bidding including: (i) the nature of assets and services, (ii) names of the counterparts, (iii) where the contract price for the assets purchased exceed FMV or where the contract price for the assets sold is less than FMV, a detailed explanation of the justification for making purchase or sale without competitive bidding and a certification by the CEO and CFO that they have reviewed the terms of such purchase or sale and determined that it complies with applicable law and procurement guidelines – None in 2011

18.) Description of material pending litigation – N/A

I hereby certify the foregoing report is accurate to the best of my knowledge, based on the audited financial records of the Albany Convention Center Authority.

Gavin Donohue
Chair