

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
2017

1.) Operations and Accomplishments in 2017

During this past year, 2017, the Albany Convention Center Authority (“ACCA”) has proceeded pursuant to its enabling legislation and under the guidance of New York State Office of General Services (“OGS”) and the 2013 approval by Governor Cuomo to construct, within the existing State appropriation, a right sized convention facility located between Eagle, Howard and Wendell Streets adjacent to the Empire State Plaza, the EGG, the Times Union Center and to be directly connected to the Empire State Plaza Walkway. The address is 55 Eagle St.

In 2017 the ACCA completed all aspects of the construction of the Albany Capital Center, including the Empire State Walkway Renovations and all associated site work, and commenced operations of the Albany Capital Center on March 1, 2017.

The ACCA took action on a number of important matters related to the completion of construction and the commencement of operations of Albany Capital Center as well as the disposition of the surplus lands that comprises the former site of the convention facility. Toward that end, a summary of the 2017 operations of the ACCA are as follows:

The ACCA finalized construction of the Albany Capital Center, commenced the close-out of all construction contracts and performed a number of housekeeping items to shift the focus of the ACCA from construction to the operations of the Albany Capital Center. Toward that end, the ACCA established an Economic Impact Committee to verify the number of events, attendance, and room-nights reported by the operator. Utilizing that data, the Albany County Convention and Visitors Bureau (ACCVB) uses proprietary software to calculate other financial metrics beneficial to the City and County of Albany.

In addition, the ACCA received and reviewed a presentation by Empire State Development on the highest and best use for the surplus land owned by the ACCA that comprises the former site of the convention facility. The ACCA undertook a process of reviewing and analyzing the most appropriate process for disposing of such land that would be in the best public interest. Comprehensive information on this can be found in the Management Discussion and Analysis section of the 2017 audit at the link below.

2.) Financial Reports –

(i) **Audited Financials:** follow link below:

http://www.albanycapitalcenter.com/acca/financial_information.cfm?docYr=2018-01-01#records

(ii) **grant and subsidy programs** – In 2017, the original \$75 million grant funding allocated as a New York State appropriation to the Albany Capital Center was fully drawn down to complete the project.

(iii) operating and financial risks - The ACCA's funding is currently derived from the original \$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 2017. The ACCA's efforts for 2017 were directed to the transition to operation that commenced as of March 1 under the management of SMG and to maintain the properties acquired for the former convention center site until disposed of for other future 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, 2009, the Authority was assigned ground leases relating to surface parking areas which contain development rights. These parcels were within the originally designated site 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. The surface parking areas to which these leases relate are being rented on a daily, monthly and event basis utilizing management agents. These activities will continue until a transferal of the property to an appropriate local development agency occurs.

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.) Completion of all pre-development activities such as studies, surveys, site selection, design, and land acquisition; and
- 2.) All construction activities necessary to construct and operate the convention center facility.

See accomplishments for 2017 in item 1 above.

4.) Schedule of bonds and notes Outstanding

As of December 31, 2017, the ACCA had \$975,892.36 outstanding on a Master Equipment Lease/Purchase Agreement with M & T Bank.

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 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 2017 activities listed in Section 1 above, which are all in furtherance of a single project.

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

All real property having a fair market value in excess of \$15,000:

TAX MAP	LOCATION	OWNER
76.50-1-23	27 Dallius Street	ACCA
76.50-1-15	62 Green Street	ACCA

76.50-1-16	62.5 Green Street	ACCA
76.50-1-17	64 Green Street	ACCA
76.50-1-18	66 Green Street	ACCA
76.50-1-19	72 Green Street	ACCA
76.50-1-20	74 Green Street	ACCA
76.50-1-21	46 Division Street	ACCA
76.50-1-22	44 Division Street	ACCA
76.50-1-31	346 Broadway	ACCA
76.50-1-34	1 City Square	ACCA
76.11-1-7	3 City Square	ACCA
76.11-1-8	2 E-Comm	ACCA
76.11-1-9	3 E-Comm	ACCA
76.11-1-10	310 Broadway	ACCA
76.11-1-13	5 Pryun Street	ACCA
76.42-5-25	50 Hudson Avenue	ACCA
76.50-1-24	14 Dallius Street	PSC,LLC
76.50-1-25	22 Dallius Street	PSC,LLC
76.50-1-26	39 Hamilton Street	PSC,LLC
76.50-1-27	37 Hamilton Street	PSC,LLC
76.50-1-28	31 Hamilton street	PSC,LLC
76.50-1-29	23 Liberty Street	PSC,LLC
76.50-1-30	28 Division Street	PSC,LLC
76.50-1-32	342 Broadway	PSC,LLC
76.50-1-33	338 Broadway	PSC,LLC
76.50-1-35	330 Broadway	PSC,LLC
76.11-1-12	298 Broadway	JOHN CLARK,TRUSTEE
76.42-5-21	58 Green Street	JOHN CLARK,TRUSTEE
76.42-5-22	54 Green Street	JOHN CLARK,TRUSTEE
76.42-5-23	50 Green Street	JOHN CLARK,TRUSTEE
76.42-5-24	52 Hudson Avenue	JOHN CLARK,TRUSTEE
76.42-5-27	46 Hudson Avenue	JOHN CLARK,TRUSTEE
76.42-5-28	37 Division Street	JOHN CLARK,TRUSTEE
76.42-5-29	41 Division Street	JOHN CLARK,TRUSTEE
76.42-5-30	43 Division Street	JOHN CLARK,TRUSTEE
76.42-5-31	45 Division Street	JOHN CLARK,TRUSTEE
76.42-5-32	47 Division Street	JOHN CLARK,TRUSTEE
76.42-5-33	49 Division Street	JOHN CLARK,TRUSTEE
76.50-1-3	56 Division Street	ACCA
76.50-1-4	54 Division Street	ACCA
76.50-1-5	52 Division Street	ACCA
76.50-1-6	57 Green Street	ACCA
76.50-1-7	57.5 Green Street	ACCA
76.50-1-9	61 Green Street	ACCA

76.50-1-10	65 Green Street	ACCA
76.50-1-12	65 Hamilton Street	ACCA
76.50-1-13	67 Hamilton Street	ACCA
76.42-5-44	358 Broadway	ACCA
76.33-1-28.1	55 Eagle Street	ACCA

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 2017 Audit. The Audit did note however, a GAAP departure related to the potential impairment of certain capital assets. Specifically, this GAAP departure results from the ACCA not having current appraised values of its surplus property that is under contract for sale with Capitalize Albany Corporation.

See attachment B for Management Assessment of Internal Controls.

11.) Enabling legislation – Follow link below

<http://www.albanycapitalcenter.com/acca/>

12.) Description of the authority and its board structure

- **Committees and Members**
 - Audit & Finance Committee – a committee of the whole
 - Governance Committee – a committee of the whole
 - Economic Impact Committee:
 - Michele Vennard; Committee Chair
 - Assemblymember McDonald
 - Megan Daly
 - Steve Lerner

- **Board Meetings and Attendance** - follow link below

http://www.albanycapitalcenter.com/acca/meeting_records.cfm

- **Description of Major Authority Units or Subsidiaries** – NA
- **Number of Employees** – 2

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

14.) Listing of material changes in operations and programs during the reporting year – During 2017, the Authority transitioned from construction to operations of the Albany Capital Center on March 1st under the management of SMG, the operator

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 D-1 and D-2

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

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

No land purchases in 2017. All services/equipment purchased were competitively bid.

18.) Description of material pending litigation

Kasselman Electric initiated litigation against the ACCA and Gilbane for breach of contract. As of December 31, 2017, the suit remains open. Information has not yet proceeded to a point where a potential liability, if any, can be determined.

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.

Megan Daly
Chairperson