

**ALBANY COUNTY BUSINESS DEVELOPMENT CORPORATION
AL TECH LOAN FUND
BUSINESS PLAN**

January 31, 2017

Approved by the Board of Directors January 25, 2017

Previous versions dated:

July, 2012

June, 2010

December, 2004

August, 1997

January, 1994

**ALBANY COUNTY BUSINESS DEVELOPMENT CORPORATION
EXECUTIVE SUMMARY
AL TECH LOAN PROGRAM GUIDELINES**

I. Mission Statement

To support a vibrant and sustainable economic ecosystem for the region; impacting Albany County by offering financing through the Al Tech Loan Fund.

II. Eligible Businesses for Financing

A. Generally, an applicant should be able to demonstrate a need for financing, as well as a means for repayment, and have an established “track record.” However, start-ups will be considered if the business has completed the product development stage and demonstrates the potential for securing a significant customer base.

B. Types of Businesses:

1. Technology
2. Manufacturing
3. Service
4. Wholesale
5. Retail

C. Types of Projects:

1. Real estate projects that could lead to employment opportunities, even if developer-owned.
2. Investor-owned commercial property where the tenant meets the conditions of the Al Tech mission statement.
3. Projects that advance established economic and community priorities within their targeted areas.

D. Special efforts will be made to reach out to:

1. Minority- and women-owned businesses
2. Technology businesses
3. Labor-intensive industries

E. No loans may be made to governmental units or not-for-profits.

F. Loans may only be made to businesses whose physical facility is located wholly or partially in Albany County at the complete discretion of the Board.

G. Refinance of existing debt will not be considered an eligible project, unless the refinance will significantly increase the chance of success of the business (sound economic justification must be provided).

III. Types of Loans

- A. Loans for the acquisition of machinery or equipment.
- B. Loans for the acquisition, construction or improvement of real property.
- C. Working capital loans.
- D. Technology Acceleration Fund (TAF).

IV. Loan Terms (Additional Terms May Be Imposed Periodically)

- A. Loan amounts will range from \$50,000 to \$1,000,000 per project with a cap of \$1,000,000 per applicant and related parties.
- B. A fixed rate of interest set at the closing of the Loan (the “**Closing**”) equal to 75% of the Prime Rate. “**Prime Rate**” means the Prime Rate as published in The Wall Street Journal on the Closing date.
- C. Terms ranging from 1 – 20 years.
 - 1. Equipment loans tied to useful life of the equipment.
 - 2. Real estate loans not to exceed 20 years.
 - 3. Both self-amortizing loans and amortization schedules with balloon payments.
 - 4. Prepayments without penalty.

V. Security Required

- A. Loans will be secured by property owned by the business and/or individual owners.
- B. Purchase money security interests in equipment.
- C. Personal guarantees are required by owners of 20 percent or more of the borrowing entity. At its discretion, the Albany County Business Development Corporation (ACBDC) Board may waive the guaranty provision for Institutional and Angel Investors.
- D. Such other collateral as may be determined to be acceptable to the Albany County Business Development Corporation.
- E. Collateral assignment of life insurance in the amount of the loan required by owners or key management personnel, whichever is deemed necessary by the Board.

VI. Fees and Administrative Costs

- A. Application fee - \$500.
- B. Closing and attorney's fees will be the responsibility of the borrower. The loan officer will work with the attorney representing ACBDC to assure the fees are reasonable.
- C. The ACBDC will prepare an annual budget and present it for approval of the board. This budget will be available as required for submission to the U.S. Department of Commerce, Economic Development Administration (EDA). Expenses necessary to operate the RLF in accordance with the Revolving Loan Fund Plan Guidelines as created by the U.S. Department of Commerce will be covered from the Revolving Loan Fund (RLF) income up to the limit of current period earnings.

VII. Application and Closing

- A. Application for AI Tech Loan Fund is enclosed in Appendix B.
- B. The AI Tech loan closings are currently conducted by Harris Beach, PLLC; Whiteman, Osterman and Hanna LLP; Nolan and Heller, LLP; or Bond Schoeneck and King, PLLC.

VIII. Loan Review

- A. Seven-member Board appointed by the Albany County Executive (3), Albany County Legislature (3), and Capital Region Chamber of Commerce (1).
- B. The Albany County Executive and the Chairman of the Albany County Legislature or an assigned representative will serve in a non-voting capacity in connection with any loans. On matters of policy, the County Executive and Chairman of the Albany County Legislature shall vote.
- C. A Chairperson shall be chosen for a two-year term.

IX. Meetings of the Board

- A. Meetings of the Board shall be scheduled monthly, but may be cancelled if there are no loan packets to review or other board business to transact.
- B. Special meetings may be called as necessary by the Board.
- C. Modifications of current loans can be made via email with a majority of Board members voting. Emails to be printed and recorded in the minutes of the following monthly Board meeting.
- D. If a Board member is unable to make a meeting, they are able to vote on any new loan presentation or modification via email as long as they provide some justification for their vote. Only one email vote may be used per meeting in an effort to gain a quorum.

X. Publicity

- A. Through news articles.
- B. Through the Capital Region Chamber of Commerce.
- C. Through financial institutions.
- D. Through marketing and other forms of advertising media.

Technology Acceleration Fund

I. Mission Statement

The Technology Acceleration Fund (TAF), as a subset of the AI Tech Loan Fund, designates \$1.5 million for the purpose of affording Albany County the opportunity to capitalize on emerging technology ventures that have a high probability of creating new employment opportunities and increasing the standard of living in the region. This fund was created to assist both start-up and fledgling technology business in securing capital that would otherwise be unavailable to them due to the high-risk nature of their business.

II. TAF Advisory Committee Members (Since 10/9/2008)

A separate Advisory Committee has been created to review and interview TAF applicants and make a recommendation to the ACBDC Board for final consideration. The Advisory Committee should consist of: (not all seats need to be filled at all times)

- ◆ Business Owners
- ◆ Venture Capitalist
- ◆ Angel Investor
- ◆ Accountant
- ◆ Attorney (IP or Patent experience preferred)
- ◆ Commercial Loan Officer
- ◆ Chamber President (or a representative of their choice)
- ◆ Advisory Group may also require the assistance of additional outside technical expertise where it is deemed necessary prior making their final recommendations.

Members of the advisory committee shall be at least 18 years of age and have substantial experience with Albany area businesses. Experience shall include, but not be limited to banking, finance, accounting, corporate law, technology, mergers and acquisitions, mentoring and/or experience with small business operations. Categories may be added or deleted at the discretion of the ACBDC Board as deemed necessary as criteria can change rapidly.

Any member can be removed, for cause, by a majority vote of the ACBDC Board

Members may be selected based on their affiliation with their employer. A vacancy would be created if any board member changes employer. The category would become open and the Chamber and ACBDC Board may look to any organization in the category to fill the vacancy.

Any advisory committee member may resign from their position by delivering a resignation in writing (electronically is acceptable) to the Chamber Director of Business Lending. The acceptance of the resignation, unless requested, shall not be necessary to make the resignation effective.

When filling any vacancy the new member would fulfill the remaining term of the individual being replaced.

At all meetings of the advisory committee, a majority of the entire committee shall constitute a quorum for making a recommendation to the ACBDC Board

III. Eligible Businesses for Financing

The applicant must demonstrate a need for financing, a clear purpose for funding and a plan for repayment. Generally the company must fit into the “technology” category, through products or services. The company must also have a good reputation and a demonstrable ability to embrace outside advice and consulting when needed.

A. Types of Businesses:

The fund is open to any type of for-profit company where technology is the product, service or provides a significant competitive advantage for the organization.

The type of businesses include, but are not limited to: manufacturing, service, wholesale, medical, software, hardware, consulting or other types of businesses that are not eligible for traditional bank financing and can demonstrate significant job creation.

Loans may only be made to businesses whose physical facility is located wholly or partially in Albany County at the complete discretion of the committee.

B. Application Due Diligence:

1. Reference check of management as character of the ownership, management and board of directors of the applicant will be a major factor in the committee’s decision. A reference may be required by the committee for a new applicant.
2. Reference check from clients/customers/suppliers, as requested.
3. The funding will help the applicant create jobs.

4. The company demonstrates a willingness to take advice based on the needs of the business plan.
5. Intellectual property protection discussed by the committee.
6. Refinancing of existing debt or research will not be considered an eligible project.

C. Financial Capability & Requirements:

1. Financial records must show operating revenue or recurring revenue on some level.
2. The company must have a business plan complete with two years projections (monthly) and up to an additional three years annually, with assumptions.
3. Defined path to profitability.
4. Detailed use of the proceeds and the rate at which it will be used.

D. Types of Loans:

1. Loans for the acquisition of machinery, equipment or working capital.
2. A fixed rate of interest set at the closing of the Loan (the “**Closing**”) equal to 75% of the Prime Rate. “**Prime Rate**” means the Prime Rate as published in The Wall Street Journal on the Closing date.
3. Terms will be five years with amortization to be decided by the committee but cannot exceed 20 years.
4. Prepayments without penalty.
5. The fund will provide \$1.5 million; the target loan amounts should be between \$50,000-\$250,000.
6. Collateral for each loan will be at the discretion of the committee. Security is recommended to be a first (or second, if there is a senior lender) lien on all assets, including all intellectual property and personal guarantees as required by AI Tech.
7. Loan parameters must follow the guidelines of the AI Tech loan fund.

E. Additional Requirements:

1. Prior to any transaction, the AI Tech and TAF committee must review and occasionally approve any extraordinary corporate transactions, such as: sale, merger, acquisition, ownership or change in senior management. The committee must be notified should any of these changes occur, and it becomes the committee’s decision on whether or not to call the loan due at that time.
2. If the borrowing company has any lawsuits, judgments or claims filed against it at any time, it could be considered an event of default and will cause the loan to immediately become due in full. Decision will be made at the discretion of the committee.

3. Financial covenants shall include the right to monthly, quarterly or annual submission of financial information, to be determined at the time of approval.
4. Assignment of life insurance on any management team member that the committee deems valuable to the continuation of the company.
5. Bank decline letter is not required for the TAF loan file.

IV. **Committee Involvement:**

At the discretion of the committee, the committee may assign one committee member to work closely with the Director of Business Lending to monitor the borrower, review financial information and, under certain circumstances, attend meetings with the borrower.

V. **Meetings of Committee:**

Meetings of the committee shall be scheduled monthly, but may be cancelled if there are no loan packets to review or other board business to transact. Meetings are for committee members only, unless the committee decides to bring in an outside consultant or representative to provide advice or counsel as deemed pertinent by the committee. Executive summaries for applications will be distributed prior to the monthly meeting, and applicants will be asked to present at the committee meetings, as well. Special meetings may be called as necessary by the committee

Albany County Business Development Corporation

THE REVOLVING LOAN FUND STRATEGY (13 CFR § 307.9)

The mission of Albany County Business Development Corporation (ACBDC) through administration of the Al Tech Loan Fund is to promote economic growth in Albany County by offering financing to small- and medium-sized businesses (and, in special circumstances, to larger businesses) which demonstrate strong possibilities for growth, real property improvement, increased employment and retention of employment in the community.

Albany County has a population of 309,381 and hosts the City of Albany, Capital of New York State, with a population of 98,469. Other cities within Albany County include Cohoes and Watervliet, with populations of approximately 16,538 and 10,214, respectively. The three cities are located along the bank of the Hudson River where the greatest population density exists in Albany County. The three cities each border the Town of Colonie, the largest town in the Capital Region, with a population of approximately 83,661. Albany County has 23% of its land area urbanized and has the highest percentage of minorities (27% of the total population) of the Capital Region.

Economic Adjustment Program Overview

Albany County is a strategic transportation location providing excellent one-day shipping access to the entire northeast United States and the eastern part of Canada. Albany County hosts 10 of the 17 colleges and universities in the Capital Region and has superb health and public facilities. The major employment industries in Albany County are health services, educational services, government and professional services. Cumulative employment for these industries represented 51% of the total employment for Albany County in 2013. State-wide investments have been crucial to private-sector growth in the Capital Region. For example, the investment in GlobalFoundries and the expansion of SUNY Poly's Colleges of Nanoscale Science and Engineering (CNSE) have driven strong growth in the technology sector.

Since 2009, the Capital Region GDP grew at 0.9% per year (U.S. GDP grew at 2.2% per year during this period) and the Albany-Schenectady-Troy metro area, which accounts for roughly 70% of the Capital Region's GDP, grew at 1.6%. The underlying contributors to our economy are shifting: as the public sector is right-sized the private sector needs to drive Capital Region GDP growth even more than it has in the recent past; recent productivity growth is low relative to previous time periods; and our population is aging and our growth is nearly flat. While most of our residents have weathered the transition given growth in median household income and a lower unemployment rate, uneven growth across the region means we have an obligation to create stronger and more inclusive growth going forward.

In 2014, the public sector contributed 18% of the Albany-Schenectady-Troy metro area's total GDP down from 20% in 2009, but the public sector is still important to the Capital Region: Government remains the largest Capital Region employer at 22% of employment, but employment in government dropped by 5% between 2010 and 2014 (from 123,000 jobs to 117,000 jobs). During the same time period, the Capital Region private sector has experienced strong GDP growth. Between 2009 and 2014, the Capital Region's private sector grew at 1.4% per year with overall private sector GDP increasing by 6.9% between 2009 and 2014.

The Capital Region economy, which has traditionally had a strong dependence on the public sector for GDP and employment growth, is increasingly reliant on the private sector as the main growth engine. This is a very positive development. However, productivity challenges are becoming evident as a result of this transition from public to private. At the same time, the region is experiencing demographic challenges with nearly flat population growth and lower labor force participation, despite a large influx of young people from a strong higher education sector.

The Comprehensive Economic Development Strategy (CEDS) for the Capital District: 2018-2022, developed by the Capital District Regional Planning Commission and adopted 1/17/18, is utilized to identify regional challenges and align the strategies of the RLF. Specifically, the RLF is directly involved in solving the following challenges identified by the CEDS: (1) “a dramatic decline in large, traditional manufacturing operations”, and (2) acclimating to a new regional economy with a greater emphasis on “knowledge, skills, and the ability to adapt in a rapidly changing environment.”

Albany County and the Capital Region Chamber of Commerce have tried to identify specific areas and industries where the labor force growth remains stagnant. These organizations, in concert with local municipalities and New York State, then try to collaborate in efforts of advocacy for business opportunities, helping business owners access the most cost-effective resources and incentive programs (where applicable) that will enable an accelerated shift in private sector growth.

The AI Tech Revolving Loan Fund reinforces the CEDS activity of retaining existing businesses and “supporting the expansion of existing businesses within their home communities” by offering affordable access to capital within Albany County. Each application is assessed on a company’s history within the service region and immediate community, its track record of employment from the local labor force, and its prospects for future growth. The fund is sensitive to gradual changes in the local economy and the aforementioned reduction to the manufacturing sector, and has aimed to build a portfolio comprised of companies in the service, retail, wholesale, and technology industries while still supporting high-impact production businesses. Additionally, AI Tech directly supports the stated CEDS activity of providing “access to funds for businesses whose risk exceeds conventional levels...to spread risk across different funds and investors while providing as much assistance as possible for the development of small businesses, especially those owned by minority groups.” This activity is echoed in the mission statement of the Albany County Business Development Corporation and is evidenced by the companies and projects historically financed by the AI Tech Fund.

AI Tech has traditionally placed special emphasis on projects with significant economic impact, particularly those with the potential to create or retain skilled and semi-skilled positions. Collaborating with the fund allows private partners (primarily banks) an opportunity to entertain larger, more impactful projects without assuming uncomfortable levels of risk. The AI Tech Fund also gives special consideration to those groups that have traditionally been economically marginalized or disadvantaged, particularly women and minority-owned businesses. This focus allows the fund to address the previously referenced move toward inclusive growth in area household income and overall employment.

As access to capital remains another of the predominant regional challenges for business expansion and subsequent growth to the private labor pool, the Al Tech Fund positions itself to offer “alternative financing” that will increase the appetites of local banks to take on expansion projects by mitigating overall risk and exposure. In less frequent instances, the alternative financing can capitalize projects that do not meet traditional lending standards but still demonstrate real potential for positive community impact and new job creation or existing job retention. All outreach efforts to both potential applicant companies and referral sources emphasize these advantages of utilizing the fund.

Business Development Strategy

In partnership with the Capital Region Chamber of Commerce (the Chamber), the County of Albany is actively working to retain and attract small- and medium-sized businesses within its borders. The Chamber has firsthand knowledge and information on pertinent local business issues that impact growth. The Chamber has 2,526 members that employ more than 150,000 area residents.

Albany County’s elected officials are involved in business issues and promote shared interest in maintaining and enhancing the local economy. The county is committed to providing services to its residents in an efficient and cost-effective manner. The county believes it is imperative to keep the cost of living in Albany County as affordable as possible to attract and retain businesses. Albany County Executive is an ex officio member of the ACBDC and has appointment powers for three positions on the ACBDC Board.

Using its low interest loan funds, the Chamber and Albany County work together to assist companies looking to locate, grow and expand in Albany County. The county and Chamber, with this tool, focus on the three key components of retention, attraction and entrepreneurial assistance to improve the business climate of Albany County.

Retention

An estimated 80% of all future job growth in the Capital Region will come from companies that are currently operating in the Capital Region. For this reason, retention of businesses is critically important to the overall economic development strategy of the County and Chamber.

Business Attraction

The two entities coordinate many aspects of business assistance to companies interested in moving or expanding into Albany County.

Entrepreneurial Assistance

The Chamber trains, assists and funds local entrepreneurs to start new companies, as is consistent with the strategy of workforce diversification and increased entrepreneurialism in Albany County.

The Chamber staff will also coordinate programs with other economic development organizations. These organizations include:

- ◆ **Capital Business Resource Center (CBRC)** – The CBRC is one of 11 Business Information Centers (BIC) sponsored by the United States Small Business Administration

(SBA) and is located next door to the Chamber. The center is designed to be a one-stop reference source for small business. The center is equipped with computer workstations, over 200 entrepreneurial guides and an extensive business library. BIC personnel can provide easy access to other resources and can also arrange free counseling sessions with volunteers from SCORE.

- ◆ **Small Business Development Center (SBDC)** – Located at the University at Albany, the SBDC assists aspiring entrepreneurs and existing business owners in the development of business plans, financial forecasting, and market.
- ◆ **Capitalize Albany** is a not-for-profit economic development organization which provides economic development services for the City of Albany.
- ◆ **Empire State Development (ESD)** – Empire State Development is the economic development agency for New York State.
- ◆ **Albany County Industrial Development Agency (IDA)** – The IDA can finance large economic development projects in Albany County.
- ◆ **Municipal Industrial Development Agencies** – The IDA's can finance large economic development projects within their respective municipalities and can provide incentives to prospective companies.

In order to successfully realize the economic development initiatives mentioned above, business leaders have indicated one key issue as an immediate focus point for action: *The need for access to capital.*

Access to capital is not always available through private lending institutions. Underwriting guidelines have changed dramatically. This stresses the need for a public financing vehicle to participate in projects that promote job creation, job retention, and economic competitiveness in Albany County. The financing must also be available at a preferred interest rate to maximize the chances that the company can pay the debt and not be unnecessarily burdened, or limited, by the loan.

The Financing Strategy

The Al Tech Loan Fund serves primarily as the subordinated lender or co-lender on higher risk projects. It also serves as a primary lender in high potential start-ups or in situations where the preferred interest rate enables the business to remain competitive in its industry. The Al Tech Loan Fund also serves businesses that cannot secure private financing because of commercial lending policies or credit requirements.

The commercial banking needs of the Albany region are served by several major banks, regional banks, community banks and credit unions. Despite this, there is a clear lack of available capital for business loans. Public lending organizations have attempted to finance small business projects and participate with lenders on larger deals with limited success. The following public lending programs are available in Albany County:

- ◆ Capitalize Albany finances projects up to \$100,000 in the City of Albany.
- ◆ The Capital Region Chamber of Commerce's Entrepreneurial Assistance Center (EAC) and Capital Business Assistance Fund (CBAF) can finance Albany County companies up to \$25,000.

- ◆ The Community Loan Fund finances start-up businesses up to \$25,000 and makes loans up to \$50,000 for expanding businesses.
- ◆ The New York Business Development Corporation SBA 504 program and Statewide Zone Capital Corporation.
- ◆ The AI Tech Loan Fund is currently available for loans up to \$1,000,000 to businesses located within, or interested in moving to, Albany County.

Many financing projects involve participation by the commercial banks and a public lending source, though not in a competitive posture. All public and private financing sources support the business development strategy and are active in providing business financing at every opportunity.

Financing Policies

The loan program is available to new or established businesses in Albany County or companies moving into Albany County.

AI Tech financing is available at a fixed rate of interest set at the closing of the Loan (the “Closing”) equal to 75% of the Prime Rate. “Prime Rate” means the Prime Rate as published in The Wall Street Journal on the Closing date.

The program does not require a set equity percentage for a project but an equity contribution to a project will be recommended by the Board at the time of approval. In the past, the recommended percentage has been 10% equity into the project. Collateral requirements for the AI Tech Loan Fund will be determined on a case-by-case basis by the Albany County Business Development Corporation.

AI Tech financing can be sought for no less than \$50,000 and no more than \$1,000,000. Multiple projects from the same borrower or related party will be entertained, provided the cumulative principal balance of outstanding loans to any one borrower (and its affiliates) does not exceed \$1,000,000. Personal guarantees will be required for all individuals with 20% or more ownership interest in a recipient company.

Personal guarantees may be waived at the discretion of the Albany County Business Development Corporation Loan Board for:

- ◆ international traded companies
- ◆ publicly traded companies
- ◆ institutional investors
- ◆ angel investors or as deemed necessary by the Board

International companies must demonstrate project eligibility and economic impact in Albany County and must provide sufficient collateral for acceptance.

Publicly traded companies will be eligible for financing on a case-by-case basis.

Credit not Otherwise Available: The majority of the AI Tech portfolio has historically been comprised of loans where the Fund participated with a bank rather than acted as substitute for a

bank due to a declination letter. Therefore, the Fund will accept a partner bank's commitment letter as evidence that the Al Tech Fund is needed to provide gap financing, provided that the commitment letter is contingent on Al Tech Loan Approval. In instances where the Al Tech Fund acts as the sole financing mechanism for a project, the Fund will accept either a Bank Declination Letter or documentation directing an applicant to the Al Tech Fund in lieu of available conventional financing.

Job Cost Ratio: The Al Tech Loan Fund's Target Job/Cost Ratio is \$25,000 per job. This is assessed on a comprehensive overall fund basis, rather than a case-by-case basis.

Portfolio Standards

The Al Tech Loan Fund will be monitored to verify compliance with the guidelines identified above. Similarly, the administrator's staff will seek to diversify the Al Tech portfolio to maximize exposure of the program to as many companies and industries as possible.

The total fund balance as of September 30, 2016 was \$18,431,654 with loan balances of \$12,675,107. A breakdown of the existing Al Tech loan portfolio by industries is as follows:

% of Invested Portfolio	Type	# of Companies	\$ Loaned
16%	Industrial	10	\$2,922,615
32%	Commercial	27	5,963,892
52%	Service	33	9,545,146
TOTAL		70	\$18,431,654

Unfunded Loan Commitments

	Type	# of Companies	\$ Loaned
19%	Industrial	2	\$884,000
35%	Commercial	3	1,615,000
45%	Service	8	2,079,000
TOTAL		13	\$4,578,000

Total still available to lend: \$1,329,280

Portfolio

The emphasis of Al Tech financing is to work with businesses in Albany County and encourage the expansion or increase the competitiveness of these local businesses. Therefore, it is expected that a larger portion of the portfolio will be designated for this purpose. Al Tech financing is also available to companies interested in moving or expanding into Albany County. Startups and technology-based businesses have typically been a small percentage of the portfolio and will be given more consideration.

Revolving Loan Fund Selection Criteria

The AI Tech Loan Fund is to be used to support economic development efforts in Albany County. Generally, an applicant should be able to demonstrate a need for financing, as well as a means of repayment. In addition, AI Tech funds will be available for companies that satisfy one or more of the following conditions below:

Jobs

The AI Tech Loan Fund will be used to retain and attract companies to Albany County. Significant economic impact will be determined by jobs retained and jobs created within each project. Job retention will be recorded at the time of closing and job creation will be projected by the company over a three-year schedule.

Location

The AI Tech Loan Fund will be used to assist in the revitalization of buildings and neighborhoods within Albany County. The program will encourage business expansion projects within distressed neighborhoods or areas within the County in an effort to create jobs for economically disadvantaged individuals while improving the tax base and image of the area. Projects that remediate environmentally damaged properties will be considered for funding in order to promote the safe reuse of contaminated properties.

Competitive Advantage

The AI Tech Loan Fund will be used to assist local companies invest in new technologies such as machine tools, robotics and information technology either to be included as a part of the product, or to assist in producing it.

Investment in Sites and Premises for Business

The AI Tech Loan Fund will invest in sites and properties which will involve improving the physical environment for businesses thereby making the area more attractive for business retention, expansion and recruitment. Possible projects include:

- ◆ Derelict site reclamation project
- ◆ Adaptation of disused building (adaptive reuse)
- ◆ Upgrading out-of-date or abandoned industrial buildings and sites
- ◆ Development of industrial, business or science and technology parks

Technology Businesses

The AI Tech Loan Fund will be used to assist emerging technology businesses to secure financing. Technology companies have difficulty finding private sector financing sources because of the high-risk nature of their businesses but also have the most rapid growth potential. This high growth potential warrants public sector involvement where private sector interest does not exist.

Performance Assessment Process

The RLF portfolio will be assessed on a monthly basis by Chamber of Commerce staff and on a quarterly basis by the Board. The fund will be evaluated based on the number of loans in good standing (current) versus those that are delinquent, the quantity and total dollar amount of both

existing loans and commitments as compared to prior periods, and the overall utilization rate of the fund. The RLF Plan will be consulted on an ongoing basis to be considered against real market conditions as the fund evolves. Both the Chamber staff and the Board will provide periodic feedback based on changes in the regional market and incorporate these revisions and additions into future versions of the RLF Plan, which will be updated and submitted to the EDA at least every five (5) years. In instances where a more immediate material alteration to the plan is required to adjust to local economic conditions, the AI Tech Fund will contact the EDA requesting modification and will submit a revised plan accordingly.

The ACBDC will monitor the loan program and recommend modifications or improvements on an ongoing basis. Staff from the Chamber will provide semi-annual status reports on:

- ◆ The number of loans approved.
- ◆ The number of loans closed.
- ◆ The number of jobs retained.
- ◆ The number of jobs created over a three-year period.
- ◆ The amount of public and private funds leveraged by the AI Tech Loan Fund.
- ◆ Director of Business Lending will give payment, credit and delinquency reports on outstanding loan recipient companies.

Based upon these criteria, the ACBDC will determine the success of the AI Tech Loan Fund in achieving the goals outlined in the economic adjustment strategy.

Operational Procedures (13 CFR § 307.9)

The ACBDC in conjunction with Albany County has successfully operated the AI Tech Loan Fund since 1995. ACBDC is a public-private organization established by Albany County and the Chamber. Businesses interested in pursuing an AI Tech Loan submit an application with required background information to the Chamber staff for loan processing. The Chamber staff prepares a loan report itemizing credit and risk issues and presents the report at the next ACBDC loan meeting.

The ACBDC is comprised of business and community leaders from throughout Albany County who are appointed by one of three entities. The Albany County Executive appoints three members, the Albany County Legislature appoints three members, and the Capital Region Chamber of Commerce appoints one member. The ACBDC loan meetings are held monthly to review AI Tech Loan Fund applications. The Board is comprised of seven voting members and two ex officio members. The two ex officio members serve in a non-voting capacity on all decisions regarding financing to businesses but can vote on policy issues. The list of voting members is listed below:

- ◆ Nancy Carey Cassidy– (Chair) Picotte Companies
- ◆ Robert Dollar – Retired former Trust Officer
- ◆ Mark Eagan – (Vice Chair) Capital Region Chamber
- ◆ Michael Hurt -
- ◆ Pam Lansing – Computer Visions
- ◆ Allen Maikels, CPA – (Secretary/Treasurer) Maikels & Trainor CPAs
- ◆ Jeff Stone - Berkshire Bank

Ex Officio members include:

- ◆ George Penn – representative of Hon. Daniel McCoy – Albany County Executive
- ◆ Hon. Sean Ward – Chairman of the Albany County Legislature (or a representative from his office)

The Albany County Business Development Corporation's legal counsel is Madeline Kibrick Kauffman, of the law firm of Nolan & Heller, LLP.

Closing attorneys representing the ACBDC are selected by the Chamber, as agent.

A copy of the ACBDC Code of Ethics and By-Laws for the AI Tech Loan Program are in Appendix A for review.

Loan Processing (13 CFR § 307.9)

The Chamber staff has developed an application for funding from the AI Tech Loan Fund. A copy of the application is enclosed in Appendix B for review. Included is a checklist of information that could be required in addition to the application for processing. All information must be submitted with a \$500 application fee to the Director of Business Lending at least two weeks prior to the scheduled monthly meetings. The Director of Business Lending will compile the information in a standard format for the Board to review. Information includes:

- | | |
|--|----------------------------------|
| ◆ Business history | ◆ Management profile |
| ◆ Last three years of financial statements | ◆ Appraisals of collateral |
| ◆ Corporate tax returns (3 years) | ◆ Equipment list |
| ◆ Latest interim statement | ◆ Accounts payable aging |
| ◆ Personal financial statement | ◆ Accounts receivable aging |
| ◆ Personal tax returns (3 years) | ◆ Purchase agreement |
| ◆ Projections – two years | ◆ Other information required for |
| ◆ Projections – monthly | the Board to make a |
| ◆ Partnership agreement | prudent lending decision. |

Forms to be included in the application include:

- ◆ Release of credit authorization
- ◆ Short environmental assessment form
- ◆ Employment plan

The AI Tech Loan Fund will look to provide financing for projects that satisfy the portfolio standards and accomplish the mission of promoting economic growth in Albany County.

Underwriting (13 CFR § 307.9)

Credit Reports: Each AI Tech Application has a dedicated page required for any business owner/loan guarantor to authorize full inquiries into personal credit histories and accuracy of background information provided on the application. The Director of Business Lending verifies all open balances listed on the credit report against completed Personal Financial Statements. Reports are examined for historical use/abuse of personal credit. Derogatory items, high balances on revolving accounts, late payments, and charge offs are all items that trigger additional dialogue with the applicant. If these items are present and recurring, the applicant is required to provide an explanation satisfactory to both the Director of Business Lending and the Board in order to advance the application.

Standard Collateral Requirements: Collateral is assessed on a case-by-case basis with each application. When possible, first position mortgages against real estate and perfected security interests in other fixed assets will be obtained. Subordinate positions on real estate and other fixed assets will be acceptable to the Board as long as the proper due diligence is conducted to determine an estimate of liquidation value and resulting exposure. Other collateral may be determined to be acceptable to the Board in certain instances. Personal guarantees are required of all borrowers with a 20% ownership position in a company. A collateral assignment of life

insurance is required for all owners or key management personnel as deemed necessary by the Board.

Standard Equity Requirements: The recommended requirement for owner equity has been 10% of total project costs, although this is determined on a case-by-case basis. Available equity will be confirmed during the underwriting process by reviewing personal financial statements, bank statements, and cancelled checks of payments made toward a project for expenses already incurred. Verification of equity contribution will always be a condition of loan closing.

Appraisal Reports: Unless otherwise approved by the Board, property and asset appraisal reports should be certified to Albany Business Development Corporation and should indicate a Loan-to-Value consistent with that approved in each individual loan application. The majority of appraisal and environmental reports will be ordered by a partnering bank and certified to the ACBDC. In instances of sole lending involvement, the Corporation will contract with a number of experienced professionals providing appraisals and environmental surveys, particularly professionals that have performed similar work for the fund on previous occasions.

Credit not otherwise available: See above.

Environmental Reviews: The Director of Business Lending and retained closing counsel will ensure that all environmental work is conducted according to the guiding laws and regulations. Additionally, partner banks that order the appraisals/surveys will ensure that they are in compliance with federal standards. Each application will be assessed on its potential environmental impacts and will be vetted with the following in mind:

- The applicant's ability to mitigate adverse environmental circumstances. Where applicable, all approvals will be made contingent on completion and documentation of mitigation, as reviewed by an environmental survey professional.
- The environmental survey will be conducted with an analysis of floodplain implications. No activity shall be financed which would result in new above-ground development in a 100-year floodplain.
- A determination shall be made as to a project's impact on any wetland area. Consultation with the US Department of the Interior Fish and Wildlife Service and the Army Corp of Engineers will be necessary to proceed in any instance where an adverse wetland impact is determined.
- In applicable instances, the State Historic Preservation Officer will be consulted to determine the impact of a proposed project on historic and archeological resources.
- All applicants are required to complete a Short Environmental Assessment form and disclose the presence of any hazardous substances, underground tanks, and other potentially dangerous materials. All unmitigated or unresolved contamination issues will be required to be resolved prior to loan closing.

Loan Write-up: A sample loan write-up is included in the appendix of the RLF Business Plan. Each write-up or credit memo contains info on the proposed project, the company's history, existing operations, background of key personnel/ownership, proposed collateral to secure the loan, historical and projected cash flow, existing environmental issues (if applicable), and overall application fit within the fund's mission and goals.

The Chamber staff prepares a loan write-up that incorporates all aspects of the projected use of Al Tech Funds and other public and private funds being used for the stated project(s). A copy of

a loan write-up is enclosed in Appendix C. The ACBDC requires personal guarantees from those who own 20% of the applicant company and reserves the right to approve, deny or modify applications as necessary to preserve the integrity of the AI Tech Loan Fund.

No standard equity or collateral requirements exist in the AI Tech Loan Fund in order to allow flexibility to fund companies on a case-by-case basis. The recommended requirement has been 10% of the project cost. Risk assessment and collateral will be reviewed by the ACBDC and will be considered in their decision to approve or deny funding. The Board has substantial expertise in commercial lending and business practices.

Closing (13 CFR § 307.9)

The AI Tech loan closings will be conducted by law firms with an Albany County business residence in conjunction with Chamber staff. Commitment letters will be signed by a designee of the ACBDC and funds will be disbursed from a designated account controlled by the Chamber under a dual control disbursement rule.

The closing attorney will email the Director of Business Lending indicating that all documentation requested has been collected and reviewed by the closing attorney. The email is then forwarded by the Director of Business Lending to the accounting department providing the accounting department with an assurance that the terms and conditions have been met and that it is alright to fund the loan. Accounting staff will then wire the funds into the attorney's escrow closing account for closing.

Closing attorney is responsible for proper closing documentation including the Note, Loan Agreement, Security Agreement, Mortgage, Inter-Creditor Agreement and any other documentation that the attorney requires or deems necessary to protect the RLF.

Loan Closing Documents: The following documents will be required for all loans; additional documents may be required based on each project's purpose, ownership structure, collateralization, etc.:

- Completed Application
- Signed Minutes from Board Meeting indicating approval
- Compliance Letter stating the loan is in compliance with the fund's mission and business plan
- Loan Agreement
- Promissory Note
- Security Agreement(s)
- Mortgage (where applicable)
- Guaranty of Payment
- Certificate of Expenditures
- Auto Debit form for Monthly Payments
- Documentation from Partner Bank or Referring Bank indicating need for AI Tech involvement

Loan Agreement Provisions: The Fund has utilized the same legal counsel for closings for several years, and each firm is aware that the following should be incorporated into the Loan Agreement document:

- Borrower's specific use of RLF loan proceeds.

- Language protecting and holding the Federal Government harmless from and against all liabilities incurred as a result of RLF lending.
- Borrowers must provide satisfactory documentation prior to disbursement of loan funds including (when applicable) vendor invoices payable, contractor estimates, and other items deemed necessary by the Director of Business Lending and closing counsel.
- All Loan Agreements will include a loan call stipulation for instances of non-compliance.

Loan Files: All loan files will be maintained by the Director of Business Lending and supporting staff and will include the loan closing documents, site visit reports (including job reporting), insurance certifications, taxes/financial statements, and general correspondence. These files will be kept in a locked, fireproof filing cabinet located in a restricted-access file room at the Chamber of Commerce offices.

Interest Bearing Account (13 CFR § 307.11)

The Chamber, as administrator of the Loan Fund will insure that the RLF funds not being utilized in a loan will be in interest-bearing accounts. The funds are currently in a managed investment account following guidelines developed by the ACBDC board. The Chamber is in the process of diversifying the funds into collateralized, interest-bearing money market accounts with one or more banks. The accounts will be dependent on the current interest rates being offered. The Chamber will issue RFP's for interest rates on an ongoing basis to assure that the interest rate earned on the RLF funds is competitive.

Revolving Loan Fund Income (13 CFR § 307.12)

The Chamber as administrator of the fund will work diligently to account for any administrative costs associated with effectively administering the program in the period the work is performed. Occasionally there are costs that are incurred over several reporting periods or an invoice is presented in a subsequent reporting period for work performed in a previous period. In this case the Chamber will account for the cost in the reporting period when the invoice is presented.

Interest Rates (13 CFR § 307.15)

A fixed rate of interest set at the closing of the Loan (the “**Closing**”) equal to 75% of the Prime Rate. “**Prime Rate**” means the Prime Rate as published in The Wall Street Journal on the Closing date.

Interest Rate Exceptions (13 CFR § 307.15)

It has not been the policy of the ACBDC Board to make interest rate exceptions; AI Tech is currently at the lowest allowable rate and, therefore, sees no need for interest rate exceptions.

Capital Utilization Standards (13 CFR § 307.17)

The Chamber actively markets the AI Tech Loan Fund to local banks and businesses in the Capital Region. The fund has participated in financing with almost every bank with a presence in Albany County. By actively and diligently marketing the program, the Chamber works to maintain the required utilization rate assigned by the EDA.

In the past year, ACBDC has increased the loan amount from \$500,000 to \$1,000,000 and reduced the interest rate from prime minus 4% with a floor of 4% to 75% of prime. Both changes were designed to make the program more attractive to bankers and borrowers.

Uses of Capital (13 CFR § 307.17)

The AI Tech Loan Fund is to be used to support economic development efforts in Albany County. Generally, an applicant should be able to demonstrate a need for financing, as well as a means of repayment. In addition, AI Tech funds will be available for companies that satisfy one or more of the following conditions below:

Jobs

The AI Tech Loan Fund will be used to retain and attract companies to Albany County. Significant economic impact will be determined by jobs retained and jobs created within each project. Job retention will be recorded at the time of closing and job creation will be projected by the company over a three-year schedule.

All projected jobs made on loan applications will be verified during annual site visits, interviews with ownership and management, review of company financial statements, and review of company tax returns.

Location

The AI Tech Loan Fund will be used to assist in the revitalization of buildings and neighborhoods within Albany County. The program will encourage business expansion projects within distressed neighborhoods or areas within the County in an effort to create jobs for economically disadvantaged individuals while improving the tax base and image of the area. Projects that remediate environmentally damaged properties will be considered for funding in order to promote the safe reuse of contaminated properties.

Competitive Advantage

The AI Tech Loan Fund will be used to assist local companies invest in new technologies such as machine tools, robotics and information technology either to be included as a part of the product, or to assist in producing it.

Investment in Sites and Premises for Business

The AI Tech Loan Fund will invest in sites and properties which will involve improving the physical environment for businesses thereby making the area more attractive for business retention, expansion and recruitment. Possible projects include:

- ◆ Derelict site reclamation project
- ◆ Adaptation of disused building (adaptive reuse)
- ◆ Upgrading out-of-date or abandoned industrial buildings and sites
- ◆ Development of industrial, business or science and technology parks

Technology Businesses

The AI Tech Loan Fund will be used to assist emerging technology businesses to secure financing. Technology companies have difficulty finding private sector financing sources because of the high-risk nature of their businesses but also have the most rapid growth potential. This high growth potential warrants public sector involvement where private sector interest does not exist.

Restrictions on Use of Capital (13 CFR § 307.17)

The following are not eligible uses for RLF capital:

- ◆ No loans may be made to governmental units or not-for-profits.
- ◆ Loans may only be made to businesses whose physical facility is located wholly or partially in Albany County (service area).
- ◆ Refinance of existing debt will not be considered an eligible project, unless the refinance will significantly increase the chance of success of the business (sound economic justification must be provided).
- ◆ To acquire an equity position in a private business.
- ◆ Subsidize interest payments on an existing RLF loan.
- ◆ Provide a borrower the required equity contribution for SBA Funding.
- ◆ For borrowers to acquire an interest in a business either through the purchase of stock or through the acquisition of assets, unless sufficient justification is provided in the loan documentation. Sufficient justification may include acquiring a business to save it from imminent closure or to acquire the business to facilitate significant expansion or increase in investment with a significant increase in jobs.
- ◆ Provide an RLF loan to the borrower for the purpose of investing in interest-bearing accounts, certificate of deposits or any investment unrelated to the RLF.

Leveraging of Funds (13 CFR § 307.15)

The Chamber staff estimates that a private sector leveraging ratio of \$2 for every \$1 of AI Tech Funds. This 2:1 ratio will be the preferred measure. The leverage goal is a target figure and is not considered a binding performance measure per project/application.

Disbursement of Funds (13 CFR § 307.11)

The closing attorney will email the Director of Business Lending indicating that all documentation requested has been collected and reviewed by the closing attorney. The email is then forwarded by the Director of Business Lending to the accounting department providing the accounting department with an assurance that the terms and conditions have been met and that it is appropriate to fund the loan. Accounting staff will then wire the funds into the attorney's escrow closing account for closing.

Collections (13 CFR § 307.9)

Loan payments will be made to a depository account in the name of the ACBDC by the loan recipient via electronic transfer. Chamber staff will monitor the loan repayment history for each borrower.

In certain instances, moratoria (AKA forbearance) will be permitted on outstanding principal payments. The maximum moratorium granted would be a period of six (6) months, with extensions granted at the Board's sole discretion. Granting of a moratorium will be based on a review of borrower financial statements by both the Director of Business Lending and the Board, and will require the majority vote of the Board. Besides financial analysis indicating a moratorium would be beneficial, the borrower must also provide (either anecdotally or in writing) a statement of current hardship and a workout plan as deemed suitable by the Board. In emergency or disaster circumstances, such requirements may be waived to prevent business closure and ensure retention of employment.

In conjunction with the ACBDC, the Director of Business Lending and Accounting Department will monitor monthly payments made by AI Tech Loan recipients. Borrowers who are in arrears more than 10 days will be contacted or visited by Chamber staff immediately and be required to provide an explanation for the delinquency. Information gathered will be shared with ACBDC Board. Appropriate action will be recommended.

For any RLF loan considered in default, any payment that is received will be applied toward:

- ◆ Any cost of collection
- ◆ Outstanding penalties and fees
- ◆ Any accrued interest to the extent due and payable
- ◆ The outstanding principal balance

Write-Offs: Delinquent accounts are reported to the Board at monthly meetings and via email notifications. After the Director of Business Lending attempts to work with the Borrower in resolving short-term delinquencies, a recommendation is made by the Board in proceeding, taking into consideration the opinion of legal counsel. If a borrower is unresponsive to contact attempts and/or attempts to enter into a “workout” arrangement, the file will be turned over to legal counsel for enforcement of creditor’s rights. Counsel will typically issue a Demand Letter before pursuing judgment or foreclosure. Depending on how loans are secured, foreclosure and liquidation proceedings will be used to satisfy as much of the outstanding balance as possible. Once all liquidation efforts have been exhausted, and legal counsel has recommended that no further recourse is possible, an update will be made to the Board, at which point the Board will make a recommendation to write-off the remaining balance.

Monitoring (13 CFR § 307.9)

A loan file will be maintained by the Chamber staff, including all pertinent financial statements, closing and servicing information. The Director of Business Lending will make annual site visits to all loan recipients and report on the status of the company, collateral condition and perceived repayment ability. Required information will include:

- ◆ Most recent year-end financial statements and/or corporate tax returns
- ◆ Number of employees

- ◆ Any other information deemed appropriate by Chamber staff to properly service the loan portfolio

Foreclosures (13 CFR § 307.9)

Since 1994, the ACBDC has only had to foreclose on one property. The fund utilized Nolan and Heller, a law firm located in Albany County that is familiar with loss mitigation processes and the foreclosure process. If additional foreclosure opportunities present themselves, the ACBDC would look to utilize one of the firms that represent Al Tech in the loan closing process, as they are familiar with the mission of the fund and loan documentation

Evidence of Fidelity Bond Coverage (13 CFR § 307.11)

See Appendix D for the Fidelity Bond Declaration page

Accounting Principles (13 CFR § 307.15)

ACBDC operates in accordance with generally accepted accounting principles (GAAP). In accordance with GAAP, a loan loss reserve has been recorded on our audited financial statements to show the fair market value of the loan portfolio.

On an annual basis, ACBDC hires a local accounting firm to audit the financial activities of the Al Tech Loan Fund. The audit is performed in accordance with the auditing standards generally accepted in the United States. The completed audit is sent to the national clearinghouse once it is approved by the board.

Administrative Costs: The cost of administering the RLF includes: Auditing and Legal Professional Fees, Agency Fee to the Capital Region Chamber for full administration, Bad Debt write off, Depreciation (all fixed assets fully depreciated as of 2016), Insurance Costs – Directors & Officers Liability Policy, and Taxes. RLF income is used to cover all these costs. The Maximum percentage to be used is 70% excluding Bad Debt write-offs. As agent, the Capital Region Chamber tracks all costs charged to the RLF. The agency cost for administration is calculated using a cost allocation plan which is used company wide for all Chamber staff.

EDA Reporting

The Albany County Business Development Business Corporation, as administrator of the Al Tech Fund, files a semi-annual report with EDA. Additionally, an Income and Expense Report is submitted on the same semi-annual schedule to itemize the use of RLF income for administrative costs.

Administrative Procedures (13 CFR § 307.10)

A loan file will be maintained by the Chamber staff including all pertinent financial statements, closing and servicing information. The Director of Business Lending will make annual site visits to all loan recipients and report on the status of the company, collateral condition and perceived repayment ability. Required information will include:

- ◆ Most recent year-end financial statements and/or corporate tax returns
- ◆ Number of employees
- ◆ Any other information deemed appropriate by Chamber staff to properly service the loan portfolio

A credit and customer analysis will be performed upon identification of a potential loan problem. The credit and customer analysis will provide:

- ◆ A record of the loan including terms, principal balance, and use of proceeds.
- ◆ Evaluation and summary of collateral and secured debt.
- ◆ Repayment history, and violation of any terms by borrower.
- ◆ Summary of financial statements for the last three years and copy of guarantors' personal financial statements.
- ◆ Analysis of cash flow coverage and debt service.
- ◆ Narrative description and/or ratios of financial status of business and other critical business factors.

Finally, the AI Tech Loan Fund will be aggressively marketed throughout Albany County by the staff of the Chamber to maximize exposure to eligible companies.

Appendix A
Albany County Business Development Corporation

- Code of Ethics
- By-Laws

AL TECH BOARD CODE OF ETHICS

The proper administration of the Al Tech Board requires its Board members to be independent, impartial, and free from conflicts of interest in fulfilling their responsibilities so that the public will have confidence in the integrity of its decisions.

- A. Therefore, the public interest requires that this code of ethics be adopted as a standard of conduct.
- B. This code of ethics represents a balancing of the need for eliminating real conflicts of interest with the recognition that membership in voluntary organizations devoted to public service is a laudable endeavor that should be encouraged.

Conflicts of Interest

- A. No Board member shall engage in any action, which constitutes, or reasonably gives the appearance of being, a conflict of interest with the performance of his/her official duties. Without limiting the generality of the definition of the term conflict of interest, a Board Member shall be deemed to have a conflict of interest if:
 - 1. The person willfully engages in any business activity or professional activity or shall have a financial or other private interest, direct or indirect, or incurs any obligation of any nature, which is in substantial conflict with the proper discharge of his/her official duties.
 - 2. The person receives or has any financial interest in any sale of any service or property when such financial interest was received with the knowledge that the Al Tech Fund intended to finance such property or obtain such service.
 - 3. The person uses or attempts to use his/her official position to secure unwarranted privileges or exemptions for himself/herself or others, including members of his/her family.
 - 4. The person engages in or accepts private employment or engages in any business transaction or professional activity or makes any investment which will impair his/her independence of judgment in the exercise of his/her official duties or will interfere in any manner whatsoever with the discharge of his/her official duties.

5. The person directly or indirectly solicits any gift or accepts or receives any gift or favor, whether in the form of money, services, loan, travel, entertainment, hospitality, thing or promise, or any other form, from any person, firm, or corporation as an inducement or to effect improperly the performance of the official duties or decision of such Board member.
 6. Any Board member knowingly has a financial or other private interest in any legislation or other matters coming before the County Legislature and knowingly fails to disclose such interest and/or fails to abstain from voting and/or otherwise officially acting with regard thereto.
- B. The foregoing acts are listed by the way of example and are by no means to be deemed all-inclusive. Every Board member shall endeavor to pursue a course of conduct which will not raise suspicion among the public that he/she is likely to be engages in acts that are in violation of his/her trust.
- C. If any Board member must recuse himself/herself so as not to violate any of the enumerated conflicts of interest or for any other reason which may give rise to a conflict of interest not enumerated or give the appearance of conflict of interest or impropriety, said Board Member shall recuse himself/herself by notifying the Board or Board Chair.

Disclosure of Confidential Information

- A. No Board member shall disclose, without proper authority, confidential information concerning the property or affairs of the loan fund or loan fund applicants nor shall he/she use such information to advance the financial or other private interest of himself/herself or others.
- B. No Board member shall accept employment or engage in any business or professional activity which will require his/her to disclose confidential information which he/she has gained by reason of his/her official position or authority.

**BY-LAWS
OF
ALBANY COUNTY BUSINESS DEVELOPMENT CORPORATION**

ARTICLE I – MEMBERS

The Albany County Business Development Corporation (the “**CORPORATION**”) shall have no members.

ARTICLE 11 – BOARD OF DIRECTORS

SECTION 1

Powers and Number

The board of directors (the “**BOARD**”) shall have general power to control and manage the affairs and property of the **CORPORATION** in accordance with the purposes and limitations set forth in the Certificate of Incorporation. The number of directors constituting the entire **BOARD** after the first annual meeting of the **BOARD** shall be nine. The number may be increased to eleven by a vote of at least seven directors, or decreased by amendment of the By-Laws, but no decrease shall shorten the term of any incumbent director.

SECTION 2

Qualifications

The director shall be at least eighteen years of age and have substantial experience in Albany area businesses. Such experiences shall include, but not be limited to banking, finance, accounting, corporate law or experience in a small business.

SECTION 3

Appointment and Term of Office

The initial directors of the **CORPORATION** shall be the persons named in the Certificate of Incorporation of the Corporation. They shall serve for the terms as set forth below in this section.

1. Three of the directors shall be appointed by the Albany County Executive, two of who shall serve for a three-year term and one who shall serve for a two-year term.
2. Three of the directors shall be appointed by the Albany County Legislature, two of who shall serve for a three-year term and one shall serve for a two-year term. Of the directors serving a three-year term, one shall be selected by the Legislature’s majority party and one shall be selected in the Legislature’s minority party. The third director, who shall serve for a two-year term, shall be selected by the entire Legislature.
3. One director shall be appointed by the Capital Region Chamber of Commerce from its staff and serve for a three-year term.

The Chairman of the Albany County Legislature shall serve ex-officio, in a non-voting capacity on all decisions regarding financing to businesses.

The Albany County Executive shall serve ex-officio, in a non-voting capacity on all decisions regarding financing to businesses.

SECTION 4

Removal

Any director may be removed, for cause, by a vote of a majority of the entire **BOARD** at any special meeting of the **BOARD** called for that purpose. A director who misses three consecutively scheduled meetings shall be automatically removed, but may be reinstated by a vote of a majority of the entire **BOARD** for good cause shown.

SECTION 5

Resignation

Any director may resign from office at any time by delivering a resignation in writing to the other members of the **BOARD** and to the person or body who appointed him/her. The acceptance of the resignation, unless required by its terms, shall not be necessary to make the resignation effective.

SECTION 6

Vacancies and Newly Created

Any vacancies on the **BOARD** arising at any time and for any cause are to be filled by the person or body, who appointed the departing **BOARD** member, as described in detail at **Section 3 of this article**. Any director chosen to fill any vacancy shall serve the remaining duration of the term that he/she filled. In the case of a newly created board seat, the person shall serve until the next annual meeting, at which time the **BOARD** shall amend the By-laws to incorporate the newly created position and to define the terms of said newly created director.

SECTION 7

Place and Time of Meetings

The annual meeting of the **BOARD** shall be held in December of each year at a time and place fixed by the **BOARD**. The time and place for holding regular meetings shall be fixed by the **BOARD**. A special meeting may be called any time by the Chairman of the Board or by written demand of any director at any time and place specified by them.

SECTION 8

Notice of Meetings

Notice of the time and place of each regular, special or annual meeting of the **BOARD**, and to the extent possible, a written agenda stating all matters upon which action is proposed to be taken shall be mailed to each director, postage prepaid, addressed to him or her at his or her residence or usual place of business (or at such other address as he or she may have designated in a written request filed with the secretary), at least eight days before the day on which the meeting is to be held; provided, however, that notice of special meetings to discuss matters requiring

prompt action may be sent to him or her at such address by telephone, no less than forty-eight hours before the time at which such meeting is to be held. Notice of a meeting need not be given to a director who submits a signed waiver of notice whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to him or her.

SECTION 9

Quorum and Voting

At all meetings of the **BOARD**, a majority of the entire **BOARD** shall constitute a quorum for the transaction of business. Except as otherwise provided by law or these By-laws, any meeting of the **BOARD** at which a quorum is present, the vote of a majority of the directors present at the time of the vote shall be the act of the **BOARD**.

SECTION 10

Action by the Board

Any action required or permitted to be taken by the **BOARD** or by any committee thereof may be taken without a meeting if all members of the **BOARD** or the Committee consent in writing to the adoption of a resolution authorizing the action. The resolution and the written consents shall be filed with the minutes of the proceedings of the **BOARD** or committee.

SECTION 11

Committees of the Board

The **BOARD**, by resolution adopted by a majority of the entire **BOARD**, may establish and appoint an executive and other standing committees. The Chairman of the board shall appoint the Chairperson of each committee. Each committee so appointed shall consist of three or more directors and to the extent provided in the resolution establishing it, shall have all the authority of the **BOARD** except as to the following matters:

- a. the filling of vacancies on the **BOARD** or on any committee,
- b. the amendment or repeal of the By-laws or the adoption of new By-laws,
- c. the amendment or repeal of any resolution of the **BOARD**, which by its terms shall not be so amendable or repealable,
- d. the fixing of compensation of the directors for serving on the **BOARD** or any committee.

SECTION 12

Chairperson

Chairperson of the Board shall be elected by a majority of the **BOARD**. The chairperson of the board shall preside at all meetings of the **BOARD** and shall generally supervise the affairs of the **CORPORATION**. He or she shall keep the **BOARD** fully informed. He or she shall have the power to sign alone, unless the **BOARD** shall specifically require an additional signature, in the name of the **CORPORATION** all contracts authorized either generally or specifically by the **BOARD**. The chairperson shall also have such other powers and perform such other duties as the

BOARD may from time to time prescribe. In the absence or inability of the chairperson to act, a chairperson selected by the **BOARD** shall perform all the duties and may exercise any of the powers of the president.

SECTION 13

Vice-Chairperson

A Vice-chairperson shall be elected by a majority of the **BOARD** and shall have such powers and perform such duties as the **BOARD** may from time to time prescribe.

SECTION 14

Secretary

The secretary shall:

- a. keep the minutes of all meetings of the **BOARD** in books to be kept for that purpose and,
- b. serve or cause to be served all notices of the **CORPORATION** and,
- c. perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him or her by the **BOARD**.

SECTION 15

Treasurer

The treasurer shall keep or cause to be kept complete and accurate accounts of receipts and disbursements of the **CORPORATION**, and shall deposit all monies and other valuable effects of the **CORPORATION** in the name and to the credit of the **CORPORATION** in such banks or depositories as the **BOARD** may designate. Whenever required by the **BOARD**, he or she shall at all reasonable times exhibit the books and accounts to any officer or director of the **CORPORATION**, and shall perform all duties incident to the office of the treasurer, and such other duties and shall from time to time be assigned to him or her by the **BOARD**.

SECTION 15.1

Annually, at a meeting of the **BOARD**, the treasurer shall present a report showing in appropriate detail:

- a. the assets and liabilities of the **CORPORATION** as of a twelve-month fiscal period terminating not more than six months prior to the meeting,
- b. the principal changes in assets and liabilities during that fiscal year,
- c. the revenues or receipts of the **CORPORATION**, both unrestricted and restricted as to a particular purpose, for that fiscal period and,

- d. the expenses or disbursements of the **CORPORATION**, for both general and restricted purposes, during said fiscal period.

The report shall be filed with the minutes of a meeting of the **BOARD**. An additional report may be filed, which contains the information herein above specified with the Internal Revenue Service and the Attorney General of the State of New York. The treasurer shall, if required by the **BOARD**, give such security for the faithful performance of his or her duties as the **BOARD** may require.

SECTION 16.

Legal Counsel

The Legal Counsel shall have the primary responsibility of reviewing all activities of the **CORPORATION** and its **BOARD** and staff to ensure compliance with the provisions of their By Laws and all existing legislation and regulations applicable to the **CORPORATION**. The Legal Counsel shall attend all **BOARD** meetings and work closely with the **Board** Members to assist them in the performance of their duties and provide counsel to them. The Legal Counsel shall receive such annual compensation, if any, as the **BOARD** may from time to time determine.

ARTICLE III – EMPLOYEES AND AGENTS

SECTION 1

Agents and Employees

The **BOARD** may from time to time appoint such agents and employees, as it shall deem necessary, such appointments are at the pleasure of the **BOARD**, and shall have such authority, perform such duties and receive such reasonable compensation, if any, as the **BOARD** may from time to time determine.

ARTICLE IV – CONTRACTS, CHECKS, BANK ACCOUNTS AND INVESTMENTS

SECTION 1

Check, Notes, and Contracts

The **BOARD** is authorized to select the bank or depositories it deems proper for the funds of the **CORPORATION**. The **BOARD** shall determine who shall be authorized from time to time on the **Corporation's** behalf to sign checking, drafts or other orders for the payment of money, acceptance, notes or other evidence or indebtedness, to enter into contracts or to execute and deliver other documents and instruments.

SECTION 2

Investments

The funds of the **CORPORATION** may be retained in whole or in part in cash or be invested and reinvested from time to time in such property, real, personal or otherwise, including stocks bonds or other securities, as the **BOARD** may deem desirable.

ARTICLE V – OFFICE AND BOOKS

SECTION 1

Office

The office of the CORPORATION shall be located at such place as the **BOARD** may from time to time determine.

SECTION 2

Books

There shall be kept at the office of the **CORPORATION** correct books of account of the activities and transactions of the **CORPORATION**, including a minute book, which shall contain a copy of the Certificate of Incorporation, a copy of these By-laws, and all minutes of meetings of the **BOARD**.

ARTICLE VI – FISCAL YEAR

The fiscal year of the **CORPORATION** shall be determined by the **BOARD**.

ARTICLE VII – INDEMNIFICATION

The **CORPORATION** shall indemnify and limit the liability of the directors of the **CORPORATION** to the maximum extent provided for under the Not-For-Profit Corporation Law of New York (the “**NPCL**”), as amended from time to time and may advance expenses necessary to the maximum amount allowable under the **NPCL**, for indemnification as amended from time to time.

ARTICLE VIII – AMENDMENTS

These By-laws may be amended at any meeting of the **BOARD** by a vote of two-thirds of the entire **BOARD** and that any amendment which increases the quorum requirements or the proportion of votes necessary for the transaction of business or of any specified item of business must be authorized by a vote of two-thirds of the entire **BOARD**.

ARTICLE IX – CODE OF ETHICS

The **BOARD** and employees of the **CORPORATION** shall be subject to the **AI Tech Loan Committee Code of Ethics**. Said Code of Ethics is herein incorporated by reference and annexed here to as Exhibit “A”.

Appendix B

AI Tech Loan Fund Application

Appendix C

Loan Proposal Template

Appendix D

Fidelity Bond

Appendix E
2015 Completed Audit