



Rensselaer County Capital Resource Corporation (RCCRC)

Establishment of RCCRC and Sale of
Property

2021M-71 | March 2025

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Report Highlights

Rensselaer County Capital Resource Corporation

Audit Objective

Determine whether the Rensselaer County (County) Capital Resource Corporation (RCCRC) establishment complied with applicable requirements and the RCCRC's sale of property aligned with its purpose.

Audit Results

The RCCRC's establishment met applicable requirements and its sale of property aligned with its purpose. RCCRC officials:

- Adopted a mission statement, established required committees, submitted required reports and met other requirements.
- Ensured RCCRC's transactions aligned with its purpose and were conducted in accordance with its bylaws and acquisition and disposition policies.
- Followed policies and procedures for the sale of property and transferred proceeds totaling \$420,713 to the County.

There were no recommendations as a result of this audit.

RCCRC officials agreed with our findings.

Audit Period

March 13, 2018 – December 31, 2020. The release of this report was delayed while the matter was under review by an outside agency.

Background

The RCCRC, a not-for-profit corporation, was created by the County in March 2018.

The RCCRC is governed by a seven-member Board appointed by, and serving at the pleasure of, the County Executive. The Board is responsible for general management and financial affairs. The Board-appointed Chief Executive Officer and Chief Financial Officer are responsible for day-to-day operations.

The RCCRC was created to assist the Rensselaer County IDA (RCIDA) by providing a mechanism to finance civic facility projects with tax exempt bonds to increase employment opportunities for County residents and allow local not-for-profit corporations to construct and upgrade their facilities at the lowest possible cost. The RCCRC's Board, bylaws, code of ethics and operating policies mirror those of the RCIDA. It is the intent of the RCCRC to work collaboratively with the RCIDA to achieve its purpose of benefitting County residents.

Quick Facts

County Taxing Jurisdictions	29
Property Sale Proceeds Returned to the County	\$420,713

Establishment and Sale of Property

In February 2019, the County sold a property composed of a 29,940 square-foot building located on .21 acres to the RCCRC for \$1. The property was previously used, in part, for the County Senior Center. The RCCRC was then responsible for marketing and selling the property with the intent of stimulating economic development and generating job growth within the County. The acquisition and resale of the property were the primary transactions performed by the RCCRC during our audit period.

How Should an LDC Be Created and Sell Property?

A local authority is defined as a not-for-profit corporation affiliated with, sponsored by, or created by a county, city, town or village government, which is commonly created as a local development corporation (LDC). LDCs¹ are required to adopt a mission statement and establish audit, governance and finance committees. These committees provide necessary oversight for operations to ensure they are effective, efficient and aligned with the LDC's mission. In addition, LDCs are required to prepare and submit an annual report, assess internal controls and ensure board independence.

A board should promote its purpose by adopting policies and procedures, including bylaws and a code of ethics. The board should also adopt policies and procedures relating to the acquisition and disposition of real property.

LDCs are required to adopt comprehensive guidelines detailing their policies for using, awarding, monitoring and reporting contracts and designating a contracting officer to be responsible for complying with and enforcing the guidelines. A board may use requests for proposal (RFPs) to sell property and encourage competition to act in the public interest. RFPs should state the evaluation criteria that will govern the contract award. Additionally, LDCs are annually required to submit a report listing all real property disposed of with the New York State Authorities Budget Office (ABO).

The RCCRC's Establishment Met Requirements

The RCCRC was established in accordance with applicable requirements and RCCRC officials established required committees, policies and procedures and met other requirements. Officials adopted a mission statement in October 2018, stating that the RCCRC was established to assist the County by undertaking projects and activities within the County for the purpose of, among others, reducing unemployment, providing additional employment, bettering and maintaining job opportunities, attracting new and innovative industry to the County, lessening the burden of government and acting in the public interest, to the ultimate benefit of County residents.

As required, the RCCRC formed audit, governance and finance committees that assisted in providing oversight and review of operations. The Board adopted bylaws and a code of ethics that document the organizational structure and roles of the RCCRC and its officials to promote honest and ethical conduct and compliance.

¹ LDCs may be created pursuant to New York State Not-For-Profit Corporation Law, Section 1411. They are not-for-profit corporations often created by, or for the benefit of, local governments for economic development or other public purposes.

RCCRC officials established procedures to annually assess internal controls and instituted Board independence requirements. Also, the Board established real property acquisition and disposition policies and appropriately prepared and filed an annual report for 2019 with the ABO.

Because officials established required committees, policies and procedures, the RCCRC was able to provide assurance to the County, RCIDA, prospective projects and the public that necessary oversight was in place for operations to ensure they are effective, efficient and aligned with the RCCRC's mission.

The Sale of Property Aligned with the RCCRC's Purpose

In February 2019, the RCCRC acquired property from the County, which was being used, in part, for the County Senior Center. The County sold the property to the RCCRC for marketing and resale. The RCIDA and RCCRC collaboratively determined that the RCCRC could be used to provide a streamlined process for the County to transfer property that met the objective of getting the property back to private use as quickly as possible to enable economic development and job creation.

The Board appointed a compliance officer, as required by its bylaws and acquisition and disposition policies, to handle the acquisition and the sale of the property. The property was appraised at \$660,000 in compliance with the acquisition policy and an RFP was issued for the sale of the property. According to the RFP, the purpose of the proposed sale was to stimulate economic development and generate job growth within the County.

RCCRC officials marketed the property by giving potential developers tours of the space. When only one proposal was received, officials updated the RFP and placed the advertisement in additional newspapers to generate additional interest in the property and encourage higher proposals. Despite its attempts, the RCCRC again received only one proposal from the same developer, with a more detailed plan to invest more than \$1 million for rehabbing the property after acquiring from the RCCRC.

Officials evaluated the proposal against various factors, including the development plan for the property, the total proposed investment in the property, the detailed financing plan and the estimated number of jobs that would be created to ensure it fulfilled the RCCRC's mission. In September 2019, the Board accepted a proposal awarding the sale of the property for \$450,000. While the awarded proposal was less than the appraisal, the proposal anticipated renovating and redeveloping the underused building, then creating 150 jobs to operate in the artificial intelligence field and operating a small café in the building.

In accordance with the Board resolution, officials turned over property sales proceeds of \$420,713 to the County on December 30, 2019, after disbursements were made for related audit and legal services totaling \$29,287. Additionally, the RCCRC submitted the required real property report for 2019 with the ABO.

Based on our reviews of the RCCRC's bank statements, bank reconciliations, canceled check images and accounting records and reports for our audit period, the acquisition and sale of the property, including the disbursements related to audit and legal services, were correctly accounted for and reported. Additionally, all transactions relating to the acquisition and sale of the property aligned with the RCCRC's mission and were conducted in accordance with its bylaws and acquisition and disposition policies.

Appendix A: Response From RCCRC Officials

RENSSELAER COUNTY
CAPITAL RESOURCE CORPORATION
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Justin Law
Chairman

Robert Pasinella, Jr.
Director

February 25, 2025

New York State
Office of the State Comptroller
110 State Street
12th Floor
Albany, New York 12236

Attn: Chief of Municipal Audits

RE: CRC Audit 2021M-71

The Rensselaer County Capital Resource Corporation accepts the findings of the Audit report from the Office of the State Comptroller (OSC).

The Audit Process and the Exit interview with the OSC staff found no findings and we appreciate the OSC's examination of our procedures and projects. This process helps ensure compliance with statutes and good business practices.

Very truly yours,

Robert L. Pasinella, Jr.
Chief Executive Officer

Cc: Justin Law, Chair

Appendix B: Audit Methodology and Standards

We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law. We obtained an understanding of internal controls that we deemed significant within the context of the audit objective and assessed those controls. Information related to the scope of our work on internal controls, as well as the work performed in our audit procedures to achieve the audit objective and obtain valid audit evidence, included the following:

- We interviewed officials and employees and reviewed the RCCRC's mission statement, bylaws, Board resolutions and policies and procedures to gain an understanding of the RCCRC's operations and determine whether the RCCRC was appropriately created.
- We reviewed RFPs and supporting documentation to determine whether the sale of property aligned with the RCCRC's purpose and the Board turned over proceeds as agreed.
- We reviewed all financial transactions in the RCCRC's bank statements and accounting records during the audit period to determine whether they were aligned with the RCCRC's purpose and conducted in accordance with its bylaws and acquisition and disposition policies.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

Appendix C: Resources and Services

Regional Office Directory

www.osc.ny.gov/files/local-government/pdf/regional-directory.pdf

Cost-Saving Ideas – Resources, advice and assistance on cost-saving ideas

www.osc.ny.gov/local-government/publications

Fiscal Stress Monitoring – Resources for local government officials experiencing fiscal problems

www.osc.ny.gov/local-government/fiscal-monitoring

Local Government Management Guides – Series of publications that include technical information and suggested practices for local government management

www.osc.ny.gov/local-government/publications

Planning and Budgeting Guides – Resources for developing multiyear financial, capital, strategic and other plans

www.osc.ny.gov/local-government/resources/planning-resources

Protecting Sensitive Data and Other Local Government Assets – A non-technical cybersecurity guide for local government leaders

www.osc.ny.gov/files/local-government/publications/pdf/cyber-security-guide.pdf

Required Reporting – Information and resources for reports and forms that are filed with the Office of the State Comptroller

www.osc.ny.gov/local-government/required-reporting

Research Reports/Publications – Reports on major policy issues facing local governments and State policy-makers

www.osc.ny.gov/local-government/publications

Training – Resources for local government officials on in-person and online training opportunities on a wide range of topics

www.osc.ny.gov/local-government/academy

Contact

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Division of Local Government and School Accountability
110 State Street, 12th Floor, Albany, New York 12236

Tel: (518) 474-4037 • Fax: (518) 486-6479 • Email: localgov@osc.ny.gov

<https://www.osc.ny.gov/local-government>

Local Government and School Accountability Help Line: (866) 321-8503

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