

**Item I. A.**



FOR CONSIDERATION

December 19, 2024

TO: The Directors

FROM: Jonevan Hornsby

SUBJECT: Utica and Syracuse (Central and Mohawk Valley Regions – Oneida and Onondaga Counties) – New Markets Tax Credit Sub-Allocation to provide financing for the renovation of CABVI’s headquarters in Utica, NY and improvements to CABVI’s facility in Syracuse, NY

REQUEST FOR: Authorization to Adopt the Proposed General Project Plan (“GPP”); Sub-Allocate New Markets Tax Credits (“NMTCs”) to an Empire State New Market Corporation (“ESNMC”) Subsidiary; Close the NMTTC Transaction; and Take all Related Actions

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General Project Plan

I. Project Summary

Project Sponsor: The sponsor is Central Association for the Blind, Inc. d/b/a Central Association for the Blind and Visually Impaired (“CABVI” or the “Project Sponsor”).

Borrower: ESNMC Subsidiary CDE XVII, LLC, a New York limited liability company, or another subsidiary of ESNMC (the “Subsidiary CDE”), is expected to make loans to one borrower, which will qualify as qualified low-income community investments (“QLICs”, each a “QLICI”) as defined under the NMTTC rules and regulations (further described below) to the borrower. The borrower for the Project will be a newly formed real estate special purpose entity that will be a supporting organization of CABVI (the “Borrower”). The Borrower is expected to be a qualified active low-income business (“QALICB”) under the NMTTC rules and regulations (further described below).

ESNMC\* Request: Approval (1) to allocate up to \$10,000,000 in federal NMTCs for the purpose of enabling the Subsidiary CDE to make loans to the Borrower to finance (i) the renovation of CABVI’s 72,000 SF headquarters facility in Utica, New York and (ii) improvements to CAVBI’s 70,000 SF facility in Syracuse, New York and (2) to delegate authority to the President of Empire State New Market Corporation (“ESNMC”) and his designee(s) to

take any and all actions with respect to such allocation of NMTCs, the final terms of all transaction documents, and closing the transaction.

\*ESNMC is a subsidiary of the New York State Urban Development Corporation d/b/a Empire State Development (“ESD”).

**Project Location:** The Subsidiary CDE will make loans to the Borrower at the following locations:

1. Utica Headquarters – 508 Kent Street, Utica, NY 13501
2. Syracuse Facility – 6050 Old Court St, Syracuse, NY 13206

**Proposed Project:** The Subsidiary CDE will make loans to the Borrower to finance the (i) extensive renovation of the 72,000 SF headquarters facility in Utica, NY, including certain space leased to the Madison-Oneida Board of Cooperative Educational Services (“BOCES”) and (ii) improvements to the 70,000 SF Syracuse, NY facility.

**Project Type:** This Project will create and retain quality jobs, provide free/low-cost vision/health care services for the visually impaired and blind, and provide workforce training and adult education to low-income people. These investments address ESNMC’s goals to (i) create quality jobs by growing the manufacturing, warehousing, and distribution base; and (ii) increase access to essential goods and services in underserved, low-income communities.

**Alignment with Priorities:**

This investment aligns with the following ESNMC priorities and focus areas in the NMTC allocation application submitted to the CDFI Fund and the related Allocation (as defined below) received by ESNMC.

(1) Finance projects that provide critical goods and services to low-income communities: The Project will bring free/low-cost vision and health care and supportive services to the visually impaired and blind and provide workforce training and adult education to low-income people and low-income community residents.

(2) Invest in projects that create quality jobs by growing the manufacturing, warehousing, and distribution base: the Project is expected to retain 189 jobs and create 61 permanent full-time jobs.

(3) Highly Distressed Areas

The Project sites are located in areas of severe distress because the census tract meets the following criteria:

- Utica Headquarters
  - 508 Kent Street, Utica, NY 13501
  - Census Tract: 36065021000
  - Average Median Income: 26.00%
  - Poverty Rate: 53.80%
  - Unemployment: 11.20%, or 2.07x the national average
  - The Area Median Income and Poverty Rates qualify the site as “Deeply Distressed” based on the CDFI Fund’s new definition of Deep Distress.
  
- Syracuse Facility
  - 6050 Old Court St, Syracuse, NY 13206
  - Census Tract: 36067014400
  - Average Median Income: 75.00%
  - Poverty Rate: 11.80%
  - Unemployment: 10.40%, or 1.93x the national average

II. Project Cost and Financing Sources

The table below outlines approximate amounts of the NMTC Allocation targeted to the Borrower and the expected Project uses and financing sources, which will be finalized, reviewed, and approved by ESNMC prior to closing.

|                                       |                     |
|---------------------------------------|---------------------|
| <b>Targeted NMTC Allocation</b>       | <b>\$24,000,000</b> |
| <b>Targeted ESNMC NMTC Allocation</b> | <b>\$10,000,000</b> |

| <b>Sources</b>               | <b>Total</b>        | <b>%</b>    |
|------------------------------|---------------------|-------------|
| ESNMC A QLICI <sup>(1)</sup> | \$6,841,000         | 28%         |
| ESNMC B QLICI <sup>(1)</sup> | \$2,759,000         | 11%         |
| URP A QLICI                  | \$10,592,400        | 43%         |
| URP B QLICI                  | \$3,407,600         | 14%         |
| CABVI Contribution           | \$1,016,090         | 4%          |
| <b>Total Sources</b>         | <b>\$24,616,090</b> | <b>100%</b> |

| <b>Uses</b>                                  |                     |             |
|--|---------------------|-------------|
| Ground Lease                                 | \$99                | 0%          |
| Hard Construction Costs (Utica and Syracuse) | \$19,511,202        | 79%         |
| Owners Contingency                           | \$1,320,000         | 5%          |
| Soft Costs                                   | \$1,765,000         | 7%          |
| NMTC Closing Fees                            | \$1,152,789         | 5%          |
| NMTC Reserves <sup>(2)</sup>                 | \$867,000           | 4%          |
| <b>Total Uses</b>                            | <b>\$24,616,090</b> | <b>100%</b> |

Notes

- (1) These funds are ESNMC’s QLICIs, which are indirectly sourced from the NMTC investor equity and a leverage loan funded with Project Sponsor equity.
- (2) The NMTC Closing Reserves includes ESNMC’s annual Asset Management Fees for 7 years, annual Audit & Tax Expense for 8 years, and its Exit Fee.

### III. Project Description

#### A. Borrower

Industry: The Project Sponsor is CABVI, a nonprofit based in Utica, NY, that serves people who are blind or visually impaired in Central New York.

#### Borrower and Sponsor History:

Founded in 1929, CABVI, a nonprofit organization, serves people who are blind or visually impaired in Central New York, assisting them to achieve their highest level of independence through diverse services including employment, vision care and rehab, occupational therapy, workforce training/adult education, technology training, adaptive living support, support services, and education services for children up to the age of 21 (in home, school and community settings), among others. CABVI's business model mirrors a social enterprise, by training and employing people who face barriers to employment in manufacturing and technology support, and utilizing the income generated to provide free/low-cost vision/health services.

CABVI contracts with federal and state government agencies and private companies to create meaningful employment opportunities for individuals who are legally blind or visually impaired. CABVI's workforce is over 50% blind or visually impaired, and they work side-by-side with their sighted peers. The social enterprise consists of two distinct lines of business: manufacturing and packaging with disposable gloves as its largest production line providing products to the Department of Homeland Security, New York State hospitals, and fire and police departments; and a call center that provides 24/7 support to a variety of companies and organizations including the State of NY and a medical center.

In addition to employment opportunities with CABVI, the Company offers a variety of employment programs to address specific vocational needs through coaching people who may be struggling at work due to loss of vision in assessing work duties or looking at workplace medication opportunities, job searches/employment support, pre-vocational training for young adults age 10 – 21, work experience training, and vocational skills training.

#### Ownership

The Borrower is expected to be a newly formed real estate special purpose entity that will ground lease the Syracuse and Utica properties from CABVI and then lease the properties back to CABVI to operate both sites.

#### Market:

Located in underserved low-income neighborhoods, CABVI serves visually impaired and blind people in Central New York. The Project will allow CABVI to expand its manufacturing capacity, create quality and accessible

jobs, and enhance its ability to provide workforce training/adult education, health/vision services, and other community programming to the visually impaired or blind in these low-income communities.

**ESD Involvement:** New York State legislation requires ESD to select and prioritize projects demonstrating certain goals or benefits and approve the Project as an ESD project. In accordance therewith, on January 16, 2025, the ESD board of directors will be requested to separately approve the Project.

**Past ESD Support:** The Borrower has received a CFA grant award totaling \$1,600,000 for the Project.

**B. The Projects**

**Activity** As noted above, the Subsidiary CDE will make QLICI loans to the Borrower for renovations at the Utica headquarters and improvements to the Syracuse facility.

Utica Headquarters: ESNMC’s QLICIs will finance the renovation of the headquarters facility which includes the addition of new manufacturing and packaging lines to support technically advanced job opportunities, improvements to the call center and the BOCES tenant space to support more jobs and increase clients served, infrastructure upgrades, and the installation of a 350+ panel solar array.

Syracuse Facility: ESNMC’s QLICIs will finance the improvements at the Syracuse facility which includes the reconfiguration of production space, including the addition of a new clean room to support assembly of higher value products for tech companies, expansion of and equipment for a dedicated vision services center to increase the number of people receiving free/low-cost care, and updates to the call center to support more jobs.

**Results:** The Project will provide local, underserved communities with increased access to vision/healthcare services for the visually impaired and blind, workforce training/adult education, and quality and accessible jobs. The following are important outcomes that are expected to be achieved:

Estimated Job Creation: The Project is expected to retain 189 jobs and create 61 permanent full-time jobs between CABVI and the BOCES tenant. The table below details the job creation/retention:

|              | <b>Existing Jobs</b> | <b>Created Jobs</b> | <b>Total Jobs</b> |
|--------------|----------------------|---------------------|-------------------|
| CABVI        | 167                  | 56                  | 223               |
| BOCES        | 22                   | 5                   | 27                |
| <b>TOTAL</b> | <b>189</b>           | <b>61</b>           | <b>250</b>        |

Quality Jobs/Benefits Offered to Employees

- 98% of both CABVI’s and BOCES’ permanent FTE jobs (245 of 250) that will be created and retained will be paid above Syracuse’s living wage of \$14.48/hr and Utica’s \$13.77/hr.
- All CABVI employees receive comprehensive benefits including health insurance, a 403(b)-retirement plan with match, and paid time off. CABVI encourages employees to participate in internal training opportunities, specialized sessions delivered by external partners, and e-learning courses. CABVI also offers specialized on-the-job training for systems and infrastructure specific to individuals who are blind or visually impaired.
- BOCES employees receive an opt-in benefit choice including health insurance, flexible spending accounts, and retirement plans. BOCES provides teaching staff with professional development days and staff is encouraged to participate in training sessions and webinars specific to their technical areas.

|              | <b>Existing Quality Jobs</b> | <b>Created Quality Jobs</b> | <b>Total Quality Jobs</b> |
|--------------|------------------------------|-----------------------------|---------------------------|
| CABVI        | 165                          | 53                          | 208                       |
| BOCES        | 22                           | 5                           | 27                        |
| <b>TOTAL</b> | <b>187</b>                   | <b>58</b>                   | <b>245</b>                |

Job Accessibility to the Low-Income Community

The Project is expected to create 198 Accessible FTE jobs (or 79% of the 250 total) that are available to people without a college degree or who face other barriers to employment (prior criminal record, veterans, workers with disabilities, non-native English speaking).

|              | <b>Existing Accessible Jobs</b> | <b>Created Accessible Jobs</b> | <b>Total Accessible Jobs</b> |
|--------------|---------------------------------|--------------------------------|------------------------------|
| CABVI        | 145                             | 51                             | 196                          |
| BOCES        | 2                               | 0                              | 2                            |
| <b>TOTAL</b> | <b>147</b>                      | <b>51</b>                      | <b>198</b>                   |

Community Goods and Services

CABVI and its tenant at the Utica facility, BOCES, will provide extensive services to the blind and visually impaired as well as the general population in this low-income communities where the Project is located. As mentioned, CABVI provides vision screening, rehabilitation, adaptive and independent living training, adaptive technology training, and case management and pre-vocational skills training for youth. The Project will also allow CABVI to expand its Vision Services Center. BOCES will provide adult education and workforce training services including ESL, Adult Basic Education/GED preparation, and health career training. BOCES will partner

with CABVI to refer its program participants for services and/or employment with CABVI and to enroll CABVI program participants in its adult education opportunities. The table below are the estimated outcomes of the Project:

| <b>Organization and Programs</b> | <b># of People Served Annually (TODAY)</b> | <b># of People Served Annually (AFTER PROJECT COMPLETION)</b> | <b># of Low-Income People Served</b> | <b>% Low Income</b> |
|----------------------------------|--|---|--------------------------------------|---------------------|
| <b>CABVI</b>                     |  |   |                                      |                     |
| Adaptive Living Support          | 151  | 491   | 296                                  | 60%                 |
| Low Vision Services              | 10   | 300   | 180                                  | 60%                 |
| Social Casework                  | 8  | 50  | 30                                   | 60%                 |
| Workforce Training               | 2  | 12  | 12                                   | 100%                |
| <b>BOCES</b>                     |  |   |                                      |                     |
| Workforce Training               | 142  | 164   | 83                                   | 51%                 |
| Adult Education                  | 587  | 700   | 655                                  | 94%                 |
| <b>TOTAL</b>                     | <b>900</b>                                 | <b>1,717</b>  | <b>1,256</b>                         | <b>73%</b>          |

Sustainable Outcomes

The Utica site will include the remediation of asbestos and the installation of green features, including: 350+ solar panels that will produce approximately 234,650 kWh per year, reflective roof membrane, LED lights, and energy efficient heating. These green design features will allow CABVI to save approximately \$30,000 per year that will be used for program growth.

Sponsor Contact: Ed Welsh  
 President and Chief Executive Officer  
[EdwardW@cabvi.org](mailto:EdwardW@cabvi.org)

Project Team: Origination Jonevan Hornsby  
 Project Management Brendan Healey  
 Contractor & Supplier Diversity Ami Shipley  
 Finance Jonevan Hornsby  
 Environmental Soo Kang



## Statutory Basis

### And Findings:

Section 45D of the Internal Revenue Code, Section 10 (g) and Sections 12 and 16 (2) of the New York State Urban Development Corporation Act of 1968, as amended (the “UDC Act”). As noted below, the NMTC program, enacted in 2000, offers a non-refundable tax credit intended to encourage private capital investment in low-income communities. The Project will comply with all applicable NMTC program requirements. ESD is required to approve the Project (and is scheduled to do so at a meeting to be held on January 16, 2025) and ESNMC will comply with applicable federal tax laws and consummate the transaction. ESNMC is making certain findings as part of its approval of the Project.

#### IV. NMTC Program Background and ESNMC Role

The NMTC program, enacted in 2000, offers a non-refundable tax credit intended to encourage private capital investment in low-income communities. The U.S. Department of the Treasury’s Community Development Financial Institutions Fund (the “CDFI Fund”) allocates NMTCs under a competitive application process. Investors who make qualified equity investments (“QEIs”) in community development entities (“CDEs”) reduce their federal income tax liability by claiming the NMTC.

CDEs, such as ESNMC, the CDE that is controlled by ESD, apply to the CDFI Fund for an allocation of NMTCs. After an award of NMTC allocation, the CDE uses subsidiary CDEs to attract private equity investors who make QEIs in the subsidiary CDEs in order to claim the NMTCs. The subsidiary CDE then makes loans or equity investments in qualified businesses that are located in low-income communities. These loans and/or equity investments are made on better rates and terms than market.

The tax credit value is 39% of the cost of the QEI and is claimed over a seven-year credit allowance period. In each of the first three years, the investor receives a credit equal to 5% of the total amount paid for the stock or capital interest in the subsidiary CDE at the time of purchase. For the final four years, the value of the credit is 6% annually. Investors must retain their interest in a QEI throughout the seven-year period.

By federal law, any CDE must be a domestic corporation or partnership that must go through a certification process to obtain its status. Partnerships and limited liability companies (“LLCs”) (that are treated as corporations or partnerships for federal income tax purposes) are the preferred subsidiary to structure NMTC projects. ESNMC has created certified subsidiary CDEs as LLCs and has sub-allocated and will sub-allocate its NMTCs to one of these LLCs for each project.

Through the NMTC program, \$81 billion in NMTCs have been awarded to CDEs across the country since inception.

ESNMC received its first allocation of NMTCs in 2009 in the amount of \$30 million. All of this initial allocation was deployed in two NMTC projects. ESNMC received a second allocation in the amount of \$55 million in the 2015-2016 round of the NMTC program and deployed it into 12 projects across NYS. ESNMC received a third allocation in the amount of \$45 million for the 2021 round, and has deployed \$29.5 million into the GLOW YMCA, Flanigan Square, and Bogopa projects. ESNMC received a fourth allocation in the amount of \$50 million in the 2022 round of the NMTC program, and has deployed \$23 million into Cimolai-HY and additional Bogopa locations. ESNMC received a fifth allocation in the amount of \$50 million in the 2023 round of the NMTC program (the "Allocation"). ESNMC will use \$10 million of NMTCs from Allocation for the Project. ESNMC is also separately requesting approval for a sub-allocation of NMTCs from the Allocation for the Evergreen Health project.

V. Overall Structure of NMTC Project Transaction

The Project will be structured as follows: JPMorgan Chase Bank, N.A. ("Chase") will make an equity investment in the approximate amount of \$7,581,600 (the "NMTC Equity") in a special purpose fund (the "Fund") wholly-owned (directly or indirectly) by Chase and formed for the purpose of this transaction. CABVI will be the Leverage Lender for this transaction and will provide approximately \$17,433,400 in leverage debt to the Fund (the "Fund Loan").

The proceeds of the Fund Loan and the NMTC Equity will be combined by the Fund and used to make a QEI in the amount of \$10,000,000 in the Subsidiary CDE. ESNMC will sub-allocate \$10,000,000 of NMTC allocation authority from the Allocation to its Subsidiary CDE. ESNMC's Subsidiary CDE will use the proceeds of the QEI from the Fund to make loans to the Borrower in an aggregate amount equal to approximately \$9,600,000 and to pay a fee to ESNMC in the aggregate amount of \$400,000.

The balance of funding required by the Borrower will come from Project Sponsor equity and donations/grants.

Chase will require the Subsidiary CDE and its managing member, ESNMC, to indemnify Chase from the recapture or disallowance of the NMTC caused by acts or omissions of the Subsidiary CDE and/or ESNMC, so that Chase will be made whole (subject to any caps that may be negotiated) in respect to its investment even if the NMTCs are lost or recaptured.

Notwithstanding the foregoing, the structure of the overall transaction and each project is still under review and discussion and may be affected by receipt of additional documentation and further evaluation by the transaction parties.

VI. Non-Discrimination and Contractor & Supplier Diversity

Pursuant to New York State Executive Law Articles 15-A and Article 3 of New York State Veterans' Services Law, ESD recognizes its obligation under the law to promote opportunities for maximum feasible participation of New York State certified minority-and women-owned business

enterprises (MWBEs) and service-disabled veteran-owned businesses (SDVOBs) in the performance of ESD projects. The Office of Contractor and Supplier Diversity has reviewed the project and has determined that, since this is a federally funded project, MWBE and SDVOB participation goals need not be applied to this project.

VII. Environmental Review

ESD staff on behalf of ESNMC has determined that the project constitutes a Type II action as defined by the New York State Environmental Quality Review Act (“SEQRA”) and the implementing regulations of the New York State Department of Environmental Conservation. No further environmental review is required in connection with the project.

VIII. Requested Actions

The Directors are being asked to adopt, subject to the requirements of Section 16(2) of the UDC Act, the herein described General Project Plan (“GPP”), and to make a sub-allocation of up to Ten Million Dollars (\$10,000,000) from the Allocation for the purposes set forth in the GPP. The Directors are also being asked to delegate to one or more authorized officers of ESNMC, acting in its own capacity, or as managing member of the Subsidiary CDE, the authority to determine the terms of the NMTC transaction documents and to execute such NMTC transaction documents on behalf of ESNMC and the Subsidiary CDE in connection with the closing of the NMTC transaction.

IX. Additional Submissions to Directors

Resolutions  
New York State Map

EMPIRE STATE NEW MARKET CORPORATION – Utica and Syracuse (Central and Mohawk Valley Regions – Oneida and Onondaga Counties) – New Markets Tax Credit Sub-Allocation to provide financing for the renovation of CABVI’s headquarters in Utica, NY and improvements to CABVI’s facility in Syracuse, NY – Authorization to Adopt the Proposed General Project Plan (the “GPP”); Authorization to Sub-Allocate New Markets Tax Credits (“NMTCs”); Perform Certain Acts in Connection with the Sub-Allocation of NMTCs to an ESNMC Subsidiary CDE; Close the NMTC Transaction and Take All Related Actions

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WHEREAS, Empire State New Market Corporation, a New York corporation (the “Corporation”), has been certified by the Community Development Financial Institutions Fund (the “CDFI Fund”) as a “qualified community development entity” (a “CDE”), as such term is defined in Section 45D of the Internal Revenue Code of 1986, as amended (the “Code”), the Treasury Regulations and the related guidance, and the Corporation is expected to enter into an Allocation Agreement (the “Allocation Agreement”), with the CDFI Fund in connection with an allocation of NMTCs under Section 45D of the Code in the amount of \$50,000,000 in the calendar year 2023 allocation round (the “Allocation”);

WHEREAS, the Corporation desires to sub-allocate to ESNMC Subsidiary CDE XVII, LLC, a New York limited liability company, or another subsidiary CDE of the Corporation (the “Subsidiary CDE”), up to \$10,000,000 in NMTC authority from the Corporation's Allocation (the "Sub-Allocation") in connection with the proposed investment to a newly formed supporting organization of the Central Association for the Blind, Inc., d/b/a Central Association for the Blind and Visually Impaired (“CABVI”) to finance the renovation of CABVI’s headquarters site in Utica, NY and improvements to CABVI’s facility in Syracuse, NY (the "Project") as described in the GPP;

RESOLVED, that the Corporation does hereby adopt, subject to the requirements of Section 16(2) of the UDC Act, the proposed GPP for the Project submitted to this meeting, together with such changes therein as the President of the Corporation or his designee(s) may deem appropriate, a copy of which GPP, together with such changes, is hereby ordered filed with the records of the Corporation; and be it further

RESOLVED, the President of the Corporation or his designee(s) be, and each of them hereby is, authorized to cause the Corporation to make to the Subsidiary CDE, the Sub-Allocation for the purposes of making NMTC financing available to the Project described in the GPP, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President of the Corporation or his designee(s) may deem appropriate, and be it further

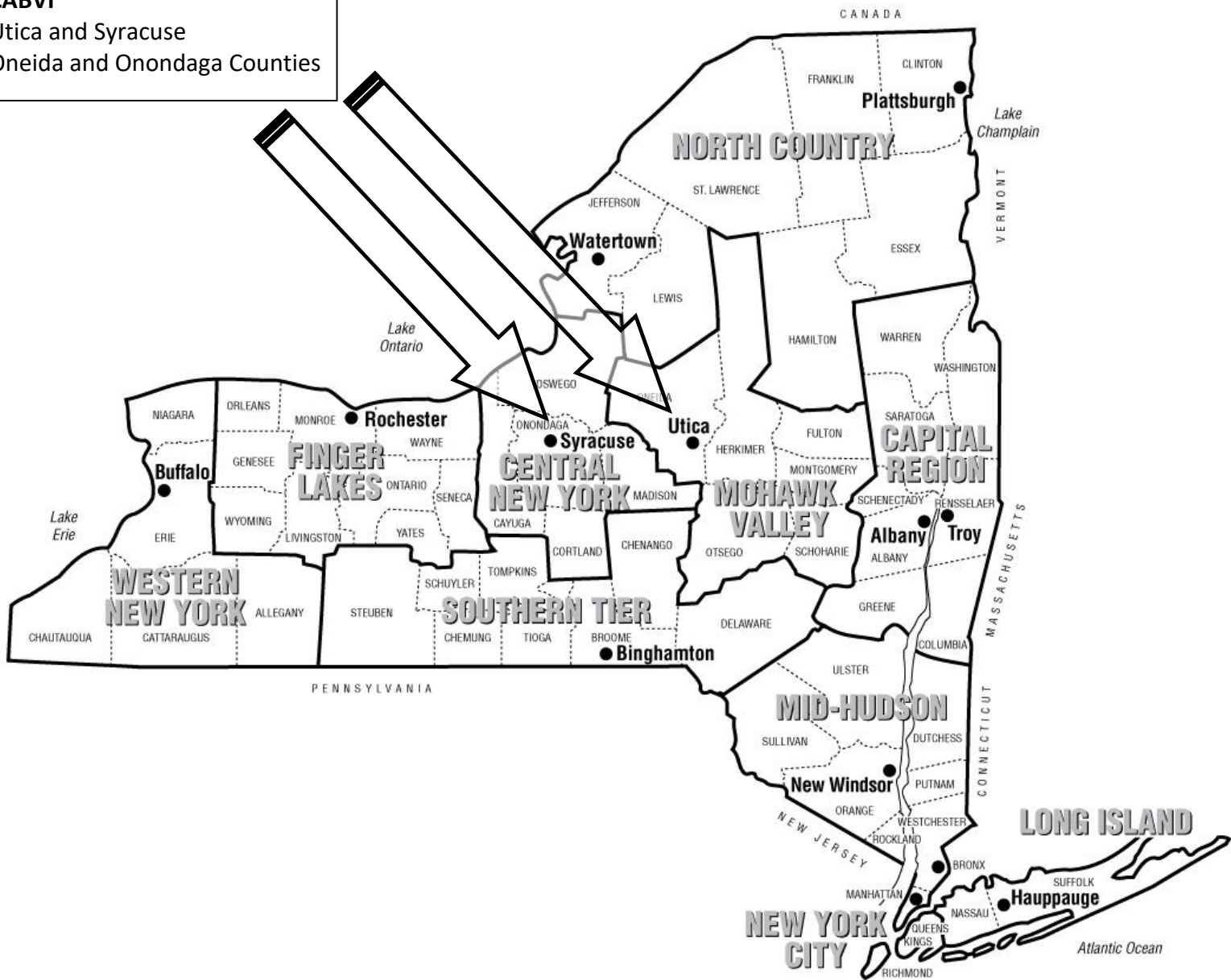
RESOLVED, that pursuant to Section 10(g) of the New York State Urban Development Corporation Act of 1968, as amended (the “Act”), that there are no families or individuals to be displaced from the location of the Project; and be it further

RESOLVED, that the President of the Corporation or his designee(s) be, subsequent to the making of the allocation, and each of them hereby is, authorized to cause the Corporation to take such actions and make such modifications to the terms of the Sub-Allocation as he or she may deem necessary or appropriate in the administration of the Allocation; and be it further

RESOLVED, that the President or his designee(s) be, and each of them hereby is, authorized in the name and on behalf of the Corporation acting in its own capacity, or as managing member of the Subsidiary CDE, to negotiate, issue, execute and deliver any and all transaction documents and instruments, including but not limited to, operating agreement(s), loan and security agreements, indemnity agreement(s), fee agreements, asset management agreements, bank accounts, account control agreements, disbursement agreements, and any other security agreements, financing statements, notices, requests, demands, directions, consents, approvals, waivers, acceptances, appointments, applications, certificates, agreements, supplements, amendments, further assurances or other instruments or communications (collectively, the "Transaction Documents"), and to take all actions as he or she may in his or her sole discretion consider to be necessary or proper to effectuate the foregoing resolutions, including such modifications to the terms of the transaction as he or she may deem necessary or appropriate and reasonably consistent with the GPP. Any actions previously taken by the Corporation in furtherance of the GPP are hereby ratified and approved.

\* \* \*

**CABVI**  
Utica and Syracuse  
Oneida and Onondaga Counties



# **Item I. B.**



FOR CONSIDERATION

December 19, 2024

TO: The Directors

FROM: Jonevan Hornsby

SUBJECT: Buffalo (Western New York Region – Erie County) – New Markets Tax Credit Sub-Allocation to provide financing for the construction of Evergreen Health’s new health center

REQUEST FOR: Authorization to Adopt the Proposed General Project Plan (“GPP”); Sub-Allocate New Markets Tax Credits (“NMTCs”) to an Empire State New Market Corporation (“ESNMC”) Subsidiary; Close the NMTC Transaction; and Take all Related Actions

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General Project Plan

I. Project Summary

Project Sponsor: The sponsor is EHS, Inc. (“EHS” or the “Project Sponsor”).

Borrower: ESNMC Subsidiary CDE XVIII, LLC, a New York limited liability company, or another subsidiary of ESNMC (the “Subsidiary CDE”), is expected to make loans to a borrower, which will qualify as qualified low-income community investments (“QLICs”, each a “QLICI”) as defined under the NMTC rules and regulations (further described below) to the borrower. The borrower for the project is expected to be Evergreen Health Foundation (the “Borrower”). The Borrower’s construction, development, and leasing of the Project (as defined below) is herein referred to as the “Project Business.” The Project Business is expected to be a qualified active low-income community business (“QALICB”) under the NMTC rules and regulations (further described below).

ESNMC\* Request: Approval (1) to allocate up to \$10,000,000 in federal NMTCs for the purpose of enabling the Subsidiary CDE to make loans to the Borrower to finance the construction of EHS’ 36,000-square foot new health center in Buffalo, New York and (2) to delegate authority to the President of Empire State New Market Corporation (“ESNMC”) and his designee(s) to take any and all actions with respect to such allocation of NMTCs, the final terms of all transaction documents, and closing the transaction.

\*ESNMC is a subsidiary of the New York State Urban Development Corporation d/b/a Empire State Development (“ESD”).



**Project Location:** The Project is located at 1096, 1098, 1102 Kensington Ave & 3074 Bailey, Buffalo, NY 14215.

**Proposed Project:** The Subsidiary CDE will make loans to the Borrower to finance the construction of the new 36,000 SF Kensington-Bailey Health Center at the Project location identified above (the "Project"), which health center will provide medical, behavioral and supportive services.

**Project Type:** This Project will provide health care services, and create and retain quality jobs to low-income people and low-income community residents in the Kensington-Bailey neighborhood of Buffalo, NY. These investments address ESNMC's goals of (i) create quality jobs by growing the manufacturing, warehousing, and distribution base; and (ii) increase access to essential goods and services in underserved, low-income communities.

**Alignment with Priorities:** This investment aligns with the following ESNMC priorities and focus areas in the NMTC allocation application submitted to the Community Development Financial Institutions Fund (the "CDFI Fund") and the related Allocation (as defined below) received by ESNMC.

- (1) Finance projects that provide critical goods and services to low-income communities: The Project provides critical health services to a Medically Underserved Population, low-income people and low-income community residents.
- (2) Invest in projects that create quality jobs: The Project is expected to create and retain 55 permanent full-time jobs.
- (3) Highly Distressed Area: The Project site is located in the City of Buffalo's census tract #36029004200 corresponding to the street address 1096, 1098, 1102 Kensington Ave & 3074 Bailey, Buffalo, NY 14215. This census tract qualifies as a low-income community and an area of severe distress based on the 2020 census data, because the census tract meets the following criteria:
  - (a) It has a family median income of 45.0%, which is lower than the minimum threshold of 80%.
  - (b) It has a Poverty Rate of 38.0%, which is higher than the minimum threshold of 20%.
  - (c) It has an Unemployment Rate of 9.7%, 1.80 times the national average.

## II. Project Cost and Financing Sources

The table below outlines approximate amounts of the NMTC Allocation targeted to the Borrower and the expected Project uses and financing sources, which will be finalized, reviewed, and approved by ESNMC prior to closing. The sources include approximately \$9.6 million in QLICI loans from ESNMC, and \$5 million from Capital One, \$7.2 million from an additional CDE, and sponsor contributions. If EHS does not secure allocation from an additional CDE, EHS will provide additional contribution from cash on hand and donations/grants.

|                                       |                     |
|---------------------------------------|---------------------|
| <b>Targeted NMTC Allocation</b>       | <b>\$22,500,000</b> |
| <b>Targeted ESNMC NMTC Allocation</b> | <b>\$10,000,000</b> |

| <b>Sources</b>               | <b>Total</b>        | <b>%</b>    |
|------------------------------|---------------------|-------------|
| ESNMC A QLICI <sup>(1)</sup> | \$6,880,000         | 31%         |
| ESNMC B QLICI <sup>(1)</sup> | \$2,720,000         | 12%         |
| Capital One A QLICI          | \$3,440,000         | 15%         |
| Capital One B QLICI          | \$1,560,000         | 7%          |
| Other CDE A QLICI            | \$5,310,000         | 24%         |
| Other CDE B QLICI            | \$1,890,000         | 8%          |
| EHS Contribution             | \$710,407           | 3%          |
| <b>Total Sources</b>         | <b>\$22,510,407</b> | <b>100%</b> |

| <b>Uses</b>                    |                     |             |
|--------------------------------|---------------------|-------------|
| Hard Construction Costs        | \$18,578,475        | 83%         |
| Sot Costs                      | \$2,056,932         | 9%          |
| NMTC Closing Fees and Reserves | \$745,000           | 3%          |
| NMTC Reserves <sup>(2)</sup>   | \$1,130,000         | 5%          |
| <b>Total Uses</b>              | <b>\$22,510,407</b> | <b>100%</b> |

### Notes

- (1) These funds are ESNMC's QLICIs are indirectly sourced from the NMTC investor equity and a leverage loan from EHS (funded with Project Sponsor equity).
- (2) The NMTC Closing Reserves includes ESNMC's annual Asset Management Fees for 7 years, annual Audit & Tax Expense for 8 years, and its Exit Fee

## III. Project Description

### A. Borrower

**Industry:** The Project Sponsor is EHS, a federally qualified health center ("FQHC") look-alike, that provides medical, behavioral health, and supportive services in Buffalo, NY.

**Borrower and Sponsor History:** EHS, a FQHC look-alike, was founded by a group of volunteers in 1983 to address the HIV and AIDS crisis in Western New York ("WNY"). As breakthroughs in medical therapy were made for HIV and other STIs/STDs, the organization expanded its range of services beyond HIV care to meet

additional healthcare needs of the community. Its unique model of care prioritizes treating the whole patient to improve health outcomes. EHS offers medical, behavioral, and supportive services across their system (8 locations) in WNY.

Community Access Services (“CAS”), an affiliate of EHS with the same board of directors, has provided quality health care and supportive services to underserved communities in Buffalo and across Erie County since 2003. The primary focus of CAS’ efforts is to reduce the prevalence of HIV, Hepatitis C virus (HCV), and sexually transmitted infections (STI) in these communities, working to develop targeted and culturally appropriate prevention, harm reduction, and linkage to care services, as well as HIV and HCV testing services. Additionally, CAS is committed to addressing food insecurity for its clients and the community surrounding its location as a partner for FeedMore WNY, which is a food bank and Meals on Wheels for WNY that provides food pantry services to everyone in the household who is eligible every 30 days. CAS currently serves 375 individuals per year.

Ownership

The Project Business, a portion of the business of the Borrower that will construct, develop, and lease the Project, is expected to be a QALICB. The Borrower will lease the Project to EHS to operate the Project, and EHS will sublease a portion of the Project to CAS.

Market:

Located in an underserved low-income community, EHS will provide critical health care services including medical, behavioral, and supportive services to a Medically Underserved Population, Low-Income People and Low-Income Residents in the Kensington-Bailey neighborhood of Buffalo, NY. The Kensington-Bailey neighborhood is in northeastern Buffalo and has been held back by insufficient funding, development, and access to healthcare. The Project is in a census tract with a 96.02% minority population and a Medically Underserved Population which continues to contribute to health disparities and inequity. EHS and CAS are building the new health center to ensure the neighborhood has the resources and opportunities for improving health and well-being. They strive to support health equity efforts by adopting health equity best practices and strengthening their commitment to creating an inclusive, thriving community. In addition to providing quality healthcare and supportive services, the new center will offer employment readiness counseling, financial counseling, reentry support for people in the criminal justice system, on-site care coordination for assistance with appointments, counseling, and connection with housing, nutrition and transportation services.

ESD Involvement: New York State legislation requires ESD to select and prioritize projects demonstrating certain goals or benefits and approve the Project as an ESD project. In accordance therewith, on January 16, 2025, the ESD board of directors will be requested to separately approve the Project.

Past ESD Support: The Borrower is receiving a \$1,000,000 RESTORE NY grant through Erie County.

B. The Project  
Activity

As noted above, the Subsidiary CDE will make QLICI loans to the Borrower for the construction of the new 36,000 SF Kensington-Bailey Health Center will allow EHS and CAS to collectively provide more space and capabilities to welcome in additional patients. EHS and CAS operate together and make it a priority to establish a centralized health center in underserved and expanding areas. The two organizations aim to sustain the delivery of high quality and equitable care to all community members in the Kensington-Bailey neighborhood and beyond.

Results: The Project will provide local, underserved communities with increased access to critical health services in the Kensington-Bailey neighborhood. The following are important outcomes that are expected to be achieved:  
Estimated Job Creation: The Project is expected to create and retain 55 permanent full-time jobs.

Quality Jobs/Benefits Offered to Employees: 100% of the permanent FTE jobs that will be created and retained will be paid above Buffalo's living wage of \$17.93/hr and receive comprehensive benefits including medical/dental/vision insurance, disability, life insurance, retirement, health/dependent plan savings accounts, accident coverage, and paid time off.

Job Accessibility to the Low-Income Community: The Project is expected to create 38 Accessible FTE jobs (or 69% of the total) that are available to people without a college degree or who face other barriers to employment (prior criminal record, veterans, workers with disabilities, non-native English speaking).

Community Goods and Services

The new health center will serve approximately 6,400 patients with an estimated 64% low-income people or 4,088 low-income people. The new center will provide primary care, behavior health, specialty care services such as HIV treatment, STI testing and treatment, gynecology, gender-affirming care, and care coordination and will have a pharmacy. The health center will serve a Medically Underserved Population and work to address healthy inequity issues in the community and greater Buffalo.

Additional community benefits come through the advocacy and activity of the CAS' partnership with EHS. CAS also provides additional advocacy and support services to its patients including the promotion of benefits of the Supplemental Nutrition Assistance Program (SNAP) and child nutrition programs to the local community.

CAS also has a Corrections Health Initiative Program which provides necessary services to incarcerated individuals throughout seven correctional facilities within the Wende Hub of the New York State Department of Corrections and Community Supervision. Through this program, CAS serves 401 unique individuals annually (100% low-income people). The primary goals of these programs are to address health disparities and inequities by identifying barriers to positive health outcomes and providing relevant prevention, navigation, and support services to incarcerated individuals living with HIV and/or diagnosed with HCV prior to and upon release.

EHS envisions this space as a true safe and accessible community space, connecting people with need to critical healthcare services. As part of the health center, EHS will have a community space on the 2<sup>nd</sup> floor where it intends to host potlucks, dance troops, and other events that will connect the community to the space with a goal to provide health services to an underserved population that has skepticism about the health care system. EHS will also partner with Say Yes Buffalo, Buffalo Urban League, and other local non-profit organizations to utilize community space in the new building to provide services to the local community.

Minority Impacts

The Project targets spending \$2.8 million with minority contractors (15% of hard costs). EHS and CAS also serve a significant minority population in the community:

- EHS: 45% minority patients
- CAS: 64% minority patients

Sponsor Contact: Jesse Gasbarro  
Chief Financial Officer  
[jgasbarro@evergreenhs.org](mailto:jgasbarro@evergreenhs.org)

|               |                                 |                  |
|---------------|---------------------------------|------------------|
| Project Team: | Origination                     | Jonevan Hornsby  |
|               | Project Management              | Brendan Healey   |
|               | Contractor & Supplier Diversity | Ami Shipley      |
|               | Finance                         | Jonevan Hornsby  |
|               | Environmental                   | Soo Kang         |
|               | Legal                           | Matthew Acocella |

## Statutory Basis

### And Findings:

Section 45D of the Internal Revenue Code, Section 10 (g) and Sections 12 and 16 (2) of the New York State Urban Development Corporation Act of 1968, as amended (the “UDC Act”). As noted below, the NMTC program, enacted in 2000, offers a non-refundable tax credit intended to encourage private capital investment in low-income communities. The Project will comply with all applicable NMTC program requirements. ESD is required to approve the Project (and is scheduled to do so at a meeting to be held on January 16, 2025) and ESNMC will comply with applicable federal tax laws and consummate the transaction. ESNMC is making certain findings as part of its approval of the Project.

#### IV. NMTC Program Background and ESNMC Role

The NMTC program, enacted in 2000, offers a non-refundable tax credit intended to encourage private capital investment in low-income communities. The U.S. Department of the Treasury’s CDFI Fund allocates NMTCs under a competitive application process. Investors who make qualified equity investments (“QEIs”) in community development entities (“CDEs”) reduce their federal income tax liability by claiming the NMTC.

CDEs, such as ESNMC, the CDE that is controlled by ESD, apply to the CDFI Fund for an allocation of NMTCs. After an award of NMTC allocation, the CDE uses subsidiary CDEs to attract private equity investors who make QEIs in the subsidiary CDEs in order to claim the NMTCs. The subsidiary CDE then makes loans or equity investments in qualified businesses that are located in low-income communities. These loans and/or equity investments are made on better rates and terms than market.

The tax credit value is 39% of the cost of the QEI and is claimed over a seven-year credit allowance period. In each of the first three years, the investor receives a credit equal to 5% of the total amount paid for the stock or capital interest in the subsidiary CDE at the time of purchase. For the final four years, the value of the credit is 6% annually. Investors must retain their interest in a QEI throughout the seven-year period.

By federal law, any CDE must be a domestic corporation or partnership that must go through a certification process to obtain its status. Partnerships and limited liability companies (“LLCs”) that are treated as partnerships or corporations for federal income tax purposes are the preferred subsidiary to structure NMTC projects. ESNMC has created certified subsidiary CDEs as LLCs and has sub-allocated and will sub-allocate its NMTCs to one of these LLCs for each project.

Through the NMTC program, \$81 billion in NMTCs have been awarded to CDEs across the country since inception.

ESNMC received its first allocation of NMTCs in 2009 in the amount of \$30 million. All of this initial allocation was deployed in two NMTC projects. ESNMC received a second allocation in the

amount of \$55 million in the 2015-2016 round of the NMTC program and deployed it into 12 projects across NYS. ESNMC received a third allocation in the amount of \$45 million for the 2021 round, and has deployed \$29.5 million into the GLOW YMCA, Flanigan Square, and Bogopa projects. ESNMC received a fourth allocation in the amount of \$50 million in the 2022 round of the NMTC program, and has deployed \$23 million into Cimolai-HY, and additional Bogopa locations. ESNMC is closing another project with Foodlink from the 2021 and 2022 awards. ESNMC received a fifth allocation in the amount of \$50 million in the 2023 round of the NMTC program (“Allocation”). ESNMC will use \$10 million of NMTCs from the Allocation for the Project. ESNMC is separately requesting approval for a sub-allocation of NMTCs from the Allocation for the CABVI project.

#### V. Overall Structure of NMTC Project Transaction

The Project will be structured as follows: Capital One, N.A. (“Capital One”) will make an equity investment in the approximate amount of \$7,020,000 (the “NMTC Equity”) in a special purpose fund (the “Fund”) wholly-owned by Capital One and formed for the purpose of this transaction. EHS will be the Leverage Lender for this transaction and will provide approximately \$15,630,00 in leverage debt to the Fund (the “Fund Loan”).

The proceeds of the Fund Loan and the NMTC Equity will be combined by the Fund and used to make a QEI in the amount of \$10,000,000 in the Subsidiary CDE. ESNMC will sub-allocate \$10,000,000 of NMTC allocation authority to its Subsidiary CDE. ESNMC’s Subsidiary CDE will use the proceeds of the QEI from the Fund to make loans to the Borrower in an aggregate amount equal to approximately \$9,600,000 and to pay a fee to ESNMC in the aggregate amount of \$400,000.

The balance of funding required by the Borrower will come from Project Sponsor equity and donations/grants.

Capital One will require the Subsidiary CDE and its managing member, ESNMC, to indemnify Capital One from the recapture or disallowance of the NMTC caused by acts or omissions of the Subsidiary CDE and ESNMC, so that Capital One will be made whole (subject to any caps that may be negotiated) in respect to its investment even if the NMTCs are lost or recaptured.

Notwithstanding the foregoing, the structure of the overall transaction and each project is still under review and discussion and may be affected by receipt of additional documentation and further evaluation by the transaction parties.

#### VI. Non-Discrimination and Contractor & Supplier Diversity

Pursuant to New York State Executive Law Articles 15-A and Article 3 of New York State Veterans’ Services Law, ESD recognizes its obligation under the law to promote opportunities for maximum feasible participation of New York State certified minority-and women-owned business enterprises (MWBs) and service-disabled veteran-owned businesses (SDVOBs) in the

performance of ESD projects. The Office of Contractor and Supplier Diversity has reviewed the project and has determined that, since this is a federally funded project, MWBE and SDVOB participation goals need not be applied to this project.

VII. Environmental Review

The City of Buffalo Planning Board, as lead agency, has completed an environmental review of the project pursuant to the requirements of the State Environmental Quality Review Act and the implementing regulations of the New York State Department of Environmental Conservation. This review found the project to be a Type I action, which would not have a significant effect on the environment. The lead agency issued a Negative Declaration on April 9, 2024. ESD staff reviewed the Negative Declaration and supporting materials and concurs. It is recommended that the Directors make a Determination of No Significant Effect on the Environment.

VIII. Requested Actions

The Directors are being asked to adopt, subject to the requirements of Section 16(2) of the UDC Act, the herein described General Project Plan (“GPP”), and to make a sub-allocation of up to Ten Million Dollars (\$10,000,000) from the Allocation for the purposes set forth in the GPP. The Directors are also being asked to delegate to one or more authorized officers of ESNMC, acting in its own capacity, or as managing member of the Subsidiary CDE, the authority to determine the terms of the NMTC transaction documents and to execute such NMTC transaction documents on behalf of ESNMC and the Subsidiary CDE in connection with the closing of the NMTC transaction.

IX. Additional Submissions to Directors

Resolutions

New York State Map



EMPIRE STATE NEW MARKET CORPORATION – Buffalo (Western New York Region – Erie County) – New Markets Tax Credit Sub-Allocation to provide financing for the construction of Evergreen Health’s new health center – Authorization to Adopt the Proposed General Project Plan (the “GPP”); Authorization to Sub-Allocate New Markets Tax Credits (“NMTCs”); Perform Certain Acts in Connection with the Sub-Allocation of NMTCs to an ESNMC Subsidiary CDE; Close the NMTC Transaction and Take All Related Actions

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WHEREAS, Empire State New Market Corporation, a New York corporation (the “Corporation”), has been certified by the Community Development Financial Institutions Fund (the “CDFI Fund”) as a “qualified community development entity” (a “CDE”), as such term is defined in Section 45D of the Internal Revenue Code of 1986, as amended (the “Code”), the Treasury Regulations and the related guidance, and the Corporation is expected to enter into an Allocation Agreement (the “Allocation Agreement”), with the CDFI Fund in connection with an allocation of NMTCs under Section 45D of the Code in the amount of \$50,000,000 in the calendar year 2023 allocation round (the “Allocation”);

WHEREAS, the Corporation desires to sub-allocate to ESNMC Subsidiary CDE XVIII, LLC, a New York limited liability company, or another subsidiary CDE of the Corporation (the “Subsidiary CDE”), up to \$10,000,000 in NMTC authority from the Corporation's Allocation (the “Sub-Allocation”) in connection with the proposed investment to Evergreen Health Foundation to finance the construction of a new 36,000 SF health center in Buffalo, NY (the “Project”) as described in the GPP;

RESOLVED, that the Corporation does hereby adopt, subject to the requirements of Section 16(2) of the UDC Act, the proposed GPP for the Project submitted to this meeting, together with such changes therein as the President of the Corporation or his designee(s) may deem appropriate, a copy of which GPP, together with such changes, is hereby ordered filed with the records of the Corporation; and be it further

RESOLVED, the President of the Corporation or his designee(s) be, and each of them hereby is, authorized to cause the Corporation to make to the Subsidiary CDE, the Sub-Allocation for the purposes of making NMTC financing available to the Project described in the GPP, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President of the Corporation or his designee(s) may deem appropriate, and be it further

RESOLVED, that pursuant to Section 10(g) of the New York State Urban Development Corporation Act of 1968, as amended (the “Act”), that there are no families or individuals to be displaced from the location of the Project; and be it further

RESOLVED, that the President of the Corporation or his designee(s) be, subsequent to the making

of the allocation, and each of them hereby is, authorized to cause the Corporation to take such actions and make such modifications to the terms of the Sub-Allocation as he or she may deem necessary or appropriate in the administration of the Allocation; and be it further

RESOLVED, that the President or his designee(s) be, and each of them hereby is, authorized in the name and on behalf of the Corporation acting in its own capacity, or as managing member of the Subsidiary CDE, to negotiate, issue, execute and deliver any and all transaction documents and instruments, including but not limited to, operating agreement(s), loan and security agreements, indemnity agreement(s), fee agreements, asset management agreements, bank accounts, account control agreements, disbursement agreements, and any other security agreements, financing statements, notices, requests, demands, directions, consents, approvals, waivers, acceptances, appointments, applications, certificates, agreements, supplements, amendments, further assurances or other instruments or communications (collectively, the "Transaction Documents"), and to take all actions as he or she may in his or her sole discretion consider to be necessary or proper to effectuate the foregoing resolutions, including such modifications to the terms of the transaction as he or she may deem necessary or appropriate and reasonably consistent with the GPP. Any actions previously taken by the Corporation in furtherance of the GPP are hereby ratified and approved.

\* \* \*

**Evergreen Health Services**  
Buffalo  
Erie County

