

NEW YORK EMPOWERMENT ZONE CORPORATION

MEETING OF THE DIRECTORS

Monday, February 3, 2025

NEW YORK EMPOWERMENT ZONE CORPORATION

Meeting of the Directors
February 3, 2025 – 12:30 P.M.
655 Third Avenue New York, NY 10017
4th Floor Conference Room D

AGENDA

MARIA TORRES-SPRINGER, CHAIR – CALL MEETING TO ORDER

I. CORPORATE ACTION

- A. Authorization of Matters Recommended by Bronx Overall Economic Development Corporation (“BOEDC”)
1. Downtown Revitalization Initiative – Authorization of \$600,000 bridge loan to complete work on and around the 149th Street corridor within the boundaries of Third Avenue BID.
 2. Hip Hop Museum – Authorization of \$250,000 bridge loan for built out of the museum.

II. OTHER BUSINESS

MARIA TORRES-SPRINGER – MOTION TO ADJOURN MEETING

FOR CONSIDERATION

February 3, 2025

TO: The Directors

FROM: Maria Torres-Springer

SUBJECT: New York (New York County) - South Bronx Overall Economic Development Corporation

REQUEST FOR: **Authorization for Bridge Loan to Downtown Revitalization Initiative and to Take Related Actions.**

I. Initiative Summary

Organization Name: South Bronx Overall Economic Development Corporation ("BOEDC")
851 Grand Concourse, Suite 123
Bronx, New York 10451

Contact: Robert Walsh
President
(718) 590-6252

Proposed Initiative: A \$600,000 bridge loan for a construction work within the boundaries of Third Avenue BID.

Total Initiative Cost: \$600,000

Proposed Empowerment Zone \$600,000 Construction Loan - Bridge ("EZ") Investment:

Funding Sources: Loan Repayment

Fiscal Year: 2025

II. Initiative Narrative

Attached are materials prepared by BOEDC for its Board of Directors containing narrative information regarding this initiative.

III. Conditions for Approval

Funding is subject to the Corporation's approval of BOEDC's monitoring system which must ensure that adequate policies and procedures are adopted to safeguard against misappropriation and provide for appropriate controls with respect to each grant.

The release of funds for this initiative is subject to certification by the Deputy Mayor's Office (i) that all procurement solicitation processes fulfill all applicable requirements set forth in the Operating Principles Memorandum of Understanding (the "MOU") dated as of January 19, 1996, and (ii) that each procurement selection process has been completed in accordance with those requirements.

The release of funds for this initiative is subject to UMEZ presenting to the Corporation for approval detailed written information on implementation of this initiative and the terms and conditions for the loan from BOEDC to **Downtown Revitalization Initiative**. The provision of funding for this initiative is contingent upon the Corporation receiving satisfactory evidence of all other funding sources for the initiative.

The disposition of interest and principal payments for the loan made under this initiative is further subject to the approval of New York Empowerment Zone Corporation's Board of Directors.

IV. Initiative Benchmarks

The initiative will achieve the following benchmarks:

1. 9 full time employees
2. improve the safety and security of the corridor on and around 149th Street, and the Empowerment Zone.

This initiative will benefit EZ residents:

1. Same as above

V. Federal Funding Goals

This initiative will meet the following Federal funding goals:

- Achieve or maintain economic self-support, to prevent, reduce, or eliminate dependency.
- Permanent job creation, including without limiting the foregoing, promotion, encouragement, and creation of opportunities for small, medium, and large business development in the EZ/EC that will create permanent jobs for the Enterprise Zone.
- Increasing the number of permanent job creating new businesses in the EZ/EC.
- Leveraging of Federal, State, and City EZ/EC funding and not-for-profit funding with private capital.

VII. Additional Materials

- A. Copy of BOEDC's Board of Directors' materials
- B. Copy of BOEDC's Board of Directors' resolution recommending this initiative for final approval by the Directors
- C. Resolution of the Directors

FOR CONSIDERATION

TO: NEW YORK EMPOWERMENT ZONE BOARD OF DIRECTORS
FROM: ROB WALSH, PRESIDENT OF BXEDC
DATE: February 3, 2025
SUBJECT: BXEDC
REQUEST: REQUEST FOR \$600,000 LOAN FOR DRI PROJECTS ON AND AROUND THE 149TH STREET CORRIDOR

INITIATIVE SUMMARY

ORGANIZATION: BXEDC

PROJECT MANAGER: MICHAEL NIXON

CONTACT: ROB WALSH, PRESIDENT

PROPOSED ADDRESS: 851 GRAND CONCOURSE, SUITE 123, THE BRONX, NY 10451

PHONE/FAX: 718.590.6252

TYPE OF BUSINESS: ECONOMIC DEVELOPMENT CORPORATION, LENDER
NAICS – 522299 INTERNATIONAL, SECONDARY MARKET, AND ALL OTHER NONDEPOSITORY CREDIT INTERMEDIATION

TAX STRUCTURE: NON-PROFIT CORPORATION 501C3

IRS TAX ID#: 13-3079387

DATE INCORPORATED: 3/1981

TOTAL PROJECT COSTS: \$400,000.00

FINANCING REQUESTED: \$600,000.00

FUNDING SOURCES: BXEDC BAI EZ LOAN \$600,000
(NY STATE GRANT FUNDS WILL REIMBURSE BXEDC FOR THE PROPOSED BRIDGE LOAN FOR RENOVATION ONCE WORK AND EXPENDITURES HAVE BEEN MADE AND DOCUMENTED)

TOTAL SOURCES OF FUNDS: \$600,000

EMPLOYMENT: 9

OVERVIEW:

The purpose of this funding request is to provide a bridge loan for several projects on and around the 149th Street corridor, within the boundaries of the Third Avenue BID. These projects include: the installation of street banners; the installation of security cameras; the installation of street lighting; and a public art installation. These four projects were part of the Downtown Revitalization Initiative (DRI) that was approved by the New York State Empire State Development (ESD) for the South Bronx prior to the pandemic. Due to the general disruption caused by the pandemic, DRI-related projects were delayed and modified. The intention is to use the Empowerment Zone funds as a bridge loan, to implement these projects. Once the projects have been completed and the work and expenditures have been documented, the Third Avenue BID will get reimbursed by the New York State Department of State for the work that was done. The Third Avenue BID will, in turn, remit the funds to BXEDC, which is the project manager for the DRI projects.

FINANCING REQUESTED:

Uses of Funds:

Installation of Street Banners	\$ 45,000.00
Installation of Security Cameras	\$ 80,000.00
Installation of Street Lighting	\$ 110,000.00
Public Art Installation	\$ 165,000.00
Additional Project Funds, if Needed	\$ 200,000.00
Total Uses of Funds	\$ 600,000.00

FUNDING SOURCES:

BXEDC BAI Business Loan (NY State Grant Funds will be used to reimburse BXEDC once permitted expenditures have been made)	\$ 600,000.00	
TOTAL	\$ 600,000.00	100.00%

DESCRIPTION OF PROJECTS

There are four projects for which BXEDC is requesting a bridge loan as part of the DRI initiative. Marshall Strawbridge, Director of Economic Development for BXEDC, will be the project manager for each of these projects:

Installation of Street Banners: BXEDC would issue an RFP, requesting quotes for the design, fabrication and installation of permanent street banners. BXEDC would work with the vendor, the Third Avenue BID and the NYC DOT, to develop the design for the banners. Street poles

would be identified, and permits will be sought to install the banners on the desired poles. The banners will then be fabricated and installed, and there will be a public unveiling

Installation of Security Cameras: BXEDC will consult with security camera experts, to determine the best product that meets the needs of the project and that is the most cost effective. Based on these consultations, BXEDC will create a scope of services and will request quotes from contractors. BXEDC will share application materials with small business owners, so that they can make selections, purchase security cameras and install them.

Installation of Street Lighting: BXEDC will determine which types of lighting should be used. BXEDC will then get quotes for equipment and labor. There will be a release call to small businesses for requests for street lighting, followed by getting the required permits and installing the lighting.

Public Art Installation: BXEDC will help create a community advisory selection committee that will help determine what type of art will be installed in the community. This committee will survey local sites for permanent arts installations. BXEDC will release a call for proposals from artists. BXEDC will then prepare and collect feedback on conceptual design. BXEDC will secure approval from the Public Design Commission. The piece will be commissioned and then will be installed with a public unveiling.

Under the terms of the DRI funding, no money will be released by The New York State Department of State until the work on a given project has been completed and the work and the expenditure of funds have been formally documented. Because the Third Avenue BID does not have the financial resources to have the projects undertaken without funding coming from a source other than the Department of State, BXEDC, through use of the Empowerment Zone funds, proposes to provide the funding upfront, to complete the four projects, in the form of a bridge loan.

Currently, the scope of the work is priced at \$400,000. BXEDC is requesting \$600,000, so that the extra \$200,000 can be assigned to each of the four projects, as needed. Getting up to \$600,000 is permitted under the DRI award, and the additional \$200,000 will be reimbursed, like the \$400,000, if the expenditures and the work are appropriately documented.

The loan would be a 0% interest loan, and no loan payments will be made until the money has been reimbursed by the Department of State to the Third Avenue BID. The Third Avenue BID will be required to remit the money to BXEDC right away, upon receiving the money from the Department of State. It is expected that the term of the loan will be five years, to allow for the scope of work to be fully realized. It would be expected that the Department of State will reimburse the Third Avenue BID (and that BXEDC will receive money as part of that reimbursement) as work is completed, payments are made and these activities are formally documented. Similarly, it is not necessarily the case that the entire \$400,000 (or \$600,000) will be needed all at once. This money will be provided for the four projects on an as-needed basis.

When the DRI funding was first approved, the State of New York requested that BXEDC oversee the administration of the funds going into the various areas of the South Bronx, including the area encompassing the Third Avenue BID. While the BID will be reimbursed by the State of New York for investments in the scope of work that meet the requirements as

approved by ESD and the Department of State for the awarding of the DRI activities that have been fully documented in terms of the work done and the expenditures incurred, BXEDC will be project managing all of the activities defined in the scope of work, including paying vendors, and thus will receive the reimbursement from the Third Avenue BID.

The various projects that are covered by the DRI are designed to improve the safety and security of the corridor on and around 149th Street, and the Empowerment Zone. The installation of security cameras and new street lights are focused directly on the questions of safety and security. The installation of street banners and public art is designed to convey an inviting space and encourage people to visit and spend time in the area, which will convey a sense of safety and security.

BXEDC is requesting that the New York Empowerment Zone Board of Directors authorize the allocation of up to \$600,000, to complete the work on and around the 149th Street corridor within the boundaries of the Third Avenue BID, to apply towards the various projects that have been outlined above. The Third Avenue BID and other stakeholders do not otherwise have the funding to oversee this work. The bridge loan that BXEDC is proposing will allow the organization to actively engage in the projects that were envisioned by local stakeholders and that was agreed to by ESD as one of several districts around the state that was granted money for public improvements following a statewide competition. If the Empowerment Zone Board of Directors approves the request for funding, BXEDC, as project manager, will begin the scope of work shortly after this decision is reached, with the hope that all of the tasks and projects will be completed by the end of 2025.

STRENGTHS:

- The funding and the work projects for which BXEDC is requesting a bridge loan has already been approved by ESD and the Department of State.
- The State of New York requires that projects be completed and fully documented before it will reimburse money to grant recipients, minimizing the risk that the projects will be done improperly and that the funding provided will be lost or mismanaged.
- The work that is being funded has broad support, encouraging the work to be done diligently and with care.
- The projects that are being funded place a strong emphasis on safety and security, and on making the area more aesthetically attractive, investments that are designed to encourage increased pedestrian traffic and economic activity.
- The staff at BXEDC has experience in overseeing street level enhancements, working with vendors and adhering to state-mandated rules and budgets.

Risks:

- The work projects being funded have numerous steps, making project management and implementation more complicated.
- Multiple vendors and partners must be engaged, making the project management of the various tasks more difficult.
- The loan will not be secured by collateral or personal guarantees.
- Possibility that the documentation for work performed for expenditures incurred will not meet the requirements of ESD and the Department of State.

Loan Committee

This document is a summary account of the Loan Committee's actions regarding the loan request described below. The loan package containing the credit and financial information has been e-mailed to the Loan Committee for the members review. Each members vote and response is recorded as a yes, no, abstain, or recuse.

Loan Request

Borrower Name: Third Avenue BID
Small Business Concern: Downtown Revitalization Initiative Project
Project Property: The 149th Street corridor within the boundaries of the Third Avenue BID
Loan Officer: Michael Nixon
Presentation Date: 1/16/2025
Gross Debenture: \$600,000

Committee Member	Representing	Vote				Comments
Clarence Stanley	Business	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain	<input type="checkbox"/> Recuse	
Winston Peters	Business	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain	<input type="checkbox"/> Recuse	
Yesenia Quinones	Financial	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain	<input type="checkbox"/> Recuse	
Julio Reyes	Financial	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain	<input type="checkbox"/> Recuse	
Dan Herdoon	Business	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain	<input type="checkbox"/> Recuse	

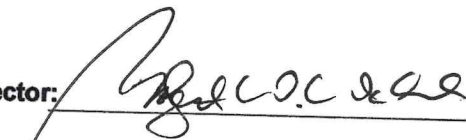
Amendments / Conditions

The meeting opened at 10:01 am and commenced at 10:36 am. This is a bridge loan to support the Bronx Downtown Revitalization Initiative (DRI) projects, until the work that has been funded has been reimbursed by New York State Economic Development Corporation (ESD). The funds have 0% interest and will be paid back in full once reimbursement by ESD is provided to the Third Avenue BID.

The signatures below attest to the votes and information contained herein.

Signatures

Operations Director:


 Rob Walsh/President

Date: 1/16/25

Corporate Officer:


 Dan Herdoon/Board Secretary

Date: 1/16/25



**RESOLUTION OF
THE BOARD OF DIRECTORS OF
BRONX ECONOMIC DEVELOPMENT
CORPORATION**

**REGARDING APPROVAL TO FUND THE BRONX ECONOMIC DEVELOPMENT CORPORATION
TO SUPPORT THE BRONX DOWNTOWN REVITALIZATION INITIATIVE PROJECTS IN AND
AROUND THE 149TH STREET CORRIDOR**

AT A REGULAR MEETING HELD ON THE 16th DAY OF JANUARY 2025

WHEREAS, the Loan Committee has reviewed the materials presented to it, a copy of which has been filed with the records of the Bronx Economic Development Corporation ("BXEDC"), whereby it can provide funding, to support capital projects in a zip code that includes the Bronx Empowerment Zone. The New York State Department of State has approved these projects; and

WHEREAS, the Loan Committee has found it to be a desirable use of funds, complementary to and consistent with the New York Empowerment Zone's Strategic Plan of improving capital investment in and around the Empowerment Zone.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors approves the proposed use of funds and authorizes BXEDC to submit the request to the New York Empowerment Zone Corporation for authorization to fund a loan not to exceed SIX HUNDRED THOUSAND DOLLARS (\$600,000), subject to terms and conditions substantially similar to those included in the presentation materials; and be it

FURTHER RESOLVED, that the President and CEO or his respective designees are hereby authorized on behalf of BXEDC to make such changes to the terms and conditions of the transaction as may be appropriate, execute and deliver any and all documents and take any and all actions as they may deem necessary or proper to effectuate the foregoing resolutions.

February 3, 2025

BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION - Downtown Revitalization Initiative - A \$600,000 bridge loan for a construction work within the boundaries of Third Avenue BID.

RESOLVED, that on the basis of the materials (the "Materials") presented to the Directors of the Corporation, a copy of which is hereby ordered filed with the records of the Corporation, relating to the Bronx Overall Economic Development Corporation ("BOEDC") initiative for **Downtown Revitalization Initiative** (the "Initiative") for construction work within the boundaries of Third Avenue BID. The Corporation is hereby authorized to disburse to UMEZ an amount not to exceed **SIX HUNDRED THOUSAND DOLLARS (\$600,000)** for the purposes and on the terms and conditions described in the Materials; and in accordance with the terms, conditions and procedures set forth in the Operating Principles Memorandum of Understanding, dated as of January 19, 1996, entered into by the Corporation with the State of New York (the "State"), the City of New York (the "City") and others ("MOU"); and be it further

RESOLVED, that for the purpose of providing the funds, the Corporation is hereby authorized to accept and utilize funds for a grant an amount not to exceed **SIX HUNDRED THOUSAND DOLLARS (\$600,000)** in accordance with the MOU; and be it further

RESOLVED, that the President and Treasurer, or their respective designee(s), acting jointly are hereby authorized in the name and on behalf of the Corporation to execute and deliver any and all documents and to take any and all actions as they may deem necessary or proper to effectuate the foregoing resolutions.

FOR CONSIDERATION

February 3, 2025

TO: The Directors

FROM: Maria Torres-Springer

SUBJECT: New York (New York County) - South Bronx Overall Economic Development Corporation

REQUEST FOR: **Authorization for Bridge Loan to Hip Hop Museum and to Take Related Actions.**

I. Initiative Summary

Organization Name: South Bronx Overall Economic Development Corporation ("BOEDC")
851 Grand Concourse, Suite 123
Bronx, New York 10451

Contact: Robert Walsh
President
(718) 590-6252

Proposed Initiative: A \$250,000 bridge loan for built out of the museum.

Total Initiative Cost: \$3,250,000

Proposed Empowerment Zone \$250,000 Construction Loan - Bridge ("EZ") Investment:

Funding Sources: Loan Repayment

Fiscal Year: 2025

II. Initiative Narrative

Attached are materials prepared by BOEDC for its Board of Directors containing narrative information regarding this initiative.

III. Conditions for Approval

Funding is subject to the Corporation's approval of UMEZ's monitoring system which must ensure that adequate policies and procedures are adopted to safeguard against misappropriation and provide for appropriate controls with respect to each grant.

The release of funds for this initiative is subject to certification by the Deputy Mayor's Office (i) that all procurement solicitation processes fulfill all applicable requirements set forth in the Operating Principles Memorandum of Understanding (the "MOU") dated as of January 19, 1996, and (ii) that each procurement selection process has been completed in accordance with those requirements.

The release of funds for this initiative is subject to UMEZ presenting to the Corporation for approval detailed written information on implementation of this initiative and the terms and conditions for the loan from BOEDC to **Hip Hop Museum**. The provision of funding for this initiative is contingent upon the Corporation receiving satisfactory evidence of all other funding sources for the initiative.

The disposition of interest and principal payments for the loan made under this initiative is further subject to the approval of New York Empowerment Zone Corporation's Board of Directors.

IV. Initiative Benchmarks

The initiative will achieve the following benchmarks:

1. 2 full time employees

This initiative will benefit EZ residents:

1. Same as above

V. Federal Funding Goals

This initiative will meet the following Federal funding goals:

- Achieve or maintain economic self-support, to prevent, reduce, or eliminate dependency.
- Permanent job creation, including without limiting the foregoing, promotion, encouragement, and creation of opportunities for small, medium, and large business development in the EZ/EC that will create permanent jobs for the Enterprise Zone.
- Increasing the number of permanent job creating new businesses in the EZ/EC.
- Leveraging of Federal, State, and City EZ/EC funding and not-for-profit funding with private capital.

VII. Additional Materials

- A. Copy of BOEDC's Board of Directors' materials
- B. Copy of BOEDC's Board of Directors' resolution recommending this initiative for final approval by the Directors
- C. Resolution of the Directors

FOR CONSIDERATION

TO: NEW YORK EMPOWERMENT ZONE BOARD OF DIRECTORS
FROM: ROB WALSH, PRESIDENT OF BXEDC
DATE: February 3, 2025
REQUEST: REQUEST FOR \$250,000 LOAN FOR PRELIMINARY WORK ON THE BUILDOUT OF THE HIP HOP MUSEUM

I INITIATIVE SUMMARY

ORGANIZATION: THE HIP HOP MUSEUM

PROJECT MANAGER: MICHAEL NIXON

CONTACT: DANIEL "ROCKY" BUCANO

PROPOSED ADDRESS: 575 EXTERIOR STREET, BRONX, NY 10451

PHONE/FAX: 917.495.8144

TYPE OF BUSINESS: MUSEUM
NAICS -712110

TAX STRUCTURE: NON-PROFIT CORPORATION 501C3

IRS TAX ID#: 46-5278190

DATE INCORPORATED: 2015

TOTAL PROJECT COSTS: \$3,250,000.00

FINANCING REQUESTED: \$250,000.00

FUNDING SOURCES:	BXEDC BAI EZ LOAN	\$ 250,000
	PONCE BANK	<u>\$3,000,000</u>
	TOTAL SOURCES OF FUNDS:	\$3,250,000

EMPLOYMENT: 2

OVERVIEW:

The Hip Hop Museum will be in the Mott Haven section of the Bronx Empowerment Zone. The intention of the museum's founders is to create a world class institution dedicated to celebrating the music and culture of Hip Hop, whose beginnings can be traced to The Bronx, beginning in 1973. Hip Hop music and the art forms that it strongly influenced, including, dance, fashion and graphic design, have been adopted around the world. Hip Hop has been widely copied, and is currently the most popular form of music in the world. The founders of the museum want to create an institution that explores the roots of the music, provides the historical context in which the music was created, places the music in a larger social context and talks about people, cultural forces and events key to the birth and growth of the music. In turn, the museum will talk about Hip Hop's impacts on the broader culture, will use multimedia technologies to help tell the story and play video clips of various Hip Hop artists and performances, and will provide a performance space, creating a vital, living institution. Moreover, the museum is the centerpiece of a development at 145th Street near the Harlem River that will also include affordable housing, and is part of a larger trend of new developments going up in the South Bronx, including cultural institutions, housing, both market rate and affordable, and other developments. The museum serves to celebrate perhaps the Bronx's greatest contribution to culture and be a physical and cultural representation of the renaissance that has taken place in the borough over the past 30 years. As the renaissance of the borough has accelerated, the museum stands as a symbol of this rebirth and will be, potentially, an institution that will be a destination for fans of Hip Hop worldwide. The museum could be for people who were born in the Hip Hop era what Yankee Stadium and the Bronx Zoo are for large numbers of people: a must-see place.

Currently, the founders of the Universal Hip Hop Museum are operating a temporary museum near to where the museum is intended to be built. The temporary site includes multimedia exhibits and is interactive. The museum has a partnership with Microsoft, and is strongly committed to technology as one of its trademarks, to share information about Hip Hop culture and place it within the context of the wider culture.

The principal of Universal Hip Hop Museum NYC is Mr. Daniel "Rocky" Bucano. Mr. Bucano is the executive director of the museum. Currently, the museum is seeking funds to begin groundbreaking for the permanent museum.

FINANCING REQUESTED:

Uses of Funds:

Design and Project Consultants	<u>\$ 3,250,000.00</u>
Total Uses of Funds	\$ 3,250,000.00

FUNDING SOURCES:

BXEDC BAI Business Loan (NY State Grant Funds will be used to reimburse BXEDC once permitted expenditures have been made)	\$ 250,000.00	
PONCE BANK	<u>\$3,000,000.00</u>	
TOTAL	\$3,250,000.00	100.00%

DESCRIPTION OF PROJECTS

The purpose of this request is to provide a bridge loan for short-term funding so that some preliminary work associated with the construction of The Hip Hop Museum can be done, including funding for design consultants and project consultants, which qualify for reimbursement from Empire State Development (ESD) of New York State. The design and project consultants are necessary pre-construction activities that set the stage for construction at a later date. Because the museum is still in the planning stages and thus has little funding available that is not earmarked for the services that are needed to move towards construction, bridge funding from BXEDC and Ponce Bank is critical to help the museum secure the pre-construction services that will lead to construction.

Money has been allocated to the museum by various state agencies, but in order to access these funds, the money first needs to be spent and the State of New York will then reimburse the museum's creators once the expenditures have taken place and they have been documented, showing that the expenses are within the guidelines that have been defined by the state as being reimbursable. Formalized agreements that were issued by the State of New York have been signed by Mr. Rocky Bucano, ensuring the museum complies with conditions that have been set for accessing the funds. Once the museum and its team has been reimbursed for expenses incurred in the construction of the new building, the Empowerment Zone funds should be repaid.

Reimbursement from ESD will occur upon the completion of the work for which funding is provided, not upon the completion of the entire project or when the building is ready to open. Loan payments by the borrower will be interest-only for the term of the loan (6 months) with the principal repaid at the end of the 6-month term. The bridge loan will function as a line of credit for the term of the loan. BXEDC will be the secondary lender. Ponce Bank is the primary lender on this project, including this preliminary phase. Currently, the scope of the work is priced at \$3,200,000 for this phase of the museum's development. BXEDC is requesting

\$250,000 from the Empowerment Zone board, with Ponce Bank providing the remaining \$3,000,000 for this phase of funding.

BXEDC will be charging 5% interest on the loan, with interest-only being paid during the six months of the term of the loan, the expected period of time needed to fund the design and project consultants, begin and complete the work, have the work and expenditures documented and presented to ESD, with ESD reimbursing the museum and the lenders for the expenses incurred related to funding these consultants, with the principal paid at the end of the term. Ponce Bank, which has a 12-month term loan with The Hip Hop Museum that began last spring, is charging interest-only during the term of the loan, and charging a rate of prime plus 1%, with the principal repaid at the end of the term.

Ponce, as a full-service bank, has a construction manager that will be managing all construction-related matters regarding the project. The funds that would be lent by BXEDC to The Hip Hop Museum would be maintained in a Ponce bank account, from which money can be distributed and to which payments can be made. BXEDC will not need to be directly involved with the financial transactions with the museum founders, other than to provide the \$250,000 that can be used for the preliminary work that needs to be done before construction of the museum can begin.

The Hip Hop Museum is the recipient of funding from the New York State Empire State Development (ESD). It has been granted \$11 million in ESD funding which is available through December 31, 2026. It has been granted \$3 million in Federal Housing and Urban Development (HUD) money for soft costs through August, 2031. It has also received other state funding, as well as funding from private corporations. As of last spring, a little over \$2 million in ESD funding had been disbursed. ESD will not disburse the money to The Hip Hop Museum until both the expenditures and the services that were incurred and provided have been documented and verified. BXEDC and Ponce Bank are providing bridge financing to support preliminary work which will lead to the construction of the museum. The \$3,250,000 represents the first phase of bank financing for the museum.

MANAGEMENT:

The management currently consists primarily of the founder and the executive director of The Hip Hop Museum, Mr. Daniel “Rocky” Bucano, and the Interim CFO and Treasurer Mr. Robert Reid.

PERCEIVED STRENGTH & RISKS:

Strengths:

- The funding and the work projects for which The Hip Hop Museum is requesting a bridge loan have already been approved by ESD.

- The State of New York requires that projects be completed and fully documented before it will reimburse grant recipients for expenses that have been incurred and work that has been done, minimizing the risk that the projects will be done improperly and that the funding provided will be lost.
- BXEDC is partnering with Ponce Bank, an institution that is not inclined to take big risks; the bank is committing a significant amount of money in this phase and subsequent phases of the buildout of the museum.
- Ponce Bank has experience in construction management, which is helpful to BXEDC, even in the pre-construction phase of the project.
- The amount of money that BXEDC is proposing to lend to The Hip Hop Museum is relatively small, given all of the financial commitments the museum has received from various funding sources.
- The Hip Hop Museum is a high-profile project that many significant stakeholders want to see succeed.
- The museum is a key part of a larger development project for which there is strong commitment.

Risks:

- The Hip Hop Museum is still in the start-up phase, with a temporary museum, but currently with few operational resources.
- The loan will not be secured by collateral or personal guarantees.
- Concern that the documentation for work performed or for expenditures incurred may not meet the requirements of ESD.

Loan Committee

This document is a summary account of the Loan Committee's actions regarding the loan request described below. The loan package containing the credit and financial information has been e-mailed to the Loan Committee for the members review. Each members vote and response is recorded as a yes, no, abstain, or recuse.

Loan Request

Borrower Name: The Hip Hop Museum
Small Business Concern: The Hip Hop Museum
Project Property: 610 Exterior Street, Bronx, NY 10451
Loan Officer: Michael Nixon
Presentation Date: 1/16/2025
Gross Debenture: \$250,000

Committee Member	Representing	Vote				Comments
Clarence Stanley	Business	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain	<input type="checkbox"/> Recuse	
Winston Peters	Business	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain	<input type="checkbox"/> Recuse	
Yesenia Quinones	Financial	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain	<input type="checkbox"/> Recuse	
Julio Reyes	Financial	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain	<input type="checkbox"/> Recuse	
Dan Herdoon	Business	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain	<input type="checkbox"/> Recuse	

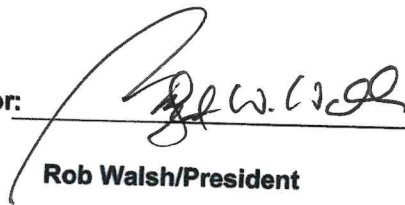
Amendments / Conditions

The meeting opened at 10:01 am and commenced at 10:36 am. The loan is for \$250,000 at 5% interest. The museum will make interest only monthly payments until they are reimbursed by New York State (which will take an estimated time of 6 months), after which they will make a single payment to pay back the principal.

The signatures below attest to the votes and information contained herein.

Signatures

Operations Director:


 Rob Walsh/President

Date: 1/16/25

Corporate Officer:


 Dan Herdoon/Board Secretary

Date: 1/16/25



**RESOLUTION OF
THE BOARD OF DIRECTORS OF
BRONX ECONOMIC DEVELOPMENT
CORPORATION
REGARDING APPROVAL TO FUND THE HIP HOP MUSEUM
AT A REGULAR MEETING HELD ON THE 16th DAY OF JANUARY 2025**

WHEREAS, the Loan Committee has reviewed the materials presented to it, a copy of which has been filed with the records of the Bronx Economic Development Corporation ("BXEDC"), relating to a loan to The Hip Hop Museum, to support pre-construction projects needed to build out the museum; and

WHEREAS, the Loan Committee has found it to be a desirable use of funds, complementary to and consistent with the New York Empowerment Zone's Strategic Plan of expanding capital access to businesses and institutions in the Empowerment Zone.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors approves the proposed use of funds and authorizes BXEDC to submit the request to the New York Empowerment Zone Corporation for authorization to fund a loan not to exceed TWO HUNDRED AND FIFTY THOUSAND DOLLARS (\$250,000), subject to terms and conditions substantially similar to those included in the presentation materials; and be it

FURTHER RESOLVED, that the President and CEO or his respective designees are hereby authorized on behalf of BXEDC to make such changes to the terms and conditions of the transaction as may be appropriate, execute and deliver any and all documents and take any and all actions as they may deem necessary or proper to effectuate the foregoing resolutions.

February 3, 2025

BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION - Hip Hop Program
- A \$250,000 bridge loan for built out of the museum.

RESOLVED, that on the basis of the materials (the "Materials") presented to the Directors of the Corporation, a copy of which is hereby ordered filed with the records of the Corporation, relating to the Bronx Overall Economic Development Corporation ("BOEDC") initiative for **Hip Hop Program** (the "Initiative") for built out of the museum. The Corporation is hereby authorized to disburse to UMEZ an amount not to exceed **TWO HUNDRED FIFTY THOUSAND DOLLARS (\$250,000)** for the purposes and on the terms and conditions described in the Materials; and in accordance with the terms, conditions and procedures set forth in the Operating Principles Memorandum of Understanding, dated as of January 19, 1996, entered into by the Corporation with the State of New York (the "State"), the City of New York (the "City") and others ("MOU"); and be it further

RESOLVED, that for the purpose of providing the funds, the Corporation is hereby authorized to accept and utilize funds for a grant an amount not to exceed **TWO HUNDRED FIFTY THOUSAND DOLLARS (\$250,000)** in accordance with the MOU; and be it further

RESOLVED, that the President and Treasurer, or their respective designee(s), acting jointly are hereby authorized in the name and on behalf of the Corporation to execute and deliver any and all documents and to take any and all actions as they may deem necessary or proper to effectuate the foregoing resolutions.
