



EMPIRE STATE NEW MARKET CORPORATION

at the offices of the
New York State Urban Development Corporation
d/b/a Empire State Development
633 Third Avenue – 37th Floor Conference Room
New York, New York 10017

Meeting of the Directors

Wednesday

March 23, 2016 – 11:00 a.m.

PROPOSED AGENDA

CORPORATE ACTIONS

1. Approval of the Minutes of the December 9, 2015 Directors' Meeting
2. ESNMC Budget – Approval of Fiscal Year 2016-2017 Operating Budget

Item # 1

EMPIRE STATE NEW MARKET CORPORATION

Meeting of the Directors
Held at the Offices of
Empire State Development
633 Third Avenue
New York, New York 10017

December 9, 2015

MINUTES

In Attendance

Directors:

Kevin Younis – Acting Chair
Sam Hoyt (via videoconference)

ESNMC Staff:

Elizabeth R. Fine – General Counsel
Jonevan Hornsby – President
Kathleen Mize – Controller
Debbie Royce – Corporate Secretary

ESD Staff:

Jonathan Beyer – Senior Counsel
Robert Kwon – VP, Portfolio Mgmt. & Project Finance
Maxwell Padden – Director, Subsidiary Finance
Sankar Singh – Financial Project Manager
Robert White – Audit Manager, Internal Audit

Also Present:

Steven Kunin – Rise Community Capital

The meeting of the Empire State New Market Corporation (“ESNMC” or the “Corporation”) was called to order at 11:04 a.m. Director Younis noted for the record that the meeting was being webcast and that he would be the Acting Chair for today’s meeting. Further, he stated that the Directors had received the relevant written materials in advance of the meeting and noted for the record the Corporation’s policy, which welcomes public comments on the items on the current Agenda.

Before beginning with the substantive portion of the meeting, Acting Chair Younis asked the Directors whether anyone had any potential conflict of interest with respect to any of the items on the proposed Agenda. He asked if so, that the appropriate disclosure be made on the record at this time to ensure that the Director was reminded to recuse themselves from any discussion or vote with regard to such item.

Noting for the record that no Directors had any conflicts to report, Acting Chair Younis stated the first order of business was the approval of the Minutes of the August 24, 2015 meeting of the Directors. Noting no corrections to the Minutes and upon motion duly made and seconded, the following resolution was unanimously adopted:

APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE AUGUST 24,
2015 MEETING OF THE DIRECTORS OF THE EMPIRE STATE NEW MARKET CORPORATION

RESOLVED, that the Minutes of the meeting of the Corporation held on August 24, 2015 as presented to this meeting, are hereby approved and all actions taken by the Directors present at such meeting as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Corporation.

* * *

Jonevan Hornsby then requested authorization for the Corporation to file a 2015 New Market Tax Credit allocation application. By way of background, Mr. Hornsby explained that the Corporation was incorporated in 2004 for the purpose of applying for an allocation of federal New Market Tax Credits (“NMTC”) from the Community Development Financial Institutions (“CDFI”) Fund of the U.S. Department of the Treasury. ESNMC received notice of its

first allocation of New Market Tax Credits in May 2009. Further, he noted that in September 2011, the Corporation closed on its first transaction, an \$18 million dollar investment to Agro-Farma, maker of Chobani Greek-Style Yogurt for the expansion of production in rural upstate New York and the creation of 450 new jobs. He further noted, that in September 2012, it closed on its second transaction, a \$12 million dollar qualified equity investment for the Brooklyn Navy Yard Development Corporation for the redevelopment of an environmentally contaminated building and the creation of 504 new jobs. He stated the two transactions accounted for ESNMC's entire \$30 million dollar allocation of New Market Tax Credits.

Mr. Hornsby advised that the Corporation would now like to apply for a new allocation of NMTCs and plans to submit its allocation application on December 16, 2015 to the CDFI Fund requesting a \$55 million 2015 round allocation. He noted the current application which ESNMC worked closely with its consultant, Rise Community Capital, on preparing includes ESNMC's strategy to use a NMTC allocation for past and potential future projects; management capacity; and other related ESNMC experience to enhance its qualifications. Finally, he advised that the application's strategy was reviewed by ESNMC's Advisory Board and the members of the Board have given their approval for the Corporation to proceed in submitting its application.

Director Hoyt asked who in New York State does the Corporation compete with for an allocation. Mr. Hornsby replied that all of the major banks and some CDFIs and other entities throughout the State as well as New York City's Economic Development Corporation will apply.

Director Hoyt asked if multiple entities within the State can receive allocations and Mr. Hornsby replied yes.

Acting Chair Younis then asked if there were major differences from the prior year's application and Mr. Hornsby asked that Steve Kunin, from Rise Community Capital address this question. Mr. Kunin noted that the CDFI was now asking applicants to more thoroughly quantify the outcomes of products and services and to provide a better outline of the strategies for the use of the allocations. Mr. Hornsby then added that in working with Rise Community Capital for the first time this year, the Corporation's application provided an overall deeper dive into the responses to the application's questions which he said he believed strengthened the application.

Noting no further questions or comments from the Directors and hearing no comments from the public, Acting Chair Younis called for a motion to approve the item. Upon motion duly made and seconded, the following resolution was unanimously adopted:

EMPIRE STATE NEW MARKET CORPORATION – NMTC Allocation Application –
Authorization to Sign and File a 2015 New Market Tax Credit Allocation Application;
and to Take Related Actions

RESOLVED, that the Corporation is authorized to sign and file a 2015 New Market Tax Credit allocation application on substantially the terms and for the purposes set forth in the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, with such changes as the President or his designee(s) may deem appropriate. Any actions previously taken by the Corporation in furtherance of the actions authorized herein are hereby ratified and approved.

There being no further business, the meeting was adjourned at 11:14 a.m.

Respectfully submitted,

Debbie Royce
Corporate Secretary

Item # 2



FOR CONSIDERATION

March 23, 2016

TO: The Directors

FROM: Jonevan C. Hornsby

SUBJECT: ESNMC Budget

REQUEST FOR: Approval of Fiscal Year 2016-2017 Operating Budget

I. Summary

Approval is hereby requested for the proposed Fiscal Year 2016-2017 Operating Budget.

II. Background

Empire State New Market Corporation (“ESNMC” or the “Corporation”) was incorporated in 2004 for the purpose of applying for an allocation of New Markets Tax Credits (“NMTCs”) from the Community Development Financial Institutions (“CDFI”) Fund of the U.S. Department of Treasury. ESNMC received notice of its first allocation of NMTCs in May 2009. In September 2011, ESNMC closed its first NMTC transaction, an \$18 million Qualified Equity Investment (“QEI”) for Agro-Farma, maker of Chobani Greek-style yogurt; and in September 2012, ESNMC closed its second NMTC transaction, a \$12 million QEI for Brooklyn Navy Yard Development Corporation. The two transactions accounted for ESNMC’s entire \$30 million allocation of NMTCs. In December 2015, ESNMC submitted an NMTC allocation application requesting a new \$55 million allocation; ESNMC is currently awaiting notification from the CDFI Fund. ESNMC continues to service the two closed transactions and hopes to receive a new NMTC allocation so that it can close further transactions. The ESNMC board of directors is thus presented with the following proposed Operating Budget for Fiscal Year 2016-2017. (ESNMC’s 2016-2017 fiscal year coincides with that of its parent, the New York State Urban Development Corporation d/b/a Empire State Development (“ESD”), so both fiscal years start on April 1 and end on March 31.)

ESNMC revenues come from fees charged on transactions. In Fiscal Year 2015-2016, ESNMC revenue was approximately \$150,000. In addition to the expenses funded by fees ESNMC receives from transactions, ESNMC incurs certain transaction-specific consulting expenses that are paid by borrowers directly from transaction closing proceeds; such expenses (and the reimbursements associated therewith) have been excluded from this budget. However, these transaction-specific consulting expenses have been factored into the maximum contract amounts for the relevant legal, accounting, and consulting contracts.

III. Budget Synopsis

The proposed Fiscal Year 2016-2017 Operating Budget reflects \$92,039 of expenses. \$30,000 of those expenses is projected as a fee to Rise Community Capital for preparation of a 2016 NMTC allocation application, and \$42,000 is projected for legal and accounting services associated with closed NMTC transactions. The remaining \$20,039 is projected for insurance and other non-personal services. The expenses will consist primarily of payments for the following:

- Legal / Accounting Fees (46%)
- Consulting Fees (32%)
- Employee Travel & Meals (3%)
- Insurance (10%)
- Online Services/Dues & Subscription (4%)
- Other Expenses (5%)

V. Environmental Review

Approval of the Corporation's Operating Budget for Fiscal Year 2016/2017 constitutes a Type II action as defined by the New York State Environmental Quality Review Act ("SEQRA") and the implementing regulations for the New York State Department of Environmental Conservation. No further environmental review is required in connection with this request.

VI. Requested Action

The Directors are requested to approve the attached proposed ESNMC budget for Fiscal Year 2016-2017.

VII. Attachments

Resolution

Fiscal Year 2016-2017 Proposed Operating Budget

March 23, 2016

EMPIRE STATE NEW MARKET CORPORATION – Approval of Fiscal Year 2016-2017 Operating Budget

RESOLVED, that the Corporation hereby adopts the proposed Fiscal Year 2017 budget on substantially the terms and for the purposes set forth in the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, with such changes as the President or his designee(s) may deem appropriate.

* * *

**Empire State Development
Empire State New Market Corp
Operating Spending Plan FYE 2017**

	Spending Plan FYE 2016	Spending Plan FYE 2017
<u>PERSONAL SERVICES</u>		
Salaries	0	0
Fringe Benefits	0	0
TOTAL PERSONAL SERVICES	<u>0</u>	<u>0</u>
HEADCOUNT	0	0
<u>NON-PERSONAL SERVICES</u>		
Professional Fees		
Legal / Accounting Fees	42,000	42,000
Consultant Fees	30,000	30,000
Total Professional Fees	<u>72,000</u>	<u>72,000</u>
Other Non-Personal Services		
Employee Travel & Meals	5,000	2,500
On-line Services/ Due & Subscriptions	1,200	3,700
Office Occupancy Expenses	0	0
Insurance	2,500	8,929
Repairs/ Maint /Prop Mgmt/ Outside Serv.	4,910	4,910
Telephone/Fax/Internet	0	0
Office Supplies / Printing / Advertising	0	0
Computers/Software/Equipment	0	0
Total Other Non Personal Services	<u>13,610</u>	<u>20,039</u>
TOTAL NON-PERSONAL SERVICES	<u>85,610</u>	<u>92,039</u>
TOTAL OPERATING BUDGET	<u><u>85,610</u></u>	<u><u>92,039</u></u>