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NEW YORK EMPOWERMENT ZONE CORPORATION

MEETING OF THE DIRECTORS

Wednesday, July 8, 2015

NEW YORK EMPOWERMENT ZONE CORPORATION

Meeting of the Directors
Wednesday, July 8, 2015 at 10:00 A.M.
37th floor Conference Room
Empire State Development Corporation
633 Third Avenue, New York, NY 10017

AGENDA

HOWARD ZEMSKY, CHAIR – CALL MEETING TO ORDER

I. CORPORATE ACTION **TAB**

A. Approval of Minutes of November 12, 2014 Meeting. **1**

B. Authorization of Matters Recommended by Bronx Overall Economic Development Corporation (“BOEDC”)

1. BOEDC Administrative Budget – Authorization of \$725,000 administrative budget for fiscal year 2016. **2**

C. Authorization of Matters Recommended by Upper Manhattan Empowerment Zone Development Corporation (“UMEZ”)

1. George Washington Bridge Bus Station Development Ventures LLC (“GWBBS”) – A \$5,000,000 subordinated loan to finance the renovation of the George Washington Bridge Bus Terminal (“GWB Terminal”) in Washington Heights. **3**

2. Business Resource and Investment Service Center (“BRISC”) – A \$387,422 grant for fiscal year 2016 administrative budget. **4**

3. UMEZ Administrative Budget – Authorization of \$3,386,750 for FY 2016 administrative budget. **5**

D. Authorization of Matters Recommended by New York Empowerment Zone Corporation (“NYEZC”)

1. NYEZC Administrative Budget – Authorization of \$465,954.34 for FY 2016 administrative budget. **6**

II. SECRETARY’S REPORT FOR INFORMATION ONLY

1. Report on Empowerment Zone Funds Disbursed to BOEDC, UMEZ and NYEZC **7**

III. OTHER BUSINESS

HOWARD ZEMSKY – MOTION TO ADJOURN MEETING

NEW YORK EMPOWERMENT ZONE CORPORATION

MEETING OF THE DIRECTORS

633 Third Avenue
33rd Floor Conference Room
New York, NY 10017
November 12, 2014
10:39 A.M.

DIRECTORS PRESENT:

- Kenneth Adams, Chair, President & CEO, Empire State Development
- Sonam Velani, Designee, Alicia Glen, NYC Deputy Mayor for Housing & Economic Development, Vice Chair
- Geoffrey Eaton, Designee, Congressman Charles Rangel
- Cheryl Simmons-Oliver, Cong. Serrano's Office
- Kenneth Knuckles, President & CEO, UMEZ
- Marlene Citron, President, BOEDC
- Marion Phillips, Corporate Secretary

OTHERS PRESENT:

- Alfredo Angueira, BOEDC
- Kim Bryan, NYC Law Dept.
- Destiny Burns, ESD
- Alexandre Cheval, UMEZ
- Richard Dorado, ESD
- Blair Duncan, Esq., UMEZ
- Bert Gibson, UMEZ
- Hope Knight, UMEZ
- Debbie Myers, UMEZ
- Verdery Roosevelt, UMEZ
- Amanda Septimo, Cong. Serrano's Office
- Barry Smith, UMEZ
- Jason Washington, UMEZ
- Robert White, ESD

The Public
The Press

PROCEEDINGS

THE CHAIR: I would like to call to order the meeting of the New York Empowerment Zone Corporation for today, Wednesday, November 12th. All meetings of the New York Empowerment Zone Corporation's Directors are public meetings and members of the public are welcome to questions after each presentation. Those questions should be focused on the matters raised by the presentation itself. Two minutes are allotted for comments from individuals and up to four minutes to individuals who are representing organizations. Following a question and answer period, a motion will be made and a vote will be cast.

The first item on the agenda is approval of the minutes of the June 30th, 2014 meeting. Chairman Adams asked if any of the Directors had any questions, comments or corrections for the minutes.

The next item, the staff of Bronx Overall Economic Development Corporation is going to present initiatives proposed by their office.

BOEDC Administrative Budget

Director Cintron presented BOEDC's Administrative Budget. She first stated that the presentation would be for the remainder of the annual budget that was previously approved for 90 days. She confirmed with the Directors that BOEDC could in fact return to the Directors to request modification or increase to the current budget.

The Chairman deferred to Ms. Velani who had been discussing the budget with BOEDC off line.

Ms. Velani confirmed per a previous conversation with ESD staff and BOEDC a strategic plan was discussed. She indicated that she hoped to return within the next month and a half to meet again and discuss a budget modification.

Ms. Cintron confirmed that staff would meet prior to addressing the Directors.

Chairman Adams entertained a motion for approval.

Director Cintron properly moved and Chairman Adams seconded.

The remainder of the BOEDC Administrative Budget was unanimously approved.

Victoria Tower Project

Mr. Alexandre Cheval presented the \$10 million subordinated mortgage loan towards the Victoria Tower Project. The Victoria Theater Project is going to be a 380,000 sq. ft., 27-story

tower to be built on 125th Street next to the Apollo Theater. It is a \$165 million project that will bring many benefits to Upper Manhattan.

There are five components of the Project.

- A 208 room hotel managed by Marriott under the Renaissance brand. It's going to have all the facilities and amenities connected to that level of service, including a roof-top bar and a ballroom.
- The first and second floors will include approximately 25,000 square feet of retail. Tenants that are in discussion to enter the space include Trader Joes and Denny's.
- The project includes approximately 23,000 square feet of cultural space on the third and fourth floors. The space will be made available to local cultural institutions on a maintenance cost basis only. This space will include two theaters, including a black box theater, as well as administrative space.
- Approximately 196 residential units will be created, of which 50 percent will be affordable for a period of 50 years, well beyond the normal guidelines for affordable housing.
- A below street level parking garage is also included in the project.

The project will create over 370 full-time equivalent jobs. In addition, there will be 570 construction jobs.

The impact in terms of tourism in Upper Manhattan will be tremendous. It will be the second hotel in the area and the first full-service hotel. The first hotel, the Aloft opened in 2010.

Construction is expected to start in the first half of 2015 and to last approximately 30 months. The Renaldi Group, a New York-based construction group known for hotel construction manage the project.

A team of experienced developers responsible for the project include Danforth Development Partners, a Harlem real estate company; Exact Capital, specializes in residential units and that's done a number of projects in Harlem; and the LAM Group, a prominent hotel developer in New York City responsible for the development of more than 40 hotel construction projects.

The total project cost is approximately \$165 million. The project will be financed with a combination of debt instruments, subsidies from the federal, state and city level, as well as developer equity contribution. The bulk of the project is going to be financed by Goldman Sachs, which is going to provide a 36-months senior construction loan. Under this will be the UMEZ subordinated loan. In addition there will be approximately \$40 million in subsidies. The affordable housing component of the project will have approximately \$20 million in subsidies. In addition to that, the developers have applied for a \$5 million grant from the State CFA program for economic development. And there's going to be approximately \$30 million

provided by the City for the fit out of the cultural space. The financial stack is the \$10 million equity contribution from the three developers.

The UMEZ loan will be coterminous with the senior loan from Goldman Sachs. They will both have a 36-month maturity with a potential six-month extension leaving ample time after the construction of the project if anything is slightly delayed to refinance the facilities.

In its first year of operation, the project is expected to generate approximately \$20 million in revenues. And in terms of net operating income, it's approximately 50 percent of that or \$11 million. The hotel is going to generate the bulk of that revenue, approximately 60 percent of that. The assumptions on which those revenues are based are quite conservative. At the hotel level, occupancy is expected to reach approximately 79 percent, which is approximately what's being seen right now at the Aloft Hotel, which had an 80 percent occupancy level in 2014, and that's a significant discount compared to the Manhattan average, which is approximately 89 percent. In terms of the average daily room rate, we're --the projections are based on \$185 per night, which is --which represents a 35 percent discount to the Manhattan average. So based on those numbers, we believe that the Marriott will be able to attract a number of customers to Harlem.

On the retail segment of the project, projections are based on the rent per square foot of \$50, which is significantly lower than --of what can be seen on the 125th Street right now. At the Whole Foods they're building, that will --that will house the Whole Foods at the corner of 125th Street and Lenox Avenue, rents went to \$175 per square foot.

The residential project, revenues are based on market rates that are currently being seen in the area and a two percent vacancy rate. Based on those revenue projections, we believe that the project is able to service its debt adequately for the six-months to 12-months period during the project. During which the project will service its debt, the debt service coverage ratio is expected to be 1.74, which is a very strong ratio. And we've also stressed, tested stress case scenarios in which we'd have lower occupancy or lower room rates or higher vacancy rates on the retail part of the project, and in all those cases, the project is also able to refinance to pay its debt service.

Chairman Adams thanked Mr. Cheval and commended him for the thoroughness of his presentation. He then asked if there were any questions or comments from Directors.

Director Knuckles stated that the recession prevented its development several years ago when the developers were initially designated. He went on to say the thinks now is better time for this project to launch, given the changes that have happened on 125th Street. He said this development embodies the priorities of both the City and the State, as indicated by the Regional Council designating it as a priority project and the CFA grant of \$5 million. That, coupled with the long-term, full-time equivalent number of jobs, as well as the construction jobs equates to an impactful project that will have a very beneficial impact on the corridor of

125th Street, as well as all of Upper Manhattan. He expressed his enthusiasm that the project is finally coming to fruition.

Director Eaton commended Mr. Cheval on the thoroughness of his presentation.

He then went on to say that he has been associated with this project with two elected officials. He echoed Director Knuckles' sentiments regarding the causes of the delay and looks forward to advancing the project.

Ms. Velani commented that the City is very excited reiterating that the housing portion is fifty percent affordable and fifty percent market rate - which is the key factor in the administration's decision to support this project. She added that the City is also giving a pretty hefty sum of cash for the cultural facilities and fully supports the project.

Chairman Adams commented that Curtis Archer of Harlem CDC would also be cheering if he was present at the meeting. He added that this is very important project for the State through HCDC, historically and it works through ESDC as well. He said engagement of the LAM Group as a partner more than a year ago was very helpful. He called the Lam Group the linchpin that has helped turn to turn the corner along with their subsequent engagement with Goldman Sachs as the primary lender and facilitator. He then added that identifying Marriott Renaissance as the hotel flag and operator is significant as well. And I say that just at a statewide level because we are seeing an ESD is supporting several other Renaissance projects, particularly in downtown Albany, the old DeWitt Clinton house. The Renaissance flag hangs over hotels, or at hotels at are sites where historic preservation is a key objective of the hotel and it's not easy to get that designation from Marriott. He then clarified with Mr. Cheval that construction would begin during the first half of 2015.

Mr. Richard Dorado commented for the record, that there is a Labor Peace Agreement waiver in place for the hotel project and that statutory requirement is satisfied. The Chairman thanked Mr. Dorado for his input and called for a motion to approve.

Director Eaton properly moved and Director Knuckles seconded.

A \$10 million subordinated loan for the Victoria Tower was unanimously approved.

Grameen America

Mr. Cheval presented a \$500,000 unsecured loan to Grameen America.

He first disclosed that Hope Knight, the Chief Operating Officer of UMEZ, is also on the board of Grameen America. She recused herself from participation in the entire project including the application process.

The loan will provide additional lending capital to Grameen's new Harlem branch.

Grameen is one of the largest micro finance institutions in the world. It's present in over 40 countries. It's lent over \$11 billion throughout the world. And it has a unique micro-finance model in the sense that it requires no collateral from its borrowers to lend approximately \$1,500 in America at a 15 percent interest rate, which can sound high but which is actually very low for micro finance projects.

Grameen America started in 2008 in Jackson Heights, where it opened its first branch, and it has grown at a tremendous pace. Today it has over 19 branches all over the country, including California and Texas. And it has lent over \$171 million to over 30,000 unique borrowers, which effectively makes it the largest micro finance institution in the country by lending volume. A Washington Heights branch, established in 2010 has had tremendous success and a fast growth rate over the last four years. It's reached over 4,000 borrowers, which was above its projections. It's lent over \$8 million in the area, which created a significant amount of jobs but, also, additional income from all the families that are present in the area that benefited from the loans.

Grameen wants to replicate this in Harlem. In Upper Manhattan and Washington Heights it was able mostly to reach the Spanish-speaking population. In Harlem, it will target the West African population. Over the next five years, the organization expects to invest \$10 million in the area, reach 7,000 unique borrowers and create 6,000 jobs. There's also going to be, you know, additional income generated for all the families that benefit from the program, all the women --on average, \$10,000 over the next five years.

When the Washington Heights branch opened, UMEZ provided a \$500,000 pilot loan to the organization. UMEZ monitored the loan and how it was being used and saw that the benefits were tremendous so the loan was replaced in 2012 by a \$3 million loan to also provide additional capital to the Washington Heights branch. So the \$3 million have been fully disbursed. They've been rolled over to a number of borrowers. The loan is performing well so the project is working very well for us. And that's why we want to also accompany them in Harlem and replicate the performance of the Washington Heights branch.

The Harlem branch is part of a growth strategy at the Grameen level to double the number of branches around the country from 19 to 38 over the next two to three years. A new CEO recently joined, Ms. Andrea Young, she's from Avon Products. She used to be the CEO of Avon Products. She joined the group this year and she's at the helm of this growth strategy. They also hired a new Chief Financial Officer that used to work with another micro finance institution that specializes in fund raising. So they have a very strong team to lead this growth strategy around the country. Micro finance is expensive and branches are rarely sustainable in the very first year of operations. As a matter of fact, the Jackson Heights branch, which was their very first branch, only very recently reached sustainability, which means that the revenue from the loan income is able to cover the branch expenses.

The Washington Heights branch has also been very successful and is expected to become

sustainable in the very near future. And there's a number of other branches that are also expected to become sustainable very soon. However, in the meantime, Grameen needs to significantly raise money from different sources to be able to provide loan capital but, also, grant funding to pay for their operating expenses of the branch before they reach sustainability. UMEZ is fully confident in the ability of Grameen to do this because they've been able to raise over \$20 million in the past two years alone. So the growth strategy is doable and it's financeable with reasonable fund raising strategy. For all the reasons mentioned above, UMEZ is very excited about this project to provide additional loan capital to the Harlem branch and would recommend approval for the \$500,000 unsecured loan to Grameen.

Chairman Adams thanked Mr. Cheval and asked Ms. Velani if she had any questions or observations.

Ms. Velani stated that she is fully supportive. She recalled working very closely with Grameen in Bangladesh and seeing firsthand of how this capital is used. Although New York City is very different, but the work that UMEZ has done thus far to support Grameen in Upper Manhattan should definitely continue.

Chairman Adams then asked Directors Eaton and Knuckles if they had any comments. They had none.

The Chairman then asked Mr. Cheval how did he, after the first Grameen experiences and the most recent loan of \$3 million to the Washington Heights branch, settle on the \$500,000 amount for the new Harlem branch.

Mr. Cheval responded that UMEZ wanted to provide additional loan capital to the organization and encourage them to diversify their source of funding for the Washington Heights office.

Director Knuckles stated that the half-million dollars was the amount that UMEZ seeded Washington Heights with. Since it turned out so well the belief is that there will be a greater demand.

Chairman Adams then commended UMEZ for facilitating micro finance and small business loans with a partner like Grameen. He added that he had this discussion with his predecessor, Bob Steel, several meetings ago about UMEZ doing lending itself versus lending with partners that raise other money. He also added that if you get Robin Hood, you get the foundation support, philanthropic support for the operating expenses and then the \$500,000 only goes to the loan capital.

Ms. Velani added that the City is actually undergoing a strategic review of the Department of Small Business Services and there's some revamping of their entire operations. She said she is very supportive. She proposed starting the conversation to extend this model to the Bronx.

The Directors discussed the location of the new Harlem branch. It is at the Oberia Dempsey Center, which is a former public school, on 127th Street and Lenox Avenue.

Director Eaton then stated that Grameen has been a game changing success story in Washington Heights for many women with home-based businesses and the high repayment level, 95 percent.

Director Knuckles clarified the success rate at 99 percent.

Director Eaton added that it's important for the lower part of the Central Harlem community where we have a huge West African population of entrepreneurs that this will really embrace and help those families do more, especially how creative that community is.

Chairman Adams asked if there were additional comments or questions from the public. There were none. He entertained a motion for approval.

Director Knuckles properly moved and Director Eaton Seconded. The \$500,000 loan to Grameen America was unanimously approved.

UMEZ marketing budget for 2015-'16

Ms. Debbie Meyer presented the UMEZ Marketing budget for the 2015-2016 fiscal year.

Ms. Meyer introduced herself as a consultant for UMEZ for two years and a longtime resident of Upper Manhattan.

She presented the Marketing budget of \$120,000 to cover two more years of marketing commencing July 1st, 2014 and ending June 30th, 2016. She stated that the budget was to maintain marketing efforts and to undertake similar activities to share UMEZ's economic development and community development efforts.

The last \$120,000 budget lasted over two years, partly because some of the work was delayed. UMEZ has, since the last budget, put out two big reports; a bi-annual report and an annual report. Some of UMEZ's work was captured with photography, a summary page "at a glance" was created, a survey was created and the website was revamped.

UMEZ has had many public promotional events and press events and wants to continue doing this. Updates and enhancements are being considered to make the website more user friendly; Networking and promotional events have increased so that more people know that UMEZ is here and available; Press conferences and ribbon cutting ceremonies to promote. UMEZ sponsors local events like the Harlem Week Economic Forum, the Juan Pablo Duarte Carnival de Boulevard at Washington Heights and Restaurant weeks and other things that drive people to Upper Manhattan.

Chairman Adams thanked Ms. Meyer and confirmed the budget is equivalent to the previous request.

Director Knuckles added that the UMEZ Board is undertaking an internal strategic exercise right now. And the likelihood is that a part of that will have a marketing dimension to it and we will likely come back for more resources. But as Debbie indicated, we think that this amount is adequate to the current scope of work that we want to do, hence, we make the request.

Chairman Adams asked if there were additional comments or questions from the public. There were none. He entertained a motion for approval.

Director Knuckles properly moved and Director Eaton Seconded. The \$120,000 Marketing Budget was unanimously approved.

NYEZC Administrative Budget FY 2013

Marion Phillips III presented the New York Empowerment Zone Corporation Administrative Budget for fiscal year 2013. Due to lack of quorum, the budget was not previously approved by the Directors.

The budget request is for \$495,000, which is a reduction from the previous years due to staff changes as it relates to staff allocations to the Empowerment Zone. Of the 295, the number to the Zone is really about 205, because the City and the State both are able to keep \$135,000 for their staffing needs. So the portion that is really off to the Zone is \$205,000. The reason that it always reflects the City and the State allocation, just to be totally transparent in terms of what the total cost it is to run the organization.

Chairman Adams asked if there were additional comments or questions from the public. There were none. He entertained a motion for approval.

Director Knuckles properly moved and Director Cintron seconded. The NYEZC Administrative Budget was unanimously approved.

Secretary's Report

Mr. Phillips presented the disbursement report of the Empowerment Zone over time. He stated that it reflects is the total amount that was allocated, loan repayments from both organizations and what was totally approved and disbursed. The chart is designed so that all the Directors are aware of what's being disbursed and what's going on. As it relates to timing, this report is as of September 2014.

The Chairman confirmed the disbursement report was an informational item that requires no board action.

Director Cintron noted a typographical error in the balances.
Mr. Phillips advised it would be updated in subsequent reports.

Director Adams made a motion to adjourn the meeting.

Director Knuckles properly moved and Director Cintron seconded.

Chairman Adams thanked all Directors and presenters. The meeting was adjourned at 11:20 am.

FOR CONSIDERATION

July 8, 2015

TO: The New York Empowerment Zone Corporation Board of Directors

FROM: Howard Zemsky

SUBJECT: South Bronx (Bronx County) – Bronx Overall Economic Development Corporation – Empowerment Zone

REQUEST FOR: **Authorization for Bronx Overall Economic Development Corporation's Fiscal Year 2016 Administrative Budget and to Take Related Action.**

The Directors are requested to approve an operating budget for the fiscal year 2016 for the Bronx Overall Economic Development Corporation ("BOEDC"). The Operating Principles Memorandum of Understanding, dated January 19, 1996, (the "MOU") authorizes each Local Development Corporation to use up to 15% of its proportional share of the Zone Funds aggregate for the entire period of designation for costs and expenses of administration. BOEDC's proposed fiscal year 2016 administrative budget is SEVEN HUNDRED TWENTY FIVE THOUSAND DOLLARS (\$725,000.00).

**Bronx Overall Economic Development Corporation
Annual Administrative Operating Fund Statement
For the period July 1, 2015 to June 30, 2016**

<u>Item</u>	<u>Total Funding Request from Loan Repayment</u>
<u>Personnel</u>	
Salaries & Wages	\$457,700.00
Fringe Benefits	\$126,387.00
Total Personnel Costs	\$584,087.00
<u>Contracted Costs</u>	
Accounting/Auditing	\$35,000.00
Legal Services	\$35,000.00
Total Contracted Costs	\$70,000.00
<u>Other Operating Costs</u>	
Equipment Lease (Copier)	\$18,000.00
Travel/Meetings/Motor Vehicle	\$5,513.00
Office Supplies	\$3,900.00
Telephone	\$12,500.00
Postage	\$500.00
Dues/Subscriptions	\$500.00
Equipment Repairs & Maintenance	\$18,000.00
Insurance	\$11,000.00
Equipment Software Purchases	\$1,000.00
Total Operating Costs	\$70,913.00
TOTAL	<u>\$725,000.00</u>

**The Bronx Overall Economic Development Corporation
EMPOWERMENT ZONE
ANNUAL ADMINISTRATIVE OPERATING FUND STATEMENT
For the Period July 01, 2015 to June 30, 2016**

Descriptions	<u>Total</u>
Personnel	
Staff Salaries	457,700.00
Staff Fringe Benefits	\$126,387.00
Total Personnel Costs	<u>\$ 584,087.00</u>
Contracted Costs	
Accounting/Auditing	35,000.00
Legal Services	35,000.00
Professional & Consultants	-
Total contracted costs	<u>\$ 70,000.00</u>
Other Operating Costs	
Travel/Meetings	5,513.00
Office Supplies	3,900.00
Equip/Software Purchases	1,000.00
Equipment Lease(Copier	18,000.00
Telephone	12,500.00
Postage	500.00
Printing/Publications	
Marketing/Conferences	
Staff Development	
Dues/Subscriptions	500.00
Equip Repairs and Maint	18,000.00
Insurance	11,000.00
Miscellaneous	
Total other operating costs	<u>70,913.00</u>
Total OTPS	140,913.00
Total	<u>\$ 725,000.00</u>

**Bronx Overall Economic Development Corporation
Empowerment Zone
Annual Operating & Administrative Budget
Year ended June 30, 2016**

<u>Descriptions:</u>	<u>Budget FY 6/30/2016</u>	<u>Budget FY 6/30/2015</u>	<u>Variance- Fav/(Unfav)</u>	<u>Percentage change</u>
	(1)	(2)	(3)	(4)
			(1) - (2)	(3)/(1)
<u>Personnel:</u>				
Staff Salaries	457,700.00	398,526.00	59,174.00	12.93%
Staff Fringe Benefits	\$126,387.00	\$119,558.00	6,829.00	5.40%
Total Personnel Costs	584,087.00	518,084.00	66,003.00	11.30%
<u>Contracted Costs:</u>				
Audit fee	35,000.00	32,000.00	3,000.00	8.57%
Legal Fees	35,000.00	20,000.00	15,000.00	42.86%
Total contracted costs	70,000.00	52,000.00	18,000.00	25.71%
<u>Other Operating Costs:</u>				
Equipment Lease(Copier	18,000.00	13,000.00	5,000.00	27.78%
Travel/Meetings/Motor Vehicle	5,513.00	7,810.00	(2,297.00)	-41.67%
Office Supplies	3,900.00	6,500.00	(2,600.00)	-66.67%
Telephone	12,500.00	12,206.00	294.00	2.35%
Postage	500.00	2,200.00	(1,700.00)	-340.00%
Dues/Subscriptions	500.00	2,200.00	(1,700.00)	-340.00%
Equipment Repairs & Maint.	18,000.00	15,000.00	3,000.00	16.67%
Insurance	11,000.00	10,000.00	1,000.00	9.09%
Equipment/Software Purchases	1,000.00	-	1,000.00	100.00%
Total other operating costs	70,913.00	68,916.00	1,997.00	2.82%
Total OTPS	140,913.00	120,916.00	19,997.00	14.19%
Total Expense	725,000.00	639,000.00	86,000.00	11.86%



**RESOLUTION OF
THE BRONX OVERALL ECONOMIC DEVELOPMENT
CORPORATION**

**REGARDING BRONX EMPOWERMENT ZONE ("BEZ") ADMINISTRATIVE
BUDGET FOR FISCAL YEAR JULY 1, 2015 TO JUNE 30, 2016
("BOEDC BEZ ADMIN BUDGET for FY 2015- 2016")**

**AT A BOEDC BOARD EXECUTIVE COMMITTEE MEETING HELD ON THE 26th
DAY OF JUNE 2015**

WHEREAS, the Executive Committee of the Board of the Bronx Overall Economic Development Corporation (the "BOEDC") has reviewed the materials presented to it (the "Materials"), a copy of which have been filed with the records of the BOEDC, relating to the BOEDC BEZ ADMIN BUDGET for FY 2015 – 2016 of SEVEN HUNDRED AND TWENTY FIVE THOUSAND DOLLARS (\$725,000.00) (the "Project"); and

WHEREAS, the BOEDC Board (the "Board") has found the Project to be consistent with the relevant Strategic Plan and the criteria for projects and initiatives seeking support from the New York Empowerment Zone Corporation (the "NYEYC");

NOW, THEREFORE, BE IT RESOLVED, that the Board approves the Project and authorizes BOEDC Staff to submit the Project to the NYEYC for authorization as to same subject to terms and conditions substantially similar to those included in the Materials; and be it

FURTHER RESOLVED, that the President and CEO of the BOEDC, or his/her respective designees, are hereby authorized to make such changes to the terms and conditions of the Project 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.

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"), the Directors hereby authorize an administrative budget of SEVEN HUNDRED TWENTY FIVE THOUSAND DOLLARS (725,000.000) for fiscal years 2016, pursuant to the purposes described 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 by others ("MOU"); and be it further

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

July 8, 2015

BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION – Authorization of \$725,000 administrative budget for fiscal year 2016.

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"), the Directors hereby authorize an administrative budget of SEVEN HUNDRED TWENTY FIVE THOUSAND DOLLARS (\$725,000) for fiscal year 2016, pursuant to the purposes 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, the President and Treasurer, or their respective designee(s), acting jointly are hereby authorized in the name and on behalf of the Corporation to approve expenditures, 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

July 8, 2015

Attached are materials prepared by UMEZ for its Board of Directors containing narrative

TO: The New York Empowerment Zone Corporation Board of Directors

FROM: Howard Zemsky

SUBJECT: New York (New York County) - Upper Manhattan Empowerment Zone Development Corporation

REQUEST FOR: Authorization for Loan to George Washington Bridge Bus Station Development Ventures LLC Initiative and to Take Related Actions.

I. Initiative Summary

Organization Name: Upper Manhattan Empowerment Zone Development Corporation ("UMEZ")
55W 125th Street - 11th Floor
New York, New York 10027

Contact: Kenneth Knuckles
President and CEO
(212) 410-0030

Proposed Initiative: A \$5M loan to George Washington Bridge Bus Station Development Ventures LLC to finance the renovation.

Total Initiative Cost: \$165,638,000

Proposed Empowerment Zone ("EZ") Investment: \$5 Million (Loan)

Funding Sources:

Federal EZ SSBG Funds:	\$	1,666,667
State EZ Funds:	\$	1,666,666
City EZ Funds:	\$	1,666,667
EB-5 Senior Loan:	\$	72,000,000
EB-5 Mezzanine Loan:	\$	19,000,000
NMTC Equity:	\$	4,699,000
Partner Equity:	\$	7,739,000
Port Authority Bus Terminal Renovation Contribution	\$	57,200,000
Total	\$	165,638,000

Fiscal Year: 2016

II. Initiative Narrative

Attached are materials prepared by UMEZ 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 loan.

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 UMEZ to **George Washington Bridge Bus Station Development Ventures LLC**. 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:

- 319 full-time equivalent jobs created
- Improved and increased retail businesses
- Improved daily life and commute for Upper Manhattan residents

V. Residents Benefits

This Initiative will benefit EZ residents by:

- Same as above

VI. Federal Funding Goals

This initiative will meet the following Federal funding goals:

- Achieve or maintain economic self-support to prevent, reduce, or eliminate dependency.
- Achieve or maintain self-sufficiency by reducing or preventing social dependency.
- New physical infrastructure development, which is feasible, attainable in the current economic environment and sustainable.
- Increasing the number of permanent-job creating new businesses in the EZ/EC.
- The needs of existing businesses in the EZ/EC, including without limiting the foregoing, expansion of such existing businesses to stimulate job creation.

VII. Additional Materials

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

Category	Amount	Source
TOTAL PROJECT COSTS	\$2,500,000	
UMEZ Loan	\$1,000,000	Federal EX Funds
Partner Equity	\$1,500,000	State EX Funds
UMTC Equity	\$2,500,000	State EX Funds
EB-5 Maximize Loan	\$1,000,000	State EX Funds
EB-5 Senior Loan	\$1,000,000	State EX Funds
Financing Requested	\$2,500,000	State EX Funds
TOTAL	\$2,500,000	

FOR CONSIDERATION

To: The New York Empowerment Zone Board of Directors (the "NYEZ")
From: Kenneth J. Knuckles, President and CEO, UMEZ
Date: June 29, 2015
Subject: \$5,000,000 Subordinated UMEZ Loan

INITIATIVE SUMMARY

Organization: George Washington Bridge Bus Station Development Ventures LLC

Project Manager: [Redacted]

Contact: Stephen McBride

Current Address: *Current Address:*
11890 Sunrise Valley Drive, Suite 554
Reston, VA 20191

Phone/Fax: (703) 403-4734 / smabride@sjmpartners.com

Type of Business: Retail/Mall

Tax Structure: LLC

IRS Tax ID#: N/A

Date Incorporated: 2008

Total Project Costs:	EB-5 Senior Loan	\$ 72,000,000
	EB-5 Mezzanine Loan	19,000,000
	UMEZ Loan	5,000,000
	NMTC Equity	4,699,000
	Partner Equity	7,739,000
	<u>Port Authority Bus Terminal Renovation Contribution</u>	<u>57,200,000</u>
	TOTAL PROJECT COSTS	\$165,638,000

Financing Requested: \$5,000,000 Subordinated UMEZ Loan

Funding Sources:	Federal EZ Funds	\$ 1,666,666.68	Loan
	State EZ Funds	1,666,666.67	Loan
	<u>City EZ Funds</u>	<u>1,666,666.67</u>	Loan
	TOTAL	\$ 5,000,000.00	

Employment: 319 full-time equivalent jobs will be created.

Investment Proposal

UMEZ Staff seeks the New York Empowerment Zone Board of Director's ("NYEZ") approval of a \$5,000,000 subordinated loan to finance the renovation of the George Washington Bridge Bus Terminal ("GWB Terminal, or "the Terminal") in Washington Heights. The existing terminal, which was built in 1963 and underwent no significant renovation since then, is no longer adapted to the current passenger and bus traffic and has a poor retail offering. The \$108 million renovation project commissioned by the Metropolitan Transportation Authority ("MTA") is led by experienced developers SJM and Slayton Ventures ("the Developers") and will modernize the bus facilities, as well as create over 100,000 square feet ("sf") of prime retail space. Tenants include national retail chains such as The Gap, Marshall's and Key Food. 10,000 square feet of prime retail space were reserved for small local businesses (BRISC is separately offering financing to these businesses.) Renovation began in September 2014, and is expected to last until September 2015. The developers obtained a 99-year lease from the MTA. Benefits for Upper Manhattan include 319 full-time equivalent jobs created and an improved retail offering, including access to healthy food.

The Project will be financed using a combination of senior and subordinated EB-5 financing (\$91 million or 85% of project costs), New Market Tax Credits ("NMTC") funding (4%), developer equity (7%), and a \$5 million UMEZ subordinated loan (4%.) All financing sources have been secured and disbursed at the exception of the subordinated EB-5 facility which is currently going through the US State Department approval process. UMEZ will disburse its funds along with that last tranche of financing, whose disbursement is expected to occur between July 2015 and February 2016, at the end of the renovation or shortly afterwards. UMEZ will provide a 7-year, \$5 million, partially-amortizing subordinated facility at a 7% interest rate.

UMEZ Staff believes this proposal meets the investment criteria established by the UMEZ Board in February 2004:

	Investment Criteria	Comment
☑	Strategic fit	The Project will help renovate a key infrastructure in Upper Manhattan, bring an improved retail offering to the area including local businesses, and improve daily life and commute for Upper Manhattan residents.
☑	Sustainable business	The Project has secured strong leases from reputable national chains as well as strong local businesses with successful existing stores, and will operate under a 99-year lease from the MTA.
☑	Realistic business plan	Projections are based on 10-year leases, of which 79% have already been signed.
☑	Experienced management	The developers have a strong background in commercial real estate development and over 60 years of combined experience in the industry.
☑	Predictable cash flows	Cash-flows will be derived from rents under leases signed for 10 years, or 5 years beyond the maturity of the UMEZ loan.
☑	Adequate capital structure	Adequate equity contribution from the developers. UMEZ will only disburse its funds once all funding has been secured and is being disbursed.
☑	Creation of at least 5 jobs	The Project will help create or maintain over 319 Full-time Equivalent ("FTE") jobs in Upper Manhattan.
☑	Efficient investment	Approximately \$15,700 per FTE job, which is under UMEZ's \$35,000 threshold. UMEZ's \$5 million investment will leverage over \$100 million in private investment in Upper Manhattan.
☑	Community impact	A majority of the tenants of the terminal will be local business owners. A significant share of the jobs created will go to Upper Manhattan residents.

With this Project, UMEZ will further its mission of attracting new businesses, creating jobs and increasing sustainable businesses. Based on UMEZ Staff's assessment of the Project's merits and long-term beneficial impacts on Upper Manhattan, Staff requests the Committee's recommendation to the Board for approval of the \$5,000,000 subordinated loan requested for the George Washington Bridge Bus Terminal Renovation.

Request Description

1. Project Description

Located between Fort Washington Avenue and Wadsworth Avenue, and between West 178th and 179th Streets in Washington Heights, the George Washington Bridge Bus Terminal, is a large transportation hub serving New Jersey and upstate New York, with an average daily traffic of 17,000 passengers. The building, which was built in 1963, is aging and facing passenger traffic it was not designed to handle. In addition, the current structure has poor street access design, no appropriate ventilation system, and a poor retail offering.

The Terminal renovation project was launched by the MTA in 2008. The new station will include a modern, American Disability Act-compliant, fully enclosed, air conditioned passenger pavilion and a reconfigured bus concourse, all directly accessible from the street and subway levels. The pavilion will also house a spacious waiting area.

The retail offering will also be improved. Bus operations will be consolidated to the roof top level, opening up the lower levels for the development of the GWB Mercado – over 100,000 square feet of new retail space with both national retailers and small businesses from the community. The Mercado will feature a range of food and service options for commuters, and nearby residents. Anchor tenants include a Fine Fair Supermarket, a Blink health club, a Marshall's department store, The Gap and a Buffalo Wild Wings restaurant.

The Renovation Project is a public-private partnership between the Port Authority and GWBBS Development Venture (“GWBBS”, or the “Project Company”), which is owned by SJM Partners and Slayton Ventures, two experienced real estate developers.

Existing and Future Terminal viewed from Broadway



2. Uses of Funds

Total project costs amount to \$165.6 million, shared between the Port Authority and the developers. GWBBS is responsible for the entire renovation works. The Authority will contribute \$52.7 million, as well as up to \$4.5 million in design costs reimbursement to overall project costs to pay for a portion of construction costs related to bus facilities and common areas. The developers will pay for the remaining \$108 million in renovation costs. Upon completion, GWBBS will operate and maintain the retail space and the Port Authority will operate and maintain the bus operations.

The transaction received the Community Development Award of the Year in the Metro category for the innovative use of NMTCs to carry out the renovation.

Sources & Uses

Source	\$'000	%	Uses	\$'000	%
EB5 First Trust	72,000	66%	Port Authority Lease Payments	6,440	6%
EB5 Mezzanine Loan	19,000	18%	Hard Costs	60,234	56%
UMEZ Subordinated Loan	5,000	5%	Soft Costs	25,999	24%
NMTC	4,699	4%	Contingency	4,029	4%
Equity	7,739	7%	Developer Fee	1,836	2%
			Financing Costs	9,899	9%
Total	108,438	100%	Total	108,438	100%

Total Project costs amount to \$108.4 million; hard costs (56%), soft costs (24%) as well as advance payments to the Port Authority on the Terminal Lease (6%) represent the bulk of renovation costs. A \$1.8 million developer fee (2%) is also factored in, as well as financing costs corresponding to EB-5 closing costs and interests during construction. A contingency reserve equivalent to 5% of hard and soft costs (or 4% of total costs) is also built in.

The Project is financed with a combination of EB-5 financing, developer equity, and New Market Tax Credits, as well as UMEZ financing. EB-5 funding is split between two tranches. A senior, \$72 million facility (66% of Project costs), was disbursed in 2013. A second, subordinated \$19 million tranche (18%) is expected to be disbursed between July 2015 and February 2016. The UMEZ loan will be disbursed at the same time, and will be pari-passu with the second EB-5 tranche. A bridge loan is currently being negotiated by the developers to cover the second EB-5 tranche and UMEZ loan until disbursement.

3. Loan Terms, Economics and Debt Repayment

Loan Terms

UMEZ would provide a 7-year, partially amortizing, \$5 million subordinated loan to the Project Company. The loan will be repaid at the same time as the senior and subordinated EB-5 loans, which is expected to occur in 2022.

UMEZ will have a pari-passu second mortgage on the Ground Lease. Upfront fees would amount to 1%, with a 7% interest rate.

Summary UMEZ Loan Terms	
Borrower	George Washington Bridge Bus Station Development Ventures LLC
Security Type	Subordinated Loan
Principal Amount	\$5,000,000
Purpose	To renovate the George Washington Bridge Bus Terminal
Maturity	Earlier of seven (7) years from closing or the maturity date of the senior debt of the project (2022)
Underlying amortization	15 years
Repayment	Partially amortizing throughout the life of the loan after 6 months principal grace period (53% balloon at maturity)
Ranking	Pari-passu with EB-5 Subordinated loan
Covenants	Minimum DSCR of 1.1x
Security	<ul style="list-style-type: none"> • Personal guarantee from developers. • Second mortgage on 99-year Ground Lease • Subordinated interest in project assets
Interest Rate	7%
Upfront Fee	1%
Closing conditions	25% of the EB-5 Mezzanine facility has been made available to the Borrower.

Base Case & Sensitivities

Based on the current financing package, the Project would be able to service its debt obligations with a min/average Debt Service Coverage Ratio (“DSCR”) of 1.12x and 1.21x respectively. The Project would be able to repay its obligations under stress conditions, as shown in the table below.

Base Case & Sensitivity Analysis

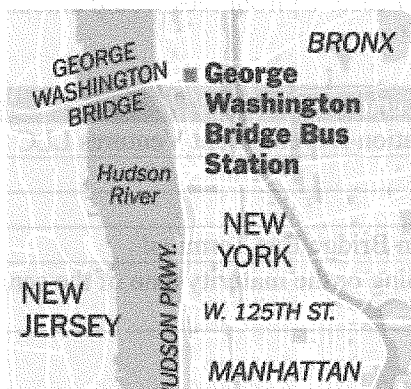
Case	Min DSCR	Average DSCR
Base Case	1.12x	1.21x
10% vacancy rate on all tenants	1.04x	1.13x
20% vacancy rate on small businesses, 2% on large tenants	1.09x	1.19x
20% higher operating expenses	1.10x	1.20x
Worst-case scenario: 13% vacancy rate on small businesses and national retailers, 15% higher opex	1.00x	1.08x

Project Overview

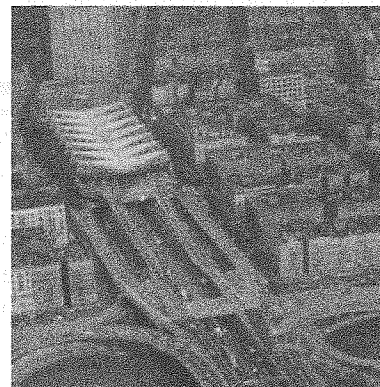
1. George Washington Bridge Bus Terminal Overview

The George Washington Bridge Bus Terminal sits atop the Manhattan side of the George Washington Bridge, directly above the 12-lane Trans-Manhattan Expressway. The station services New Jersey and Upstate New York. On a typical weekday, approximately 950 buses use the station. In 2012, 4.7 million passengers commuted through the station. The station is owned and operated by the Port Authority of New York and New Jersey.

Bus Terminal Location



Current Bus Terminal View from the Hudson River



Opened in 1963, the building replaced a series of sidewalk bus loading areas that existed between 166th and 167th streets. The current building is constructed of large steel-reinforced concrete trusses and comprises 26 triangular sections, each with 25 concrete panels. Designed by Pablo Nervi, an Italian architect known for his innovative use of reinforced concrete, the building received the 1963 Concrete Industry Board’s Award. Nervi, one of the leading architects of the post-war period, is famous for such structures as Rome’s Stazione Termini train station as well as the city’s Palazzetto dello Sport. The bus station’s famed concrete roof, whose sides serve to facilitate ventilation of the bus platforms and the expressway beneath the building and the concrete supporting members, complements the design in the George Washington Bridge towers.

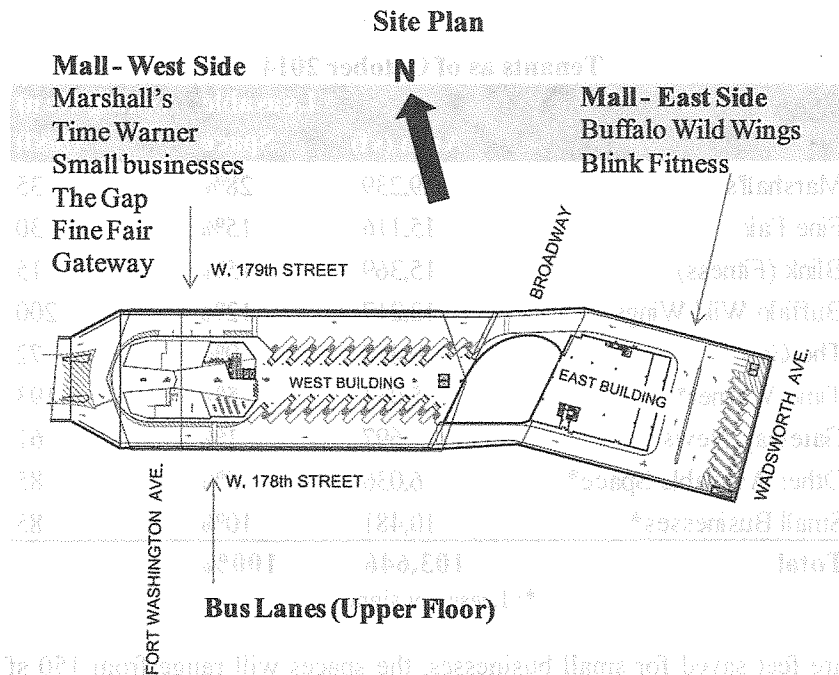
Despite its innovative and recognized design, the current terminal has been suffering from significant problems. In the nearly 50 years since it opened, the building has not once been renovated or altered. The bus platforms are scattered on different levels and are not wheelchair accessible. The retail offering was suffering from a lack of visibility and little business was going on in the terminal. The MTA therefore launched a renovation plan in 2008.

2. Proposed Renovation

After an initial process was launched, the MTA issued an RFP for the renovation of the terminal under a 99-year lease. GWB Bus Station Development Venture (“GWBBS Venture”, or the “Project Company”), a joint venture formed by SJM Partners and Slayton Ventures, two experienced real estate developers, was selected to lead the renovation process and signed the lease in 2011. The developers’ renovation project will (i) improve accessibility, (ii) modernize the outside appearance of the terminal, and (iii) improve the retail offering.

The renovated building will be improved with better access to local subways, displays of bus departure and arrival times, and central air conditioning. It will be fully American Disability Act-compliant. The renovated terminal will keep part of the concrete structure, while softening the rectilinear language of the original with some curves. Some concrete elements will be replaced with glass. The renovation will also increase the number of passenger gates to 23 from 17.

The redevelopment plan will expand and enhance the building complex by adding retail stores that front on the east and west sides of Broadway. It will expand retail space from 30,000 sf to 100,000 sf with large tenants like Marshalls, The Gap, Fine Fair, and Blink Fitness. The retail space will be located both within the main terminal, and in a separate building on the East Side of Broadway with street level access, as shown below.



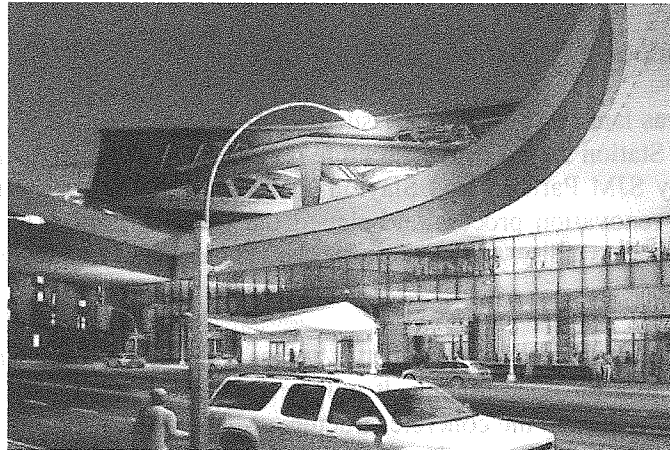
As part of the renovation, the Port Authority required the developers to build a 1,600 sf community space in the terminal. Post-renovation, the space will be turned over to the Port Authority, and be given to a non-profit organization yet to be announced for up to seven years, rent and common charges-free.

3. Tenancy

The retail offering in and around the bus station was very limited. Suffering from low accessibility from street level and inside the terminal, most of the businesses paid very low rents and some spaces were

unoccupied. The new terminal will provide renovated spaces and better street access for the businesses. Interest has been very strong from both large retail chains, and small business owners from the community. Large chains will occupy 90,000 sf, and 10,000 sf are reserved for small businesses.

Terminal rendition



As of October 2014, 79% of the leasable space at the terminal had been leased. The Gap, Marshall's, Blink Fitness, Fine Fair, Buffalo Wild Wings, have all signed leases for a combined 81,000 sf. In addition, Time Warner has signed letters of interest for another 11% of the leasable space, and a number of small businesses have also signed leases for their spaces, giving strong confidence that most of the space will be leased by the re-opening of the Terminal in September 2015. These retailers are expected to attract very significant traffic from passengers, as well as from residents, given the limited presence of retail chains in the area (see p.13). All renters have signed leases for at least 10 years, with a 5-year extension option.

Tenants as of October 2014

	Area (sf)	Leasable Space	Asking Rent (\$/sf)
Marshall's	29,239	28%	35
Fine Fair	15,116	15%	30
Blink (Fitness)	15,369	15%	15
Buffalo Wild Wings	12,217	12%	200
The Gap	9,458	9%	72
Time Warner*	5,033	5%	193
Gateway News	697	1%	61
Other Available Space*	6,036	6%	85
Small Businesses*	10,481	10%	85
Total	103,646	100%	

*: Lease not signed

Local Tenants

In the 10,000 square feet saved for small businesses, the spaces will range from 150 sf to 1,000 sf, and will house a number of businesses that will cater to passengers as well as nearby residents. All leases are signed for 10 to 15 years with business owners who already own a successful business in the community and are seeking to expand. The spaces will be rented at \$100/sf including common charges, with rents increasing by 2% annually. Businesses which already signed leases include a café, a restaurant, a yogurt stand, a nail salon, an insurance broker, a financial services firm, and an optometrist.

Once given access to the Terminal in April 2015, businesses will then either bring in their own contractors or hire the Project contractor for the fit-out of the spaces, which will be delivered as white

boxes by the developers. Full opening for the businesses should occur by September 2015 (UMEZ's loan will be disbursed between July 2015 and February 2016.)

4. Renovation

Construction

The renovation will be carried out by General Contractor, Tutor Perini, one of the largest general contractors in the United States. The renovation of the bus terminal itself is expected to be achieved first, after one year and three months of construction.

The construction contract guarantees a maximum price for construction, which significantly reduces the risk of cost overrun. In the event that the Contractor fails to meet the Substantial Completion deadline, liquidated damages of up to \$33,000 per day will be paid to the Project Company. (There are no penalties for delays under the Ground Lease other than a potential event of default if the renovation is not completed within three to four years – please see below.)

Construction Contract

Provision	Summary
Contractor	Tutor Perini Building Corp.
Obligor	George Washington Bridge Bus Station Development Venture LLC
Contract Price	Cost of work plus 4.75% fee
Guaranteed Maximum Price	\$100,454,000
Completion Date	Bus Terminal: 470 days from issuance of Notice to Proceed (November 2015) Leasable space: 517 days from issuance of Notice to Proceed (January 2016)
Payments	Monthly payments, minus 10% retainage
Indemnification	Contractor to indemnify Obligor the same indemnification required by the Port Authority under the Ground Lease, provided that the damages and claims or losses arose out of the performance of the construction work.
Liquidated Damages	Bus Terminal: \$14,230 per calendar day of delay beyond Substantial Completion Date (\$425,000 per month, uncapped) Leasable space: \$19,000 per calendar day of delay beyond Substantial Completion Date (\$597,000 per month, uncapped)
Termination	Customary termination clauses; Owner to compensate and pay fee to contractor for costs incurred if chooses to terminate contract.
Insurance	Customary insurance requirement; Umbrella liability insurance of \$100 million for at least 10 years post Completion Date
Performance & Payment Bond	\$100,454,000 unto the Developer and the Port Authority

Environmental Impact

The environmental study did not reveal any significant issue with the renovation project. The environmental consultant has identified some minor issues which are expected for a building built over 50 years ago, such as asbestos containing materials, lead-based paint, Polychlorinated biphenyls (PCBs) containing caulking materials, as well as water damage and stained roadway areas, which can all be properly and safely managed prior to or during renovation activities.

5. Operating Structure

The developers will own the lease to the Bus Terminal for up to 99 years. The renovation work will improve the bus facilities, common areas, as well as the leasable areas. Once the renovation is completed, the MTA will take over the Bus and Common areas, the Project Company will then only be responsible for the maintenance of the retail area.

Ground Lease Main Terms

Provision	Summary
Lessor	Port Authority of New York and New Jersey
Lessee	GWB Development Ventures LLC
Leased Premises	131,950 square feet of floor area including Bus premises and approx. 100,000 square feet of leasable areas
Lease Commencement Date	July 21, 2011
Term	49 years, plus an additional five 10-year extension options provided no Event of Default has occurred
Substantial Completion	Bus Facilities and Common Areas: March 31, 2015 Leasable areas: March 31, 2016 [Substantial Completion dates have been postponed to September 27, 2015 and October 15, 2015 for the Bus Facilities and Leasable facilities respectively with the authorization of the Port Authority.]
Performance Bond	The Contractor will be required to post a \$100.4 million Performance Bond, on which the Port Authority or the Developer, as applicable, may draw if the Contractor fails to perform
Port Authority Cost Contribution	The Port Authority will contribute a fixed price \$52.7 million to pay for a portion of the construction costs related to the bus facilities and common areas, as well as up to \$4.5 million in design work reimbursement.
Payments	Monthly; based on invoices for costs incurred.
Retainage	10% of Port Authority Cost Contribution until 50% is disbursed, 0% thereafter, resulting in a 5% retainage overall.
Insurance	Commercial general Liability Insurance: \$50 million Commercial Automobile Liability Insurance: \$5 million
Minority and Female Participation	Lessee to require its construction contractors and subcontractors to make good-faith efforts to achieve the goals below as a % of the aggregate work force: <ul style="list-style-type: none"> • Journey Level Trade Workers: <ul style="list-style-type: none"> ○ Minority participation: 30% ○ Female participation: 6.9% • Laborers and other unskilled workers: <ul style="list-style-type: none"> ○ Minority participation: 40% ○ Female participation: 6.9%
Sale Proceeds Sharing	The Port Authority will share in any appreciation in the value of the Leased Premises and will be transferred 2.5% of the net proceeds relating to a sale.
Events of Default	Customary Events of Default; in addition: <ul style="list-style-type: none"> • Lessee fails to commence Construction work 60 days after the Lease Commencement Date • Substantially complete the Reserved Premises and Leased Premises work within 3 years after the Lease Commencement Date and the remainder of the Project within 4 years of the Lease Commencement Date

6. Upper Manhattan Benefits

A. Upper Manhattan Benefits

Job Creation

According to Evans, Carroll & Associates, the consultancy in charge of the economic impact study for the Port Authority, the project is expected to create 530 construction jobs, as well as 319 full-time equivalent jobs. In addition, 195 indirect jobs, and 227 induced jobs will be created by the renovation, for a total of 746 permanent new jobs. 85% or 270 of these jobs will go to low-income local community residents.

Economic Benefits

Economic benefits will stem from job creation, spending currently lost to suburbs and to New Jersey outlets, as well as new business activity generated in the area. The renovation of the Terminal is expected to generate over \$19 million in household income. In addition, the total economic impact of the regional center from the supplier purchases and business relationships will create approximately \$31.7 million in additional economic activity across the region according to the study.

Improved Retail Offering

According to Evans, Carroll & Associates, the area surrounding the Terminal is notable for its current lack of retail outlets. Many residents must travel to Westchester or Northern New Jersey for shopping because of the lack of retail outlets in the area. Specifically, there are no department stores in Northern Manhattan, and limited representation by national home furnishing, consumer electronics, discount apparel, and department store chains.

Favorable terms for small business tenants

The developers have striven to provide accommodating terms to small businesses from the community. GWBBS notably paid for some of the tenants' architect fees and other costs that otherwise would be borne by a regular tenant. They also offered the tenants to use their own contractor at a reduced cost. GWBBS also engaged an attorney to represent the tenants to spare them legal expenses. The developers also requested minimal deposits from tenants, acknowledging that the tenants do not have deep pockets. They also offered accommodating lease terms at affordable rates and for a long period of time. Additional favorable lease terms include the ability to sublease or to sell businesses.

Access to fresh food

The Project will allow a grocery store to open in an area labeled as a food desert by NYEDC.

Community Space

The Project developers have included space within the project for community meetings, educational opportunities, cultural programming and other uses to be determined. With the close proximity of several institutions of higher education, it is anticipated that a variety of programs will be offered to local residents to help them obtain new skills and expand educational opportunities.

B. Financial impact of Benefits on Developer

The community benefits granted to the community by the Developers will result in lost revenues and additional costs of approximately \$11.2 million for GWWB. By carving out smaller spaces for tenants, the Developers have incurred additional costs, and the presence of small tenants as opposed to a large national retailer is also likely to negatively impact the refinancing of the Project based on future rents. The Developers are also providing a community space at no cost, resulting in lost rents and fit-out costs. GWBBS also made modifications to the superstructure of the Terminal to be able to accommodate a grocery store.

Community Benefits Impact on Project Return

	Construction cost increases	Rent Impact	Refinancing Impact	Total (S'000)
Local Businesses				
Store modification costs for smaller tenants	1,176			1,176
Smaller tenant creditworthiness at refinancing			2,570	2,570
Community Space				
3 years of free rent		500		500
Potential additional 3 years of free rent		533		533
Tenant Improvement allocation	153			153
Grocery Store				
Low rent (\$30/ sf) granted to supermarket to respond to community concerns		1,469		1,469
Impact of lower rent on			3,714	3,714
Special accomodation for loading trucks and loss of rentable space	305	798		1,103
Total	1,634	3,300	6,284	11,218

Key Partners

1. Key Partners

SJM Partners

SJM Partners has over 35 years of experience in retail, commercial and residential mixed use and single-use development projects. Currently, SJM Partners has ownership in 41 properties primarily in New York, New Jersey, Maryland, Washington DC, Virginia and Florida. SJM Partners is led by Stephen Garchik, a successful real estate developer with over 30 years of experience in the industry. Mr. Garchik has been involved in the development of approximately 4 million sf of office space, 2 million sf of residential properties, and 1 million sf of retail space. His retail experience includes developing stores for K-mart, Costco, and three anchored shopping centers.

The George Washington Bridge renovation Project is overseen by Stephen McBride, SJM's Managing Principal. Mr. McBride has been in real estate development for more than 25 years. In his career, he has been involved in all aspects of development with expertise ranging from acquisition through construction for more than 8 million square feet of retail, office, mixed use, multifamily residential and infrastructure. He joined SJM Partners in 1994.

Slayton Ventures

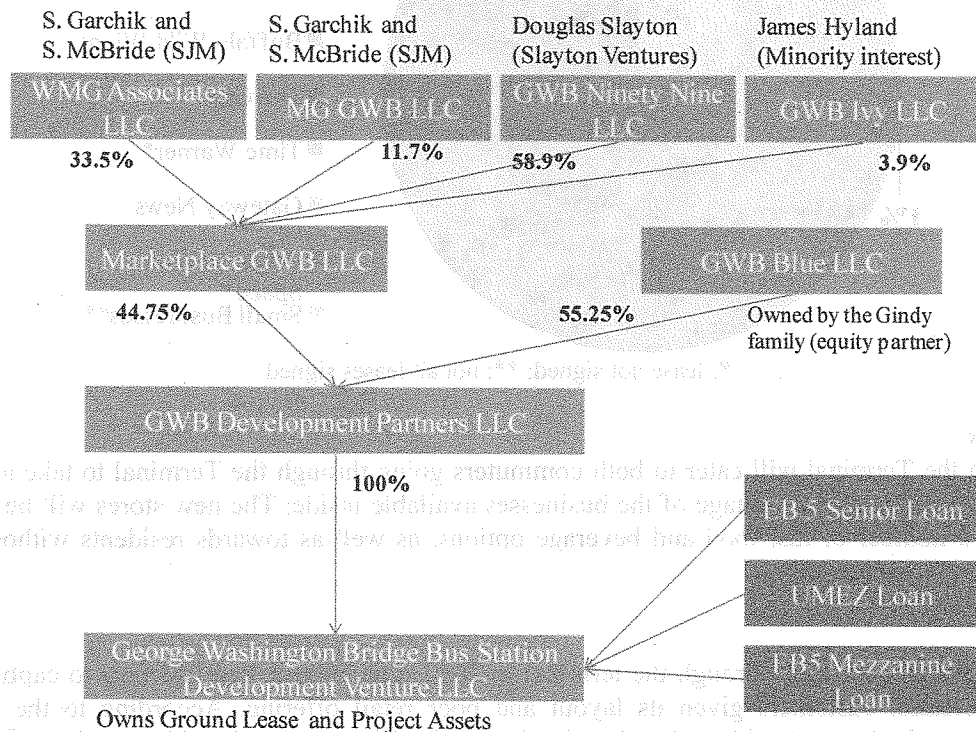
Slayton Ventures is the development company of Paul Slayton, a highly experienced New York-based developer with over 40 years of experience in residential, retail and commercial real estate. Mr. Slayton has developed 6 million square feet of shopping centers, 4 million square feet of office and industrial space and 1.5 million square feet of self-storage. Prior to founding Slayton Ventures, Mr. Slayton formed P/A Associates, with Aaron Malinsky a real estate development firm specialized in urban development opportunities.

Tutor Perini

With over \$4.2 billion in revenues in 2013, Tutor Perini Corporation is one of the largest general contractors in the United States. A leading civil and building construction company offering diversified general contracting and design-build services, it has provided services since 1894 in the United States and Canada. The company has established a strong reputation by executing large complex projects on time and within budget. During 2013, the company performed work on more than 1,500 construction projects, including the Amtrak tunnel project at Hudson Yards, the California High-Speed Rail project, the Queens Plaza substation project; and the rehabilitation of the Verrazano-Narrows Bridge. The firm, which is publicly traded, has a market capitalization of over \$1.2 billion.

2. Project Structure

Organizational Chart, GWB Renovation



UMEZ, along with the EB-5 lenders, will make a loan to the Project Company, GWBBS, which owns the Ground Lease for the Terminal as well as all the Project assets. The Project Company is majority-owned, through several subsidiaries by Stephen Garchik and Stephen McBride from SJM Partners, and Douglas Slayton from Slayton Ventures. The Gindy family, which owns a majority of the shares of the controlling entity, is a passive investor with no involvement in the day-to-day management of the Project.

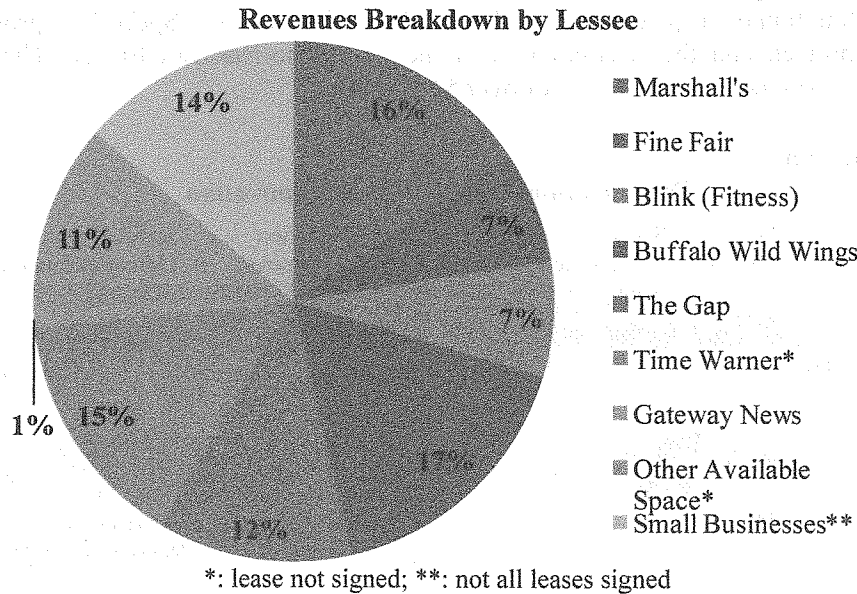
Financial Summary

Because the EB-5 facilities may not be prepaid, the developers anticipate at a minimum to retain ownership of the Ground Lease and continue operating the Terminal until the senior EB-5 loan matures, or until 2022. At this point the EB-5 facilities as well as the UMEZ loan will be refinanced. Loan documents will require a takeout of the UMEZ loan in the event of a change of ownership.

1. Business Plan

The Project will earn revenues from renting the retail space available in the terminal to large chains and small businesses. Asking rents at the terminal will vary from \$30/sf for its largest tenants, to up to \$200/sf for its prime street-level retail space. Those numbers are dramatically higher than current rents at the terminal, but far below what space might go for at Penn Station or the Port Authority Bus Terminal for instance. Small businesses will sign leases at \$100 per square foot, increasing at 2% p.a.

Revenues will be well-balanced between all the tenants, with no tenant representing more than 17% of total rent revenues. All large tenants are also part of national chains with significant financial capabilities and the ability to attract a significant crowd, both from terminal passengers and from residents from the area.



Target Customers

The businesses in the Terminal will cater to both commuters going through the Terminal to take a bus, as well as local residents seeking to take advantage of the businesses available inside. The new stores will be geared towards passengers, with a number of fast food and beverage options, as well as towards residents without a convenient access to a quality shopping mall.

Passengers

Over 4.7 million passengers went through the terminal in 2012. The current terminal fails to capture a significant share of these potential customers given its layout and poor retail offering. According to the Port Authority, passengers at the terminal are a healthy mix of professionals, families and local residents. Most passengers use NJ Transit for their commutes, although a significant number of passengers traveling from Hudson and Passaic counties use private Jitney buses to commute to the city, and represent a diversified pool of potential customers for the businesses to open at the Terminal.

Transportation hubs are great retail destinations. At Grand Central Station, which handles a daily foot traffic of 700,000, retail rents start at \$175 per sf. According to Crain's, the gross revenue from Grand Central retail leasing and special events amounted to over \$27 million in 2011, compared with a projected \$6 million at the GWB Terminal by 2017 (see analysis p.18.)

Local Residents

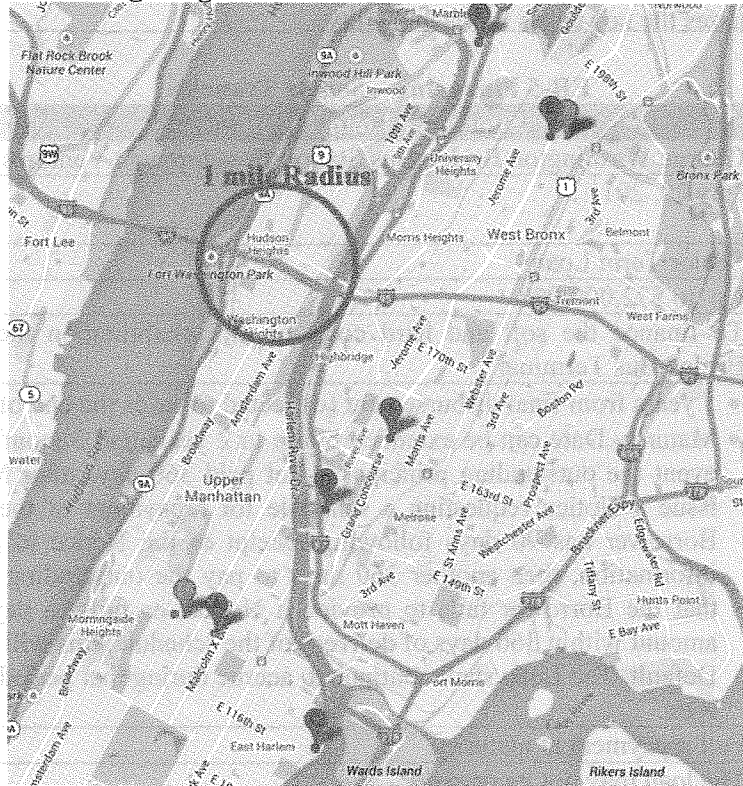
Local residents are also expected to be attracted by the enhanced retail offering of the Terminal. The retail mix at the Terminal will bridge the Hispanic community that has been there for years and neighborhoods that are beginning to see more gentrification. These include areas near Columbia University Medical Center and New York-Presbyterian Hospital.

Current retail options in the area are limited. The closest Marshall's for Washington Heights residents is located on 125th Street. Similarly, there is no major retail chain or department store in the area, and residents must commute to Harlem (3.5 miles), Midtown Manhattan (7 miles), the Bronx (2.5 miles) or New Jersey outlets to have access to national retailers and shops. The Fine Fair supermarket will also attract many residents living nearby.

In a study published in 2008, City Planning assessed that the need for supermarkets in Washington Heights was high, based on statistics related to the populations with limited opportunities to purchase fresh foods, and levels of

diet-related diseases. The study estimates that there is capacity for up to nine additional 30,000 sf supermarkets within a 0.5 mile radius from the Terminal.

Existing Large Retail Chains¹ Around GWB Terminal



Source: UMEZ Staff Research

With over 100,000 sf of enclosed retail space, the GWB Terminal will be a small mall, with a wide array of businesses (clothing, housing supplies, food and beverage, nail salon, etc.), and as such will be a leisure destination for local residents, who will be more prone to spending money. The Terminal's businesses will capture a portion of grocery and other spending currently lost to suburbs and to New Jersey outlets.

As a result, interest for the Terminal retail space has been very strong, and the developers anticipate it to be fully leased by the time of the opening in September 2015 (79% of the leasable space is currently leased.)

2. Sources & Uses & Financing Structure

Sources & Uses					
Source	\$'000	%	Uses	\$'000	%
EB5 First Trust	72,000	66%	Port Authority Lease Payments	6,440	6%
EB5 Mezzanine Loan	19,000	18%	Hard Costs	62,488	58%
UMEZ Subordinated Loan	5,000	5%	Soft Costs	25,999	24%
NMTC	4,699	4%	Contingency	1,775	2%
Equity	7,739	7%	Developer Fee	1,836	2%
			Financing Costs	9,899	9%
Total	108,438	100% Total		108,438	100%

¹ Marshall's, The Gap, H&M, Old Navy

Total Project costs amount to \$108.4 million, to be financed with a combination of developer equity and NMTCs (11% of Project costs), EB-5 debt both senior and subordinated (84%), and a UMEZ \$5 million subordinated facility (5%.)

The following table summarizes the key terms for each facility.

EB-5 Financing – Senior Tranche	
Summary Loan Terms	
Borrower	George Washington Bridge Bus Station Development Ventures LLC
Loan Agreement Date	July 20, 2011
Security Type	Senior Term Loan
Principal Amount	Up to \$72,000,000
Purpose	To finance the soft and hard costs of the rehabilitation the George Washington Bridge Bus Terminal
Maturity	<ul style="list-style-type: none"> • 5 years from final disbursement (expected towards the end of 2015) • Maturity Date can be extended by up to 2 years and 3 months (until 2022): In the event the outstanding principal is not paid 360 days after Maturity, Lender shall issue a Notice requesting a schedule for repayment of the outstanding balance. Borrower has 90 days following receipt of the Notice to provide the requested information, then another 360 days to pay the outstanding balance. In the event that the Borrower fails to provide a Notice, or fails to pay the full outstanding amount within 360 days of delivery of the schedule, this will constitute an Event of Default. The Loan shall continue to accrue during that period of time at the Interest Rate.
Repayment	Full repayment at maturity
Early Repayment	The loan may not be prepaid
Origination Fee	<ul style="list-style-type: none"> • 2% • To be paid prior to each tranche disbursement
Guarantor	GWB Development Partners
Guarantee	Guarantee of principal and interest payments under the Loan Agreement
Ranking	Senior loan
Covenants	<ul style="list-style-type: none"> • No permitted additional indebtedness • No fundamental changes • Non-disturbance of tenants
Security	<ul style="list-style-type: none"> • \$72 million first trust
Interest rate	4.75%

The senior EB5 loan is expected to be fully disbursed by the end of the year, and will mature 5 years from then (2020); the maturity date can then be extended by two years (2022.) The developers expect to extend the maturity of the senior tranche so that both EB5 tranches are co-terminus, and are co-terminus with the UMEZ loan. The subordinated tranche of the EB-5 loan is expected to be disbursed between July 2015 and February 2016.

EB-5 Financing – Subordinated Tranche

Summary Loan Terms	
Borrower	George Washington Bridge Bus Station Development Ventures LLC
Loan Agreement Date	April 7, 2014
Security Type	Subordinated Term Loan
Principal Amount	Up to \$19,000,000
Purpose	To finance the soft and hard costs of the rehabilitation the George Washington Bridge Bus Terminal
Maturity	<ul style="list-style-type: none"> • 5 years from final disbursement. • Maturity can be extended by up to four years provided that no Event of Default has occurred prior to Maturity Date by providing a written notice to the Lender. The Loan shall continue to accrue during that period of time at the Interest Rate.
Repayment	Full repayment at maturity
Early Repayment	The loan may not be prepaid
Origination Fee	<ul style="list-style-type: none"> • 2% • To be paid prior to each tranche disbursement
Guarantor	GWB Development Partners
Guarantee	Guarantee of principal and interest payments under the Loan Agreement
Ranking	Mezzanine loan
Covenants	<ul style="list-style-type: none"> • No permitted additional indebtedness • No fundamental changes • Non-disturbance of tenants
Security	<ul style="list-style-type: none"> • Second mortgage on Terminal Lease • Membership interest in the Borrower
Interest rate	6%

UMEZ Loan Terms

UMEZ would provide a 7-year, partially-amortizing \$5 million subordinated loan to the Project Company. With a five-year maturity, the loan will be refinanced along with the senior and subordinated EB-5 loans. UMEZ will have a pari-passu second mortgage on the Ground Lease. Upfront fees would amount to 1%, and a 7% interest rate.

Summary UMEZ Loan Terms	
Borrower	George Washington Bridge Bus Station Development Ventures LLC
Security Type	Subordinated Loan
Principal Amount	\$5,000,000
Purpose	To renovate the George Washington Bridge Bus Terminal
Maturity	Earlier of seven (7) years from closing or the maturity date of the senior debt of the project (2022)
Underlying amortization	15 years
Repayment	Partially amortizing throughout the life of the loan after 6 months principal grace period (53% balloon at maturity)
Ranking	Pari-passu with EB-5 Subordinated loan
Covenants	Minimum DSCR of 1.1x
Security	<ul style="list-style-type: none"> • Personal guarantee from developers. • Second mortgage on 99-year Ground Lease • Subordinated interest in project assets
Interest Rate	7%
Upfront Fee	1%
Closing conditions	25% of the EB-5 Mezzanine facility has been made available to the Borrower.

Bridge Financing

The developers are currently closing an unsecured, floating rate bridge loan with a New York based bank. The developers expect to draw on the bridge loan by the summer. The bridge loan will provide an advance of the \$19 million subordinated EB-5 loan until all EB-5 investors obtain clearance from the State Department and funds are disbursed, as well as the \$5 million to be provided by UMEZ. Final details of the bridge loan are being negotiated by the developers and more information will be provided at a later date.

3. Financial Projections

Total stabilized revenues at the terminal are expected to be in excess of \$6 million, the majority of which will come from rent payments. All leases have been signed for at least 10 years, on average approximately five years beyond the maturity of the UMEZ loan, thereby creating stable rent income throughout the life of the facility and increasing at 2% p.a. A vacancy rate of 10% on spaces occupied by small businesses, which account for 20% of total revenues, was factored in the model; for major tenants such as Marshall's or The Gap, a 2% vacancy rate was taken into account given the financial strength of these tenants and the lower likelihood of seeing large tenants leave the Terminal before the end of their lease. Projected revenues also assume a one percent credit loss on perceived rents.

The Project Company will also receive operating expenses reimbursement from national tenants under triple net leases (small tenants utilities are included in the \$100/sf rent charged to them.) Operating expenses will amount to \$8/sf. The Project Company will also pay Ground Lease Payments to the Port Authority; payments for the first 10 years were made to the Authority upon signing the Ground Lease Agreement. Operating expenses correspond to the retail area of the Terminal only; the other premises will be maintained by the MTA.

Annual Operating Expenses (\$/sf)

Opex	\$/sf
CAM / Insurance	5.0
Management Fee	2.6
Structural Reserve	0.2
Total	7.8

Net operating income is expected to reach over \$6 million by the first full operating year in 2016. Despite the Project's significant leverage, the fact that the EB-5 loan is interest only enables the Project to adequately cover debt payments on both the EB-5 and the UMEZ facilities, with an average DSCR of 1.21x and a minimum DSCR of 1.12x. The EB-5 loans will be refinanced in 2022 and the UMEZ loan is expected to be taken out at the same time.

Cash-Flows and Debt Repayment Projections, Years 1-6 (\$'000)

S'000	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
	2015	2016	2017	2018	2019	2020	2021	2022
	6M	12M	12M	12M	12M	12M	12M	6M
Gross Revenues	3,050	6,594	6,639	6,686	6,734	7,255	7,306	7,357
Credit Loss	32	70	70	71	150	77	78	78
Vacancy	113	237	239	242	245	259	262	265
Net Rent Revenues	2,905	6,287	6,330	6,373	6,339	6,920	6,967	7,015
Expenses Reimbursement	194	388	399	411	424	436	450	463
Total Revenues	3,098	6,675	6,729	6,784	6,763	7,356	7,416	7,478
Operating Expenses								
CAM / Insurance	259	517	533	548	565	582	599	617
Management Fee	125	271	273	275	275	299	301	304
Structural Reserve	16	16	16	17	17	18	19	19
Ground Lease Payment	(119)	(274)	(317)	(369)	(451)	(492)	(329)	(162)
Total Expenses	281	530	505	472	406	406	590	778
NOI	2,818	6,145	6,224	6,312	6,357	6,950	6,826	6,700
EB5 Senior Loan								
Debt - BoP	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000
Principal Payment	0	0	0	0	0	0	0	72,000
Interest Payment	1,710	3,420	3,420	3,420	3,420	3,420	3,420	3,420
EB5 Mezzanine Loan								
Debt - BoP	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000
Principal Payment	0	0	0	0	0	0	0	19,000
Interest Payment	570	1,140	1,140	1,140	1,140	1,140	1,140	1,140
UMEZ Debt								
Debt - BoP	5,000	5,000	4,667	4,333	4,000	3,667	3,333	3,000
Principal Payment	0	333	333	333	333	333	333	333
Interest Payment	175	350	327	303	280	257	233	210
NMTC								
Interest Payment	70	141	141	141	141	141	141	0
Total Debt Service*	2,525	5,384	5,361	5,338	5,314	5,291	5,268	5,103
DSCR	1.12x	1.14x	1.16x	1.18x	1.20x	1.31x	1.30x	1.31x
Average DSCR	1.21x							
Min DSCR	1.12x							

Upon maturity, \$3.33 million will remain outstanding on UMEZ's facility (67% balloon) and 78% (\$3.92 million) of the principal will have been down.

Sensitivities

UMEZ Staff ran sensitivities to test the ability of the Project to repay its debt under distressed circumstances. Based on the simulations summarized below, the Project can withstand severe stress conditions and still be able to repay the UMEZ loan.

Base Case & Sensitivity Analysis

Case	Min DSCR	Average DSCR
Base Case	1.12x	1.21x
10% vacancy rate on all tenants	1.04x	1.13x
20% vacancy rate on small businesses, 2% on large tenants	1.09x	1.19x
20% higher operating expenses	1.10x	1.20x
Worst-case scenario: 13% vacancy rate on small businesses and national retailers, 15% higher opex	1.00x	1.08x

Refinancing

Upon maturity of the mezzanine EB-5 tranche, the Developers will seek to refinance the Project. \$91 million will become due to EB-5 investors, as well as \$3.33 million to UMEZ.

Based on current market conditions, with cap rates around 4% for commercial real estate projects, the Project will be able to refinance its debt package. In the conservative scenario below, with a 6% cap rate, the Developers would be able to sell the Project for approximately \$113 million, which would yield a \$19.4 million capital gain once debt obligations are repaid. If cap rates remain at 4%, the developers stand to make a profit of \$56.9 million.

Refinancing Analysis at 6% Cap Rate (\$'000)

NOI	6,826
Cap Rate	6.0%
Implied Value	113,766
Outstanding Obligations	94,333
Net Sale Value to developers	19,433

Based on sensitivity analyses, the Project would still be able to fully refinance its debt if rates increased to 7.2%.

Cap Rate and Developer Return Rate (\$'000)

Cap Rate	Return
4%	56,884
5%	42,187
6%	19,433
7%	3,181
8%	(9,008)

Merits and Considerations

2014082011

MERITS	CONSIDERATIONS
<ul style="list-style-type: none">• Renovation of key infrastructure• Significant community benefits• Experienced developers• Improved retail offering in Washington Heights• Strong leverage of private investments• Strategic Investment in Washington Heights• Low renovation risk	<ul style="list-style-type: none">• Tenancy risk• Refinancing risk

Merits

Renovate key aging infrastructure. The Project will renovate a key infrastructure of Upper Manhattan, improving daily commutes for thousands of passengers daily.

Strong community benefits. The renovation of the terminal will enable 15 local businesses to expand. The renovation will also have a positive impact on the area immediately around the terminal, which will benefit from increased economic activity as a result of the accessibility improvements and expanded retail offering.

Experienced partners. SJM and Slayton Ventures have decades of experience in the real estate industry, have contracted a leading construction firm, and have contracted 80% of the retail space with large national chains with strong creditworthiness.

Improved retail offering in Washington Heights. The Project will bring in large retail stores and a supermarket to an area of Washington Heights that is currently significantly underserved.

Strong private investment leverage. The Project will leverage over \$100 million in private investments in Washington Heights.

Strategic investment in Washington Heights. This Project will enable UMEZ to increase its investments in Washington Heights, and its visibility in the area. The small business segment of the Project will also give more access to UMEZ funding through the BRISC program.

Low Renovation Risk: Renovation of the Terminal is expected to be a relatively low risk construction project. Given the timeline of the EB-5 subordinated tranche disbursement, UMEZ will disburse its share of project costs at the very end of the construction period, thereby significantly lowering construction risk.

Considerations

Tenancy risk. The Project's revenues will depend on the ability of tenants to pay rent at the terminal. Given the anticipated success of the retail area, the strong financial capabilities of large chains to support stores, UMEZ Staff views the tenancy risk as low. Sensitivities also demonstrate the Project's ability to repay debt with higher vacancy rates.

Refinancing risk. Given that the EB-5 loans are interest-only, the Project will need to refinance the full debt amount at maturity, and replace it with amortizing facilities. The Project's ability to refinance successfully depends on the prevailing cap rates at maturity. As long as cap rates remain below 7% (compared with current cap rates around 4%), the Project will be able to refinance the full debt amount. Moreover, at maturity, UMEZ's exposure to the Project will be reduced to \$3.33 million. Refinancing the Project during a contraction cycle would also make a refinancing harder.

Recommendation

UMEZ Staff seeks the NYEZ's approval of a \$5,000,000 subordinated term loan to renovate the George Washington Bridge Bus Terminal.

The NYEZ is requested to approve the following resolution:

RESOLVED, that the NYEZ is authorized to execute, sign and deliver, and to ratify, confirm, amend, supplement, modify, waive, and discharge its obligations under the following resolution:

The NYEZ is authorized to execute, sign and deliver, and to ratify, confirm, amend, supplement, modify, waive, and discharge its obligations under the following resolution:

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12. The NYEZ is authorized to execute, sign and deliver, and to ratify, confirm, amend, supplement, modify, waive, and discharge its obligations under the following resolution:

July 8, 2015

**RESOLUTION OF
THE BOARD OF DIRECTORS OF
UPPER MANHATTAN EMPOWERMENT ZONE DEVELOPMENT**

**CORPORATION
REGARDING APPROVAL TO FUND AN ECONOMIC AND PHYSICAL DEVELOPMENT PROJECT**

AT A REGULAR MEETING OF THE BOARD OF DIRECTORS HELD ON THE 7th DAY OF APRIL 2015

WHEREAS, the Economic and Physical Development Committee has reviewed the materials presented to it, a copy of which has been filed with the records of the Upper Manhattan Empowerment Zone Development Corporation ("UMEZ"), relating to a request for funding from George Washington Bridge Bus Station Development Venture, LLC (the "Borrower"), to finance the redevelopment of the George Washington Bridge Bus Terminal between Fort Washington Avenue and Wadsworth Avenue, between 178th and 179th Streets, New York, New York (the "Project"); and

WHEREAS, the Economic and Physical Development Committee has found it to be a desirable project, consistent with the New York Empowerment Zone's Strategic Plan, and the investment criteria for initiatives seeking financial support.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors approves the Project and authorizes UMEZ to submit the Project to the New York Empowerment Zone Corporation for authorization to fund a loan not to exceed FIVE MILLION DOLLARS (\$5,000,000) subject to terms and conditions substantially similar to those included in the presentation materials; and be it

FURTHER RESOLVED, that the approval of the Project authorized by these resolutions shall expire nine (9) months after the adoption of these resolutions; and be it

FURTHER RESOLVED, that the President and CEO or his/her respective designees, are hereby authorized on behalf of UMEZ 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.

July 8, 2015

UPPER MANHATTAN EMPOWERMENT ZONE DEVELOPMENT CORPORATION – George Washington Bridge Bus Station Development Ventures LLC – a \$5 Million loan to George Washington Bridge Bus Station Development Ventures LLC to finance the renovation.

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 Upper Manhattan Empowerment Zone Development Corporation ("UMEZ") initiative for a loan to George Washington Bridge Bus Station Development Ventures LLC (the "Initiative") to finance the renovation. The Corporation is hereby authorized to disburse funds to UMEZ an amount not to exceed FIVE MILLION DOLLARS (\$5,000,000) 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 loan an amount not to exceed FIVE MILLION DOLLARS (\$5,000,000) 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
July 8, 2015

FOR CONSIDERATION

TO: The New York Empowerment Zone Corporation Board of Directors

FROM: Howard Zemsky

SUBJECT: New York (New York County) - Upper Manhattan Empowerment Zone Development Corporation

REQUEST FOR: Authorization for a Grant to the Business Resource & Investment Service Center and to Take Related Action.

The Directors are requested to approve a grant to the Business Resource & Investment Service Center ("BRISC") for fiscal year 2016 administrative budget in the amount of THREE HUNDRED EIGHTY SEVEN THOUSAND FOUR HUNDRED TWENTY TWO DOLLARS (\$387,422.00).

**Business Resource & Investment Service Center
 Annual Administrative Operating Fund Statement
 For the period July 1, 2015 to June 30, 2016**

Real Estate Taxes	\$	2,000.00
Equipment & Software Purchases/Repairs	\$	2,500.00
Telephone	\$	3,000.00
Utilities	\$	6,000.00
Postage	\$	500.00
Subscriptions/UCC Investigations	\$	3,000.00
Board Expenses	\$	1,000.00
Legal	\$	40,000.00
Financial Audits	\$	13,100.00
Temporary Staff/Other Consulting	\$	1,000.00
Liability Insurance	\$	10,000.00
Alarm & Protection	\$	1,000.00
ADP Charges	\$	1,000.00
Other (Administrative fees related to above)	\$	5,000.00
TOTAL	\$	387,422.00

*80% of the Office Rent expense is allocated to UMEZ and 20% to BRISC.

FOR CONSIDERATION

To: The New York Empowerment Zone Board of Directors (the "NYEZ")
From: Kenneth J. Knuckles, President and CEO, UMEZ
Date: June 29, 2015
Subject: \$387,422 Grant: FY 2016 BRISC Administrative Budget

INITIATIVE SUMMARY

Organization: Business Resource and Investment Service Center ("BRISC")

Project Manager: Joseph Middleton

Contact: Blair Duncan, Executive Vice President and General Counsel

Current Address: *Current Address:*
55 West 125th Street, 11th Floor
New York, NY 10027

Phone/Fax: (212) 410-0030 / (212) 410-9616

Type of Business: Not-For-Profit / Business Service

Tax Structure: 501(C) (3)

IRS Tax ID#: 13-3925609

Date Incorporated: 1996

Financing Requested: \$387,422 (Administrative Budget)

Funding Sources:	Federal EZ funds	\$ 129,140.68	Grant
	State EZ funds	129,140.67	Grant
	<u>City EZ funds</u>	<u>129,140.67</u>	Grant
	TOTAL	\$ 387,422.00	

Employment: Two and one quarter (2.25) full-time positions will be retained.

Investment Proposal

The Upper Manhattan Empowerment Zone (“UMEZ”) staff seeks the NYZE’s approval of a one year grant up to \$387,422 to the Business Resources and Investment Service Center, Inc. (“BRISC”) to cover the organization’s administrative expenses for Fiscal Year 2016.

BRISC is UMEZ’s institutional response to small business needs within the Zone. The BRISC mission is to provide capital and technical assistance to entrepreneurs and small businesses that will have a positive economic impact in the Empowerment Zone. The BRISC loan program offers affordable near-equity loans ranging from \$50,000 to \$250,000 to an “un-bankable” business clientele. These businesses have difficulties obtaining capital from traditional capital sources, such as commercial banks. Technical assistance is also a service of the BRISC program as this is a critical need for small businesses in the Empowerment Zone. Technical assistance and other non-cash resources are just as critical to the success of small businesses as is access to capital.

Because of the “un-bankability” of the typical BRISC client, the service delivery model is both arduous and lengthy. Staff receives a multitude of loan requests mostly via phone; however, some in-person. Time is spent screening these inquiries to determine more substantial loan requests – requests that meet the BRISC initial investment evaluation criteria and that have other characteristics attributing to further due diligence. These requests are then given further due diligence by staff and are deemed under “review” for a possible presentation to the BRISC Loan Approval Committee. Significant time is spent handling loan request inquiries and screenings, and reviewing loan requests by staff – a fraction of which make it to the presentation phase. Loan requests that do not result in a proposal to Loan Approval Committee usually still involve hours of consultation and technical assistance in regard to referrals and advisory services. For the FYTD 2015, Staff reviewed 18 qualified loan requests, up from 14 requests last year.

The UMEZ Staff is seeking a Grant in the amount of \$387,422 to cover the BRISC administrative budget for the 2016 fiscal period. Please see *Attachment 1* for a year over year budget comparative. The proposed funding request represents a 5% increase over the FY 2015. Loan capital is not being sought at this time.

Preliminary Terms

SUMMARY GRANT TERMS	
Grantee:	Business Resource and Investment Service Center, Inc. (“BRISC”)
Security Type:	Grant
Amount:	\$387,422
Purpose:	To finance the administrative and operational cost of BRISC
Grant Term:	12 months

Initiative Description

The BRISC loan program focuses on small businesses that: offer valued products or services that are not provided in the Upper Manhattan community; support UMEZ anchor projects; are expanding into and/or within the Empowerment Zone and will become more competitive with BRISC support. The BRISC investment strategy closely aligns with that of UMEZ and includes, but is not limited to, the following: management with proven (or comparable) experience in the specific industry; business plans reflecting a

deep understanding of the business and the requirements necessary to realize objectives; operations with sufficient and/or predictable cash flow based on historical financials and reasonable projections; and, businesses with adequate capital structures based on business type, cash flow, collateral and equity contributions.

Delivery of the BRISC product involves many steps and often takes place over an extended period of time. The technical assistance that is rendered is provided in a number of ways, ranging from one-on-one consultations to referrals to other providers of resources.

Outreach

The BRISC utilizes a wide range of resources to identify and assist potential loan clients. Over the course of the past year, BRISC has sought to better coordinate its efforts with a number of existing local and underutilized assets to expand its neighborhood reach in an effort to (1) augment the number of initial inquiries, (2) provide sustained technical assistance to those interested and qualified applicants at the neighborhood level and (3) provide additional follow-up support to pending inquiries when appropriate and applicable.

The categories of local resources currently being utilized by BRISC include the following:

1. UMEZ Community Partners – UMEZ has engaged the services of two local community based organizations, via performance based agreements, to identify and assist local businesses with their applications to BRISC and other access to capital programs. These organizations are located in Central and East Harlem. BRISC will continue to coordinate with UMEZ to work with these organizations to identify, screen and package for review loan requests from small businesses seeking loans of \$50,000 and greater.
2. Traditional lending institutions (e.g., banks and credit unions) –The un-qualified bank commercial loan client is the BRISC target client. In the past, this relationship has led to approved BRISC loans, most recently the FY14 Savann Restaurant loan. Relationships with traditional banks, which produced outcomes like the preceding, are and will be an important part of our outreach efforts going forward.
3. Micro loan organizations – The BRISC staff continues to leverage UMEZ’s relationship with organizations like the Washington Heights Inwood Development Corporation and Accion to solidify its reciprocal referral system with these local micro lenders.
4. Business service organizations –These entities often serve on the front lines of entrepreneurs transiting from concept to actualization. Entities such as the City’s Business Solutions Center and the State’s Entrepreneurial Training programs will be engaged in an effort to identify qualified and capable entrepreneurs in northern Manhattan.
5. Other Community Development Financial Institutions (“CDFI”) and alternative small business lenders – Efforts will continue to identify and work with other CDFIs, BOC Capital Corporation and alternative lenders, such as TruFund and Valley Economic Development Corporation (Tri-State Business Opportunity Fund), to identify potential clients and ascertain best practices with regards to small business lending facilities between \$50,000 and \$250,000.
6. UMEZ’s planned participation as a subordinated lender in the renovation of the George Washington Bridge Bus Terminal (“GWBBT”) provided staff with an opportunity to reach out to a number of small businesses that will support this anchor project.

Through the efforts above, we had hoped to (i) increase the number of the prepackaged loan applications to the BRISC; (ii) assist a higher number of those entrepreneurs and small business identified with a discrete defined baseline of technical support to generate and assemble all loan related documentation required for consideration by BRISC; and (iii) identify, with greater certainty, stronger individual applicant and an expanded pool of potential loan applicants who are seeking to borrow between \$50,000 and \$250,000. While Qualified Loan Requests (QLR²) were higher in FY15 compared to FY14, they were still below prior year levels. The following table sets forth how outreach contributed to the number of QLRs for FYTD 2015.

Source	Number of Referrals	QLR*
UMEZ Community Partners	3	1
Traditional Lending Institutions	3	2
Micro Loan Organizations	0	0
Business Service Organizations	2	1
Community Development Financial Institutions	0	0
GWBBT Small Business Outreach	5	1

*These loans are identified as QLRs in *Attachment 5* of this document.

In FY 2016 BRISC will augment the capacity of its staff by hiring a dedicated business outreach specialist to market, promote and assist in the coordination of our and other small business and access to capital programs. This individual will seek out and engage potential applicants, market BRISC and its lending facilities at Upper Manhattan business events and programs, and develop and cultivate relationships with area banks and other non-traditional lending institutions.

Continued Provision of Technical Assistance

The quality of the increased loan requests range from simple referrals, such as a bank referral of a long standing customer, to a prepackaged basic loan request completed with a set of initial checklist items from UMEZ's community partners. The chart below illustrates the proportion of time allocated for the different segments of the loan technical assistance process.

Technical Assistance Timeframe			
Pre-Underwriting	Underwriting	Closing	Post Closing
6 - 24 Months		2 - 6 Months	Ongoing
60%		10%	30%

Proof of the complexities involved in the BRISC process and its clients can be seen in the approval of two of the organization's most recent approvals – Peartree Preschool and Park 112 Restaurant.

- Peartree Preschool first approached BRISC in FY11. This loan was approved in FY12 and closed in FY13. BRISC continued to work with this client throughout FY14 as it sought to understand and adjust its planning and operations to the critical fluctuations in the cyclical tendencies of the this particular business model.
- Park 112 first approached BRISC in FY13. This loan was approved in early FY14. The client's ability to provide timely and needed documentation to satisfy BRISC closing item checklist

eventually led to a mutual agreement between BRISC and the client to withdraw the funding request in the first quarter of FY15. Despite the more than two years of work and effort spent on this project and client, the borrower was not able to provide sufficient documentation and collateral to close this loan. (See *Attachment 2* for details relating the BRISC's Technical Assistance Timetable.)

FY15 Observations and Strategic Directives

The small business community is a crucial component of the economy of Upper Manhattan. However, many of the small businesses in the Empowerment Zone have a unique profile that prevents them from obtaining capital from traditional capital sources, such as commercial banks. Borrowers require technical assistance and capacity building prior to any consideration for funding. BRISC provides these services.

For loans between \$50,000 and \$250,000, BRISC is the sole lender for most small businesses uptown, start-up or otherwise, seeking to borrow that amount. The capacity and viability of existing and start-up businesses in northern Manhattan have been extremely challenged. Because of BRISC's lender of last resort status, it has to underwrite, not only the most difficult of commercial loans, but also it has to extend itself to sustaining these businesses and coach these viable but "un-bankable" businesses to becoming "bankable" businesses.

As a lender in the Upper Manhattan alternative lending space, it has been noted that the average funding request faces many challenges. These challenges are exacerbated because the vast majority of QLRs have been from start-ups and this trend is expected to continue in the future. Our clientele face the following challenges:

Sourcing/Underwriting

- Under Capitalization/Additional strains on financial resources.
- Scarcity of "credit-worthy" applicants meeting minimal underwriting requirements.
- Insufficient collateral packages to mitigate portfolio losses.
- High Leverage – requiring "near-equity" debt.

Business Operations (as they relate to existing businesses)

- Continuation of poor financial management practices (e.g., poor books/records, non-payment/filing of taxes, delinquencies on existing indebtedness, etc.).
- Critical arrearages – sales taxes, payroll taxes, rent, vendors
- Business plan execution delays and changes.

Portfolio

- Slower than expected payment patterns.
- Limited resources to provide increasing levels of technical assistance/consulting to borrowers.
- Existing borrowers have fewer personal resources to rely on than in past years.

The challenges listed above, among other items, are attributable to a loan portfolio characterized by the need for restructurings and higher losses than traditional commercial loan institutions. A large percentage of the BRISC portfolio required repayment restructuring.

In FYTD 2015, as was the case in previous years, significant staff time was spent on the collections process both internally and managing third party external collection agencies. (See Attachment 3, Program Level Practices)

BRISC has implemented a strategic response to these challenges which entails (i) better management of the capital structures of new loan requests, (ii) the establishment of operating reserves in cases of limited collateral offered by the borrower, (iii) earlier intervention and more closely monitoring of the portfolio clients including verifying rent payments, (iv) monitoring monthly financial statements, (v) obtaining proof of sales and payroll tax payments, (vi) filing for judgments sooner and (vii) encouraging a voluntary transfer of under-performing businesses. Our efforts along these lines yielded an increase in our overall repayments to date (i.e., repayments, prepayments and litigation recoveries). In fact, year to date repayments as of April 2015 were 51%, up from 44% in FY14. (See Attachment 5, Portfolio Year to Year as of April 30, 2015, the preceding percentage includes all loans that are various stages of repayment and excludes those that are in litigation or have been written off.)

There were several exceptional recoveries during FY 2015. BRISC staff, working with outside intermediaries and legal counsel, were able to recover full outstanding loan amounts from two past due loans from BRISC Portfolio I and one past due loan from BRISC Portfolio II. The repayments as of April 30, 2015 mentioned in the preceding paragraph, do not include the recoveries from BRISC Portfolio I.

Borrower	Loan Amount	Year Originated	Year Matured	Recovery Mechanism	Amount Recovered*
Odyssey of Harlem (BRISC I)	\$75,000	1997	2002	Life Insurance (Collateral Assignment)	\$80,929
Mobile Woods Ambulette Service (BRISC I)	\$150,000	2001	2006	Litigation (Residential Real Estate Sale)	\$254,012
Owens Funeral Home, Inc (BRISC II)	\$250,000	2009	2014	Real Estate Refinance (2 nd Mortgage)	\$217,129

*Amounts recovered do not include regular loan payments made prior the loan being declared in default and payments made prior to the recovered amount.

Operations Update

It is anticipated that with the preceding changes in outreach and loan sourcing strategies, the technical assistance and start to finish approval times will be shortened slightly at the BRISC level. The added responsibility centers of the community partners did not have any impact on the approval time table. From a client perspective, the time spent in the overall approval process, from inquiry to closing, has remained the same.

FYTD 2015

For FYTD 2015, BRISC staff underwrote and received approval for three loans.

Staff reviewed 18 qualified loan requests. (A qualified loan request consists of small business loan inquiries that have any probability of moving forward to proposal phase with continued diligence from

the borrower in conjunction with meeting all BRISC due diligence requirements.) Of the 18 qualified loan requests, three (3) requests have been underwritten and received approval, three (3) have been added to the BRISC pipeline to be underwritten and an additional two (2) are still under review. Please note, the pre-underwriting / underwriting phase can take a significant portion of time and technical assistance; however, the BRISC Staff continues to work with small businesses through the entire loan process. (Please see *Attachment 6* for a list of qualified loan requests received to date for FY 15 and moving into FY16.)

Loans Approved

Business Name	Date of Approval	Business Type	Amount	Expected Closing
Angel of Harlem	May 26, 2015	Restaurant	\$200,000	July 2015
Londel's (d.b.a. Green Parrot)	May 26, 2015	Restaurant	\$125,000	July 2015
Melba's Restaurant	May 26, 2015	Restaurant	\$250,000	July 2015
Total			\$575,000	

FY16 Pipeline

Business Name	Business Type	Loan Request
Flame Keepers Hat Club	Retail	\$ 75,000
Harlem Burger Inc.	Restaurant	\$130,000
Café 178	Restaurant	\$100,000
Total		\$305,000

Pipeline transactions consists of loan requests in which significant due diligence is in progress and has been completed. In some cases prospective borrowers are working on raising additional capital, or gathering documentation and organizing books and records.

(A limited report on the entire BRISC portfolio through the period ending April 30, 2015 in presented in *Attachment 4* of this document.)

As illustrated through representations of other alternative financial institutions including ACCION and TruFund, managing and sustaining the existing portfolio of businesses to prevent losses have become a significant priority amongst lenders. Despite a slowly recovering economy, BRISC has continued to make proactive changes to its practices to achieve continued successes in our goals to productively service the small business community of Upper Manhattan. Future operating goals include:

- Reducing portfolio delinquencies (through early intervention and continued recovery efforts)
- Continued collaboration with other community development programs and organizations
- Continued marketing efforts of BRISC services to Washington Heights, Inwood and East Harlem

Staffing

There are two and one quarter (2.25) full-time equivalents (FTE's) that comprise the BRISC staff and that are associated with the BRISC budget. In addition to one full time BRISC staff positions, the balance of the full-time equivalents will be comprised of partial contributions from Business Investments staff members and a Business Outreach Specialist who, respectively, will assist in underwriting and sourcing of BRISC loans.

Budget

The FY 2016 proposed budget is \$387,422, a 5% increase from last year's budget, but is still 9% below the budget for FY 2014. This increase is attributed to higher anticipated legal collection costs and personnel expenses.

Recommendation

UMEZ Staff seeks the NYEZ's approval for a grant in the amount of \$387,422 to cover the BRISC administrative budget for the 2015 fiscal period.

Attachments:

1. BRISC Administrative Budget Comparison
2. Technical Assistance Support Timetable
3. Program Level Practices
4. Portfolio Year to Year as of April 30, 2014
5. BRISC Portfolio Activity Report as of April 30, 2015
6. Qualifying Loan Requests

0.000	0.000	Utilities
0.000	0.000	Travel
0.000	0.000	Equipment (rental, telephone, postage, etc.)
0.000	0.000	Office Rent
0.000	0.000	Rent Expense
0.000	0.000	Equipment & Software
0.000	0.000	Telephone - Internet Services Backup
0.000	0.000	Utilities
0.000	0.000	Travel
0.000	0.000	Subscriptions (e.g., in expansion)
0.000	0.000	Bond Expenses
0.000	0.000	Legal
0.000	0.000	Insurance/Analysis
0.000	0.000	Temporary Staff & Other Contracting Services
0.000	0.000	Office Expenses
0.000	0.000	Admin & Professional
0.000	0.000	ADP (Payroll)
0.000	0.000	Other (Administrative, Miscellaneous)

0.000	0.000	0.000
0.000	0.000	0.000
0.000	0.000	0.000

ATTACHMENT 1

Business Resources and Investment Service Center

Proposed Annual Administrative Budget

For period July 1, 2015 - June 30, 2016

		FY-2016	FY-2015		FY-2015
		Budget	Budget		Projected
		Amount	Amount		Expenses
Personnel Services					
Line #					
1	Salaries & Wages	170,244	159,559		92,768
2	Fringe Benefits	54,478	51,059		24,234
Non-Personnel Services					
3	Office Supplies	1,000	1,000		
4	Travel	700	700		
5	Equipment Rental (telephone, mailing machine & server)	2,400	2,400		
6 *	Office Rent	69,500	69,500		69,500
7	Real Estate Taxes	2,000	2,000		
8	Equipment & Software Purchases/Repair	2,500	2,500		
9	Telephone / Internet Access/Data Backup	3,000	3,000		
10	Utilities	6,000	6,000		
11	Postage	500	500		
12	Subscriptions / UCC Investigations	3,000	6,000		
13	Board Expenses	1,000	1,000		
14 **	Legal	40,000	25,000		88,935
15	Financial Audits	13,100	12,500		13,100
16	Temporary Staff & Other Consulting Services	1,000	5,000		
17	Liability Insurance	10,000	9,500		9,995
18	Alarm & Protection	1,000	1,800		
19	ADP Charges	1,000	1,500		
20	Other (Administrative fees related to above)	5,000	8,500		5,737
		387,422	369,018		304,269

* 80% of the Office Rent expense is allocated to UMEZ and 20% to BRISC/

** Actual 2015 includes approximately \$ 45,000 contingency fees paid for recovery of unpaid loans in the amount of approximately \$260,000

ATTACHMENT 2

Technical Assistance Support Timetable

Technical assistance provided by staff throughout the entire loan process with an emphasis on Post Closing.

Pre Underwriting	Underwriting	Closing	Post Closing
<ul style="list-style-type: none"> • Business Plans • Books/Records • Business Models • Management Experience • Project Scaling 	<ul style="list-style-type: none"> • Business Analysis • Business Advisory • Books/Records • Financial Projections • Payback Analysis • Loan Structure • Collateral • Property Leasing Terms 	<ul style="list-style-type: none"> • Corporate Documents • Tax Arrearages • Insurances Documents • Equity Contributions • Books/Records • Verifications <ul style="list-style-type: none"> - rent estoppels - tax filings/payments - real estate ownership - etc. 	<ul style="list-style-type: none"> • Restructures • Distressed Situations • Business Advisory • Monitoring/Defaults • Books/Records • Payments • Collections • Litigation
6 - 24 Months		2 - 6 Months	Ongoing
60%		10%	30%

Throughout the underwriting process, there is a great deal of technical assistance that is administered by staff to the client. This technical assistance is very comprehensive and begins in the loan request review process and continues right to the closing of the loan. In some cases, it continues throughout the post-closing period. This technical assistance ranges from completing valuation analysis for acquisitions; creating reasonable business financial projections for loan requests; determining appropriate capitalization needs; assisting in obtaining additional capital; books and record keeping consulting; tax, liens and judgment determinations and resolutions; verifications and filings of all taxes and the documentation of all tax payment plans for taxes owed; and loan repayment restructurings.

Continued financial distress within the small business community has attributed to:

- Increase in funding needs of existing businesses in Upper Manhattan
- Weighted shift in the technical assistance needs within the existing portfolio resulting in:
 - Restructuring
 - Business Advisement
 - Increased collection efforts
 - Litigations

ATTACHMENT 3

Program Level Practices

Restructuring Loans:

- Round I – Obtain financial reporting and assess realities of marketplace and business operations
 - Extend interest only period for the distressed loan
 - Maturity date unchanged
- Round II – Match loan structure to business reality and seek to lower principal exposure
 - Extend maturity of distressed loan
 - Change or adjust the amortization schedule to fit business performance
 - Extend interest only to allow for normalization of cash flows
 - Draw on letter of credit
 - Provide flexible loan repayments to match seasonal cash flows

Litigation:

- File Summons and Complaint against the borrower
- Payment Stipulations or Settlement
- Obtain and file judgment against the borrower/principal

Undertake collection strategy

ATTACHMENT 4, BRISC Portfolio Activity Report as of April 30, 2015

No.	Loan Caption	Closing Date	Total Loan Request	Original Loan Approved	Total Loan Advances	Balance ⁽¹⁾	Maturity	Payment Status	Repayments	Allowance (\$)	Write-off (\$)
Pipeline Business	36 Café 178	TBD	\$100,000	\$0	\$0	TBD					
	35 Flamekeepers of Harlem Hat Club	TBD	\$75,000	\$0	\$0	TBD					
	34 Harlem Burger	TBD	\$135,000	\$0	\$0	TBD					
	Total \$		\$310,000								
Loans Approved And Closed											
FY 15	33 Melba's	TBD	\$250,000	\$0	\$0	TBD					
	32 Lottell	TBD	\$125,000	\$0	\$0	TBD					
FY 14	31 Angel of Harlem	TBD	\$200,000	\$0	\$0	TBD					
	30 GUF Café Associates dba Savann	October 23, 2013	\$90,000	\$90,000	\$84,440	November 1, 2018	60 - 90 Days	Restructured 1xP & 1 Period			
FY 13	29 Omity Consulting LLC dba Harlem Shake	January 23, 2013	\$200,000	\$200,000	\$150,782	February 1, 2018	Current	P & 1 Period			
	28 Happy Steel LLC dba Pie Pie Pizza	December 20, 2012	\$60,000	\$56,865	\$38,696	December 19, 2017	30 - 60 Days	Restructured 1xP & 1 Period			
FY 12	27 Peartree Center LLC	September 17, 2012	\$125,000	\$125,000	\$119,116	August 31, 2019	Current	Restructured to reflect seasonal business		\$59,558	
	26 Jairo Susti and Wine Bar	April 25, 2012	\$200,000	\$200,000	\$99,865	April 25, 2017	Current	P & 1 Period			
FY 11	25 Society Coffee & Juice Inc	October 7, 2010	\$95,000	\$94,543	\$73,693	October 1, 2015	Litigation	Stipulation signed in replevy business's closed			\$73,693
	24 Harlem Vintage	September 30, 2010	\$120,000	\$120,000	\$121,867	September 1, 2015	Litigation	Ownership changed		\$110,664	\$121,867
FY 10	23 Ezer International	July 26, 2010	\$150,000	\$150,000	\$110,564	July 26, 2015	Litigation	Business Opened		\$93,224	
	22 Ebi Saban, Inc.	May 13, 2010	\$115,000	\$115,000	\$83,224	May 13, 2015	> 120 Days	Restructured 4x P & 1			
FY 09	21 Acetero, Inc.	March 15, 2010	\$250,000	\$250,000	\$0	April 1, 2015	P/D	Loan prepaid		\$205,150	
	20 Dashi Restaurant Group LLC	August 26, 2009	\$250,000	\$250,000	\$205,150	August 11, 2014	> 120 Days	Restructured 1x Distressed			\$71,851
FY 08	19 B. Oyama, Inc.	June 26, 2009	\$100,000	\$75,000	\$71,651	June 26, 2014	Litigation	Business Closed			
	18 Owens Funeral Home Inc.	February 26, 2009	\$250,000	\$250,000	\$0	April 1, 2014	P/D				\$66,075
FY 07	17 Robert's Organic Market, LLC.	February 10, 2009	\$100,000	\$100,000	\$88,075	August 11, 2012	Litigation	Stipulation signed in replevy business distressed			\$144,624
	16 Polan Nation Corp	January 27, 2009	\$145,000	\$145,000	\$144,624	January 27, 2014	Litigation	Business Closed			\$131,604
FY 06	15 Island Salad Inc	January 13, 2009	\$181,046	\$181,046	\$131,604	February 28, 2014	> 120 Days	P & 1 Period/Restructured 3x			\$49,747
	14 Dogaz International Incorporated	August 26, 2008	\$100,000	\$100,000	\$0	October 1, 2013	Litigation-Bankruptcy	Discharged for Bankruptcy/Business Closed			
FY 05	13 East Harlem Café, LLC	August 14, 2008	\$50,000	\$50,000	\$49,747	August 14, 2013	> 120 Days	P & 1 Period/Restructured 1x			
	12 Via Cafe, Inc	June 17, 2008	\$188,702	\$188,702	\$4,918	June 17, 2013	Litigation	In Chapter 11 Reorganization			
FY 04	11 Jai Jai Kuhnaya, LLC dba Plum Pomidor	March 14, 2008	\$250,000	\$250,000	\$0	February 1, 2013	P/D				
	10 Citicare, Inc.	March 13, 2008	\$250,000	\$250,000	\$74,736	May 1, 2014	Litigation	In Chapter 11 Reorganization		\$74,736	
FY 03	9 Fishers of Men II Inc.	February 12, 2008	\$150,000	\$150,000	\$0	March 7, 2013	P/D				
	8 La Pregunta Arts Café, LLC	December 5, 2007	\$130,000	\$130,000	\$117,593	December 5, 2012	Litigation	Distressed/Business Closed			\$117,593
FY 02	7 La Fonda Boncaua, Inc and La Fonda	March 23, 2007	\$160,000	\$160,000	\$113,055	March 31, 2012	Litigation	Distressed / Restructured 2x Bus. Closed			\$113,055
	6 Nu America Agency Inc.	February 23, 2007	\$250,000	\$250,000	\$130,455	February 28, 2013	Litigation	Distressed / Restructured 2x Bus. Closed			\$130,455
FY 01	5 Big Apple Jazz LLC	July 13, 2006	\$160,000	\$160,000	\$0	August 1, 2011	Litigation Recovery	Business Closed			
	4 2110 - 2118 Restaurant Corp	June 30, 2006	\$250,000	\$250,000	\$0	July 1, 2011	P/D				
FY 00	3 The HEC Real Estate Group	May 17, 2005	\$250,000	\$250,000	\$210,555	May 1, 2010	Litigation	Filed Personal Bankruptcy			\$210,555
	2 Upware Worldwide LLC	September 22, 2005	\$250,000	\$250,000	\$0	October 1, 2009	P/D				
Total \$	1 Karol Incorporated	April 12, 2005	\$130,000	\$130,000	\$0	April 12, 2010	Litigation Recovery			\$664,936	\$1,141,775
	Total \$		\$6,514,748	\$4,911,176	\$2,244,970					14%	23%

(1) Includes actual funds advanced to borrowers as well as Capitalized Interest as accrued.

ATTACHMENT 5

BRISC Portfolio Year to Year as of April 30, 2015

<u>Description</u>	<u>BRISC Portfolio I</u>		<u>BRISC Portfolio II</u>	
	<u>30-Apr-15</u> <u>Principal</u>	<u>%</u>	<u>30-Apr-14</u> <u>Principal</u>	<u>%</u>
Repayments to date ¹	\$2,527,812	51%	\$2,181,850	44%
Loans in repayment	\$962,624	20%	\$1,493,656	30%
Litigation	\$1,282,346	26%	\$1,097,276	22%
Write-offs	\$138,394	3%	\$138,394	3%
Total loan advances	\$4,911,176	100%	\$4,911,176	100%

1. Includes repayments, prepayments and litigation recoveries for BRISC Portfolio II only. Prior loans recoveries from BRISC Portfolio I are not included in the data above.

ATTACHMENT 6

Qualifying Loan Requests (QLR)

FYTD April 30, 2014

	# QLR	%	Start-Ups	%	Existing Businesses	%
FYTD '15	18	100%	14	78%	4	22%
FY '14	14	100%	11	79%	3	21%
FY '13	20	100%	18	90%	2	10%
FY '12	28	100%	22	79%	6	21%
FY '11	27	100%	16	59%	11	41%
FY '10	34	100%	21	62%	13	38%
FY '09	29	100%	15	51%	14	49%
FY '08	40	100%	25	62%	15	38%
FY '07	35	100%	22	63%	13	37%
FY '06	30	100%	19	63%	11	37%
Total	275		183		92	

As of fiscal year to date, April 30, 2015, there have been 18 requests which have skewed towards start-up businesses. BRISC continues to service loan inquiries and work closely with borrowers on financing and technical assistance needs. A list of Qualifying Loan Requests to date is as follows:

	Business Name	Industry	Business Status	
			Existing	Start-up
1	Melba's Restaurant	Restaurant	X	
2	Green Parrot (Londel Davis Inc.)	Restaurant		X
3	Angel of Harlem	Restaurant		X
4	HameKeepers Hat Club	Retail	X	
5	Food Sin Fronteras Inc.	Bakery		X
6	Harlem Burger Inc.	Bar/Restaurant		X
7	Café 178th	Restaurant		X
8	Rita' Tavola Calda	Restaurant		X
9	Lulu & Angie's Pastries	Bakery		X
10	VS Berry	Restaurant		X
11	Settepani	Restaurant	X	
12	J & H Jewelry Corporation	Retail	X	
13	Boxing Express LLC	Gym		X
14	Greg "The Ironic Ink," LLC	Retail		X
15	Mr. Nice Guy	Restaurant		X
16	Vivrant Beauty, LLC	Hair Salon		X
17	Harlem Independent Theater	Entertainment		X
18	Safari Café	Restaurant		X

**RESOLUTION OF
THE BOARD OF DIRECTORS OF
UPPER MANHATTAN EMPOWERMENT ZONE DEVELOPMENT
CORPORATION**

**REGARDING APPROVAL TO FUND AN ECONOMIC AND PHYSICAL
DEVELOPMENT INITIATIVE**

AT A REGULAR MEETING HELD ON THE [30]th DAY OF JUNE, 2015

WHEREAS, the Economic and Physical Development Committee has reviewed the materials presented to it, a copy of which has been filed with the records of Upper Manhattan Empowerment Zone Development Corporation (“UMEZ”), relating to the Business Resource and Investment Service Center, Inc. (“BRISC”), an economic development initiative, facilitated through a total investment of up to THREE HUNDRED EIGHTY-SEVEN THOUSAND FOUR HUNDRED TWENTY-TWO DOLLARS (\$387,422), for administrative expenses; and

WHEREAS, the Economic and Physical Development Committee has found it to be a desirable initiative, consistent with the New York Empowerment Zone’s Strategic Plan, and the Investment Criteria for initiatives seeking financial support;

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors authorizes UMEZ to submit the Business Resource and Investment Service Center, Inc. initiative to the New York Empowerment Zone Corporation for authorization to fund an investment not to exceed THREE HUNDRED EIGHTY-SEVEN THOUSAND FOUR HUNDRED TWENTY-TWO DOLLARS (\$387,422), subject to the terms and conditions included in the presentation material.

NOW, THEREFORE, BE IT FURTHER RESOLVED, that the President and CEO or his/her respective designees, are hereby authorized on behalf of UMEZ to 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.

July 8, 2015

UPPER MANHATTAN EMPOWERMENT ZONE DEVELOPMENT CORPORATION - Business Resource & Investment Service Center – Authorization of \$387,422 grant for administrative budget for fiscal year 2016.

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 Upper Manhattan Empowerment Zone Development Corporation (“UMEZ”) initiative for a grant to BRISC for their administrative budget for fiscal year 2016. The Corporation is hereby authorized to disburse to Business Service & Investment Service Center (“BRISC”) (the “Initiative”) an amount not to exceed THREE HUNDRED EIGHTY SEVEN THOUSAND FOUR HUNDRED TWENTY TWO DOLLARS (387,422) 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 THREE HUNDRED EIGHTY SEVEN THOUSAND FOUR HUNDRED TWENTY TWO DOLLARS (387,422) in accordance with the MOU; and be it further

RESOLVED, the President and Treasurer, or their respective designee(s), acting jointly are hereby authorized in the name and on behalf of the Corporation to approve expenditures, 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

July 8, 2015

TO: The New York Empowerment Zone Corporation Board of Directors

FROM: Howard Zemsky

SUBJECT: New York (New York County) - Upper Manhattan Empowerment Zone Development Corporation

REQUEST FOR: Authorization for Upper Manhattan Empowerment Zone Development Corporation's Administrative Budget Fiscal Year 2016 and to Take Related Action.

The Directors are requested to approve an operating budget for fiscal year 2016 for the Upper Manhattan Empowerment Zone Development Corporation ("UMEZ"). The Operating Principles Memorandum of Understanding, dated January 19, 1996, (the "MOU") authorizes each Local Development Corporation to use up to 15% of its proportional share of the Zone Funds aggregate for the entire period of designation for costs and expenses of administration. UMEZ's proposed administrative budget fiscal year 2016 is THREE MILLION THREE HUNDRED EIGHTY SIX THOUSAND SEVEN HUNDRED FIFTY DOLLARS (\$3,386,750.00).

**Upper Manhattan Empowerment Zone Development Corporation
Annual Administrative Operating Fund Statement
For the period July 1, 2015 to June 30, 2016**

Non-Personnel	
Office Supplies	10,000.00
Travel	7,500.00
Training/Conference:	
Training & Conference Fees	8,000.00
Lodging	2,000.00
Meals	6,000.00
Equipment Rental	25,000.00
Office Rent	347,550.00
Office Rental Income	(69,500.00)
Real Estate Taxes	15,000.00
Equipment & Software Purchase	5,000.00
Maintenance & Repairs	15,000.00
Telephone/Communications	20,000.00
Internet Access/Data Backup	35,000.00
Utilities	15,000.00
Postage, Messenger & Courier Service	
Postage	2,000.00
Messenger	1,500.00
Courier Services	1,500.00
Printing & Reproduction	2,500.00
Publications/Outreach	2,000.00
Subscriptions	20,000.00
Consultants:	
Legal	30,000.00
Financial Audits	41,000.00
Temp. Staff/Other Consulting	80,000.00
Fellows/Internships	5,000.00
Liability Insurance	51,500.00
Board Expenses	8,000.00
Alarm & Protection	5,000.00
Miscellaneous	
ADP Charges	7,000.00
Other Miscellaneous Expenses	5,000.00
Total \$	3,386,750.00

Upper Manhattan Empowerment Zone Development Corporation
Proposed Annual Administrative Budget
For period July 1, 2015 - June 30, 2016

	FY-2016 Budget Amount	FY-2015 Budget Amount	FY-2015 Projected Expense
Personnel Services:			
Line #			
1	2,032,727	1,965,228	1,655,638
2	650,473	628,873	509,885
Non-Personnel Services:			
3	10,000	15,000	6,049
4	7,500	7,500	3,675
5	Training / Conference:		
6	8,000	8,000	2,688
7	2,000	2,000	-
8	6,000	6,000	6,004
9	25,000	25,000	23,905
10	Occupancy Cost:		
11 *	347,550	347,544	347,550
12	(69,500)	(69,500)	(69,500)
13	15,000	10,000	12,892
14	Operating Expenses		
15	5,000	10,000	5,404
16	15,000	10,000	15,248
17	20,000	20,000	19,210
18	35,000	35,000	29,660
19	15,000	20,000	7,998
20	Postage, messenger, & Courier services:		
21	2,000	1,500	4,000
22	1,500	1,500	355
23	1,500	1,500	597
24	2,500	2,500	2,000
25	2,000	2,000	1,410
26	20,000	20,000	19,523
27	Consultants:		
28 **	30,000	50,000	197,335
29	41,000	40,000	38,900
30	80,000	90,000	77,849
31	5,000	5,000	-
32	51,500	50,000	40,458
33	8,000	8,000	3,166
34	5,000	5,000	4,806
35	Miscellaneous		
36	7,000	7,000	5,311
37	5,000	2,500	5,445
	<u>3,386,750</u>	<u>3,327,145</u>	<u>2,977,461</u>

* 80% of the Office Rent expense is allocated to UMEZ and 20% to BRISC.

** Actual 2015 includes approximately \$ 186,000 in contingency fees paid for recovery of unpaid loans in the amount of \$1,271,501

**RESOLUTION OF
THE BOARD OF DIRECTORS OF
UPPER MANHATTAN EMPOWERMENT ZONE DEVELOPMENT
CORPORATION**

**REGARDING APPROVAL OF FISCAL YEAR 2015-2016 BUDGET
AT A REGULAR MEETING HELD ON THE [30]th DAY OF JUNE 2015**

BE IT RESOLVED, that on the basis of the material presented to the Board of Directors of the Upper Manhattan Empowerment Zone Development Corporation (“UMEZ”), a copy of which has been filed with the records of UMEZ, relating to the fiscal year 2015-2016 budget, the Directors authorize an administrative budget for fiscal year 2015-2016 in the amount of THREE MILLION THREE HUNDRED EIGHTY-SIX THOUSAND SEVEN HUNDRED FIFTY DOLLARS (\$3,386,750), for administrative, operational and related expenses of the Upper Manhattan Empowerment Zone Development Corporation;

BE IT FURTHER RESOLVED, that the President and CEO or his or her successor or respective designees, are hereby authorized on behalf of UMEZ to approve expenditures, 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.

July 8, 2015

UPPER MANHATTAN EMPOWERMENT ZONE DEVELOPMENT CORPORATION – Authorization of \$3,386,750 administrative budget for fiscal year 2016.

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 Upper Manhattan Empowerment Zone Development Corporation ("UMEZ"), the Directors hereby authorize an administrative budget of THREE MILLION THREE HUNDRED EIGHTY SIX THOUSAND SEVEN HUNDRED FIFTY DOLLARS (\$3,386,750) for the fiscal year 2016, pursuant to the purposes 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, the President and Treasurer, or their respective designee(s), acting jointly are hereby authorized in the name and on behalf of the Corporation to approve expenditures, 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

July 8, 2015

TO: The New York Empowerment Zone Corporation Board of Directors

FROM: Howard Zemsky

SUBJECT: New York Empowerment Zone Corporation

REQUEST FOR: New York Empowerment Zone Corporation (the "Corporation") Budget Fiscal Year 2016

The Directors are requested to approve an operating budget for fiscal year 2016 for the Corporation. The Operating Principles Memorandum of Understanding, dated January 19, 1996, (the "MOU") requires that the Directors appropriate funding for the maintenance, staffing and expenses of the Corporation. The MOU specifies that the Corporation's budget may include: funding of State and City staff dedicated to the Corporation/Empowerment Zone; the costs of audits; and other anticipated expenses. New York Urban Development Corporation d/b/a Empire State Development Corporation ("ESDC") absorbs certain expenses for the Corporation, such as rent, telephone, postage, etc. The Corporation's proposed fiscal 2016 budget is FOUR HUNDRED SIXTY FIVE THOUSAND NINE HUNDRED FIFTY FOUR DOLLARS AND THIRTY FOUR CENTS (\$465,954.34). In addition, the Directors are requested to ratify the expenses of the Corporation approved by the President and Treasurer to date.

**New York Empowerment Zone Corporation
Annual Administrative Operating Fund Statement
For the period July 1, 2015 to June 30, 2016**

<u>Item</u>	<u>City</u>	<u>State</u>	<u>Federal</u>	<u>Total</u>
<u>Personnel</u>				
Salaries (4)	175,260.00 ¹	175,259.00 ²	40,260.00	390,779.00
Fringe Benefits (@38% of 2 Salaries)	14,090.89	14,090.88	14,090.88	42,272.65
Sub Total	189,350.89	189,349.88	54,350.88	433,051.65
<u>Non-Personnel</u>				
Audit	8,000.00	8,000.00	8,000.00	24,000.00
Insurance	2,858.38	2,858.37	2,858.37	8,575.12
Agency Temp	71.25	71.25	71.25	213.75
Office Supplies	6.00	6.00	6.00	18.00
Miscellaneous (Telephone, Postage etc)	31.94	31.94	31.94	95.82
Sub Total	10,967.57	10,967.56	10,967.56	32,902.69
Grant Total	200,318.46	200,317.44	65,318.44	465,954.34

¹ This figure includes the \$135,000 referenced in the MOU for employees of New York City Mayor's EZ Office. The MOU authorizes the City to deduct that amount from its annual contribution to the Empowerment Zone.

² This figure includes the \$135,000 referenced in the MOU for employees of Empire State Development Corporation. The MOU authorizes the State to deduct that amount from its annual contribution to the Empowerment Zone.

July 8, 2015

NEW YORK EMPOWERMENT ZONE CORPORATION - Fiscal Year 2016 Budget – Authorization of 465,954.34 administrative budget for fiscal year 2016.

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 New York Empowerment Zone Corporation (the "Corporation"), the Directors hereby authorize an operating budget for the Corporation of FOUR HUNDRED SIXTY FIVE THOUSAND NINE HUNDRED FIFTY FOUR DOLLARS AND THIRTY FOUR CENTS (\$465,954.34). for fiscal year 2016, pursuant to the purposes 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, the President and Treasurer, or their respective designee(s), acting jointly are hereby authorized in the name and on behalf of the Corporation to approve expenditures, 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.

Line Item	Description	2015 Budget	2016 Budget	Change
00100000	ADMINISTRATIVE	00000000	00000000	00000000
00100001	OFFICE	20000000	20000000	00000000
00100002	PROPERTY	80000000	80000000	00000000
00100003	TRAVEL	00000000	00000000	00000000
00100004	CONFERENCES	00000000	00000000	00000000
00100005	ENTERTAINMENT	00000000	00000000	00000000
00100006	RECEPTION	00000000	00000000	00000000
00100007	OTHER	00000000	00000000	00000000
00100008	RENT	00000000	00000000	00000000
00100009	UTILITIES	00000000	00000000	00000000
00100010	INSURANCE	00000000	00000000	00000000
00100011	LEGAL FEES	00000000	00000000	00000000
00100012	ADVERTISING	00000000	00000000	00000000
00100013	COMMUNICATIONS	00000000	00000000	00000000
00100014	REPRODUCTION	00000000	00000000	00000000
00100015	POSTAGE	00000000	00000000	00000000
00100016	TELEPHONE	00000000	00000000	00000000
00100017	INTERNET	00000000	00000000	00000000
00100018	TRAINING	00000000	00000000	00000000
00100019	PROFESSIONAL FEES	00000000	00000000	00000000
00100020	CONTRACTS	00000000	00000000	00000000
00100021	SECURITY	00000000	00000000	00000000
00100022	MAINTENANCE	00000000	00000000	00000000
00100023	REPAIRS	00000000	00000000	00000000
00100024	DEPRECIATION	00000000	00000000	00000000
00100025	AMORTIZATION	00000000	00000000	00000000
00100026	GOODWILL	00000000	00000000	00000000
00100027	INVENTORY	00000000	00000000	00000000
00100028	PREPAID EXPENSES	00000000	00000000	00000000
00100029	DEFERRED ASSETS	00000000	00000000	00000000
00100030	OTHER ASSETS	00000000	00000000	00000000
00100031	LIABILITIES	00000000	00000000	00000000
00100032	ACCOUNTS PAYABLE	00000000	00000000	00000000
00100033	DEFERRED LIABILITIES	00000000	00000000	00000000
00100034	OTHER LIABILITIES	00000000	00000000	00000000
00100035	EQUITY	00000000	00000000	00000000
00100036	PAYABLE TO STOCKHOLDERS	00000000	00000000	00000000
00100037	RETAINED EARNINGS	00000000	00000000	00000000
00100038	OTHER EQUITY	00000000	00000000	00000000

FOR INFORMATION
July 8, 2015

TO: The New York Empowerment Zone Corporation Board of Directors
FROM: Howard Zernsky
DATE: July 8, 2015
SUBJECT: Summary of Empowerment Zone Funds

The following list itemizes the total amount of Federal Social Services Block Grant funds, New York State and the City of New York funds approved and disbursed to the Empowerment Zone from July 1, 1995 to date April 30, 2015).

	UMIEZ	BOEDC	NVEZC	TOTAL
Credits				
EZ Grant Allocation	\$ 244,020,000.00	\$ 49,980,000.00	\$ 6,000,000.00	\$ 300,000,000.00
Loan Repayments (April 2015 bank statement)	\$ 34,783,838.00	\$ 31,110,603.82	\$ -	\$ 65,894,441.82
Total Funds Received	\$ 278,803,838.00	\$ 81,090,603.82	\$ 6,000,000.00	\$ 365,894,441.82
Balance of Loans Due	\$ 25,223,669.00	\$ 8,285,844.88	\$ -	\$ 33,509,513.88
Total Credits	\$ 304,027,507.00	\$ 89,376,448.70	\$ 6,000,000.00	\$ 399,403,955.70
Debits				
Total Approved for Initiatives from EZ Funds	\$ 206,670,000.00	\$ 42,330,000.00	\$ -	\$ 249,000,000.00
Total Approved for Initiatives from Loan Repayments	\$ -	\$ 10,178,764.51	\$ -	\$ 10,178,764.51
Sub-Total Approved for Initiatives	\$ 206,670,000.00	\$ 52,508,764.51	\$ -	\$ 259,178,764.51
Total Approved for Admin from EZ Funds	\$ 37,350,000.00	\$ 7,650,000.00	\$ 7,692,464.77	\$ 52,692,464.77
Total Approved for Admin from Loan Repayments	\$ 23,553,356.57	\$ 5,945,282.10	\$ -	\$ 29,498,638.67
Sub-Total Approved for Admin	\$ 60,903,356.57	\$ 13,595,282.10	\$ 7,692,464.77	\$ 82,191,103.44
Total Approved	\$ 267,573,356.57	\$ 66,104,046.61	\$ 7,692,464.77	\$ 341,369,867.95
Total Disbursed for Initiatives from EZ Funds	\$ 178,057,014.85	\$ 42,167,907.06	\$ -	\$ 220,224,921.91
Total Disbursed for Initiatives from Loan Repayments	\$ -	\$ 7,062,658.89	\$ -	\$ 7,062,658.89
Sub-Total Disbursed for Initiatives	\$ 178,057,014.85	\$ 49,230,565.95	\$ -	\$ 227,287,580.80
Total Disbursed for Admin from EZ Funds	\$ 37,350,000.00	\$ 7,650,000.00	\$ 6,563,983.28	\$ 51,563,983.28
Total Disbursed for Admin from Loan Repayments	\$ 21,835,855.57	\$ 5,592,899.36	\$ -	\$ 27,428,754.93
Sub-Total Disbursed for Admin	\$ 59,185,855.57	\$ 13,242,899.36	\$ 6,563,983.28	\$ 78,992,738.21
Total Disbursed	\$ 237,242,870.42	\$ 62,473,465.31	\$ 6,563,983.28	\$ 306,280,319.01
Balance (Funds Received Minus Approved)	\$ -	\$ -	\$ -	\$ (1,692,464.77)
Uncommitted EZ Funds	\$ 36,454,150.43	\$ 23,272,402.09	\$ -	\$ 59,726,552.52
Uncommitted Loan Repayments	\$ -	\$ -	\$ -	\$ -
Total Uncommitted Funds	\$ 36,454,150.43	\$ 23,272,402.09	\$ (1,692,464.77)	\$ 58,034,087.75

Disbursements by Source		State	City	Total EZ Funds	Loan Repayments	Total Disbursements
Federal	UMIEZ	\$ 81,482,051.83	\$ 65,187,408.17	\$ 68,737,554.85	\$ 21,835,855.57	\$ 237,242,870.42
	BOEDC	\$ 16,802,500.05	\$ 16,564,298.05	\$ 49,817,907.06	\$ 12,368,940.99	\$ 62,186,848.05
	NYEZC	\$ 1,174,270.09	\$ 3,540,444.22	\$ 6,563,983.28	\$ -	\$ 6,563,983.28
TOTAL		\$ 99,458,821.97	\$ 85,292,150.44	\$ 87,037,932.78	\$ 34,204,796.56	\$ 305,993,701.75

