

**NEW YORK EMPOWERMENT ZONE CORPORATION**

**MEETING OF THE DIRECTORS**

**Tuesday, July 24, 2018**

**NEW YORK EMPOWERMENT ZONE CORPORATION**

Meeting of the Directors  
Tuesday, July 24, 2018 at 12.30 P.M.  
37<sup>th</sup> Conference Room  
Empire State Development Corporation  
633 Third Avenue  
New York, NY 10017

**AGENDA**

HOWARD ZEMSKY, CHAIR – CALL MEETING TO ORDER

	<b>TAB</b>
<b>I. CORPORATE ACTION</b>	
A. Approval of Minutes of October 24, 2017 Meeting	<b>1</b>
B. Authorization of Matters Recommended by Bronx Overall Economic Development Corporation ("BOEDC")	
1. <u>Bronx Kreate Space, LLC</u> – Authorization of \$350,000 to lease and improve vacant warehouse space into art studios.	<b>2</b>
2. <u>BOEDC Administrative Budget</u> – Authorization of \$ 649,724.08 administrative budget fiscal year 2017.	<b>3</b>
3. <u>BOEDC Administrative Budget</u> – Authorization of \$ 500,666.65 administrative budget fiscal year 2018	<b>4</b>
C. Authorization of Matters Recommended by Upper Manhattan Empowerment Zone Development Corporation ("UMEZ")	
1. <u>UMEZ Administrative Budget</u> – Authorization of \$3,910,635 administrative budget for fiscal year 2019.	<b>5</b>
D. Authorization of Matters Recommended by New York Empowerment Zone Corporation ("NYEYC")	
1. <u>NYEYC Administrative Budget</u> – Authorization of \$634,125 administrative budget for fiscal year 2019.	<b>6</b>
<b>II. OTHER BUSINESS</b>	
1. <u>UMEZ CIIF De-designations</u>	<b>7</b>

HOWARD ZEMSKY – MOTION TO ADJOURN MEETING

**NEW YORK EMPOWERMENT ZONE CORPORATION  
MEETING OF THE DIRECTORS**

633 Third Avenue  
37th Floor Conference Room  
New York, New York

October 24, 2017  
10:00 A.M.

**MINUTES**

**In Attendance**

**Directors:**

Sonam Velani, Designee, Chair Alicia Glen, NYC Deputy Mayor for Housing  
& Economic Development  
Holly Leicht, Designee, Vice Chair Howard Zensky, Empire State  
Development  
Anthony R. Jordan, Designee, Office of Congressman Jose E. Serrano  
Luis Miranda, Jr., Designee, Office of Congressman Adriano D. Espaillat  
Duncan Still, Designee, Bronx Overall Economic Development  
Corporation Marlene Cintron, President  
Kenneth J. Knuckles, President & CEO, Upper Manhattan Empowerment  
Zone Development Corporation

**ESD Staff:**

Marion Phillips, III, NYEZC  
Destiny Burns, ESD  
Richard Dorado, ESD

**Also Present:**

Lindsey Crane, UMEZ  
Blair Duncan, UMEZ  
Linda Fernandez, UMEZ  
Elizabeth Harris, UMEZ  
Verdery Roosevelt, UMEZ  
  
Larry Brown, A.L. Consulting  
Eric Kiel, HVCC  
Abner Larrieux, A.L. Consulting

The meeting of the New York Empowerment Zone Corporation (the "Corporation"), was called to order at 10:00 a.m. It was noted for the record that the meeting was being webcast. Before beginning with the substantive portion of the meeting, Acting Chair Velani stated that the Directors had received all written material in advance of the meeting and noted for the record the Corporation's policy which welcomes public comments on the items on the current Agenda.

Acting Chair Velani asked the Directors whether anyone had any potential conflict of interest with respect to any of the items on the proposed Agenda. Hearing none she then called upon Verdery Roosevelt of the Upper Manhattan Empowerment Zone Development Corporation to present the first Agenda item pertaining to a request for approval of a \$862,500 grant to the Lower Manhattan Cultural Council ("LMCC"), to create and administer the UMEZ Arts Engagement Grant Initiative.

Ms. Roosevelt explained that the grant would fund the launch of a new UMEZ Arts engagement grant program with grants ranging in size from \$1,000 to \$10,000 to small organizations and artists with projects in Upper Manhattan. She stated that the addition of this strategy to the UMEZ portfolio is in response to two major changes in the field: artists now have the flexibility to produce and present their work without creating a non-profit organization, funding their work through fiscal sponsorships and on-line crowd source funding platforms which keeps their overhead to a minimum; and the resident cultural community has changed and now includes over 600 arts organizations and artists based in Upper Manhattan, with only 50 having budgets larger than \$100,000. She clarified that UMEZ intends to continue its ongoing grant programs with minor modifications, but needs a program

that can reach more artists to spur economic activity throughout the zone.

Ms. Roosevelt explained that the goal of the initiative is to enhance the diversity and frequency of cultural activity in Upper Manhattan by supporting small organizations and artists with projects to develop audiences for their work. She added that the program will provide applicants and grantees with the experience in making grant requests and they will be able to use this experience to secure support from other sources.

Ms. Roosevelt described the financial details of the initiative as a 33-month grant of \$862,500 against a total budget of \$900,000. She explained that up to \$212,500 will be used to administer the program, up to \$250,000 will be awarded in 2018, and up to \$400,000 will be awarded in 2019.

Ms. Roosevelt explained that the program would be administered using guidelines established by UMEZ: grant finalists will be chosen by a group of jury panelists; the potential jury panelists must be approved by the Cultural Investment Fund Committee of the UMEZ Board; and the Committee will also have the final approval of the grant awards themselves.

She explained that LMCC is a strong partner due to its success with city and state projects and Upper Manhattan arts organizations and that it has been the de facto Borough's arts council for the entire borough of Manhattan for decades.

Director Leicht inquired about the program's timeframe. Ms. Roosevelt responded that the grant would cover expenses beginning July 1 and end in March 31, of 2020. She explained that two grant periods are the calendar years so the preceding six months are for set-up and the final three months are for the preparation of the material.

Director Jordan inquired about typical grants that UMEZ anticipates would be awarded to cultural institutions. Ms. Roosevelt responded that typical grants would be approximately \$2,500. She explained that it will not be rare to award \$10,000 grants but the jury will try very hard to spread the monies as widely as possible.

Director Miranda asked if the structure was already in place. Ms. Roosevelt responded yes and that UMEZ is building from a platform LMCC already had in place. She explained that the format is very familiar to the artist in Upper Manhattan who have applied to LMCC. She added that workshops will be provided to guide prospective applicants before the applications are due.

Director Miranda commented that his only concern was whether the Northern Manhattan Arts Alliance, created by UMEZ, could become a partner in this initiative. Director Knuckles responded that the point was well taken and added that UMEZ has been having discussions with Northern Manhattan Arts Alliance.

Hearing no further questions or comments from the Directors and no comments from the public, upon motion duly made and seconded, the following resolution was unanimously

adopted:

UPPER MANHATTAN EMPOWERMENT ZONE DEVELOPMENT CORPORATION – Lower Manhattan Cultural Council – A \$862,500 grant to create UMEZ Arts Engagement Grants for artists and emerging organizations expand their public programs and develop their capacity to apply for and manage grants.

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A \$862,500 grant to create UMEZ Arts Engagement Grants for artists and emerging organizations expand their public programs and develop their capacity to apply for and manage grants.

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 Lower Manhattan Cultural Council (the “Initiative”) to create UMEZ Arts Engagement Grants for artists and emerging organizations expand their public programs and develop their capacity to apply for and manage grants. The Corporation is hereby authorized to disburse to UMEZ an amount not to exceed EIGHT HUNDRED SIXTY TWO THOUSAND FIVE HUNDRED DOLLARS (\$862,500) 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 EIGHT HUNDRED SIXTY TWO THOUSAND FIVE HUNDRED DOLLARS (\$862,500) 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.

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Ms. Roosevelt to present the next Agenda item, a \$120,000 grant to recapitalize the UMEZ Cultural and Technical Assistance fund. She explained that the program has been in operation since 2005 and has made 36 grants to consultants to provide cultural organizations

with expertise in fundraising, marketing, board development, strategic and business planning, and feasibility studies for capital projects. Grant amounts range from \$20,000 to a maximum of \$50,000.

In regards to the program's operation, Ms. Roosevelt explained that a contract is made directly with the selected consultant for a focused, short-term consultancy which results in the document that serves many purposes including being the basis for fundraising in the private sector, guiding a capital development project, and used as the foundation for a grant request to UMEZ to implement the findings of the plan. UMEZ anticipates that emerging organizations in upper Manhattan will specifically benefit through this program, as well as former grantees facing new challenges.

Director Miranda commented that he was happy to see that the program, created years ago when he was on the UMEZ Board, continues to exist.

Director Leicht inquired if UMEZ has a sense of how long the allocation would last and if applications are accepted on a rolling basis. Ms. Roosevelt responded that the funding was renewed three times since inception. She continued that the funding is expected to last for five years but depends on need. Regarding whether applications are accepted on a rolling basis she responded affirmatively.



Hearing no further questions or comments from the Directors and no comments from the public, upon motion duly made and seconded, the following resolution was unanimously adopted:

UPPER MANHATTAN EMPOWERMENT ZONE DEVELOPMENT CORPORATION – Cultural Investment Fund - Technical Assistance Fund– a \$120,000 grant to re-capitalize the Technical Assistance Fund.

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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 for the UMEZ CIIF Fund (the “Initiative”) to re-capitalize the Technical Assistance Fund under Cultural Investment Fund. The Corporation is hereby authorized to disburse to UMEZ an amount not to exceed ONE HUNDRED TWENTY THOUSAND DOLLARS (\$120,000) for the purposes and on the terms and conditions described in the Materials; and in accordance with the terms, conditions and procedures set forth in the Operating Principles Memorandum of Understanding, dated as of January 19, 1996, entered into by the Corporation with the State of New York (the “State”), the City of New York (the “City”) and others (“MOU”); and be it further

RESOLVED, that for the purpose of providing the funds, the Corporation is hereby authorized to accept and utilize funds for a grant an amount not to exceed ONE HUNDRED TWENTY THOUSAND DOLLARS (\$120,000) 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 in foregoing resolutions.

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Acting Chairwoman Velani asked Corporate Secretary Marion Phillips to present the NYEYC Administrative Budgets for Fiscal Years 2017 and 2018 (July 1 – June 30) for approval.

Mr. Phillips presented both fiscal years simultaneously, explaining that fiscal year budget requests are \$597,165 for 2017 and \$631,430 for 2018. He explained that the fiscal year 2017 request is for actual expenses and the proposed budget for fiscal year 2018 is for projected expenses. Mr. Phillips explained that each year includes \$270,000 to be equally divided between the City and the State for staffing expenses.

Director Miranda asked Mr. Phillips what expenses are covered by the NYEYC administrative budget. Mr. Phillips explained that the budget covers expenses related to the management of the program including office space, equipment, supplies and a portion of City and State staff salaries totaling \$135,000 each.

Director Jordan asked if the increase between fiscal years 2017 and 2018 is due to projected staffing increases. Mr. Phillips responded that it is not anticipated.

Director Leicht inquired if HUD was the source of Federal funding for the New York Empowerment Zone and whether the program funding could be subject to federal spending cuts. Director Knuckles clarified that the funds originated from the Department of Health and Human Services and administered by HUD. Mr. Phillips then explained that all federal funding for the program was drawn down by the NYEYC when the program originally expired through allocations. Bronx funding was allocated to business development and Upper Manhattan funding was allocated to three program areas: workforce development, cultural industry and business development. Mr. Phillips added that some of UMEZ projects and all BOEDC's projects are funded with loan repayments.

Hearing no further questions or comments from the Directors and no comments from the public, upon motion duly made and seconded, the following resolutions were unanimously adopted:

NEW YORK EMPOWERMENT ZONE CORPORATION - Fiscal Year 2017 Budget – Authorization of \$597,165 administrative budget for fiscal year 2017.

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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 FIVE HUNDRED NINETY SEVEN THOUSAND ONE HUNDRED SIXTY FIVE DOLLARS (597,165) for fiscal year 2017, 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.

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NEW YORK EMPOWERMENT ZONE CORPORATION - Fiscal Year 2018 Budget – Authorization of \$631,430 administrative budget for fiscal year 2018.

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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 is SIX HUNDRED THIRTY ONE THOUSAND FOUR HUNDRED THIRTY DOLLARS (631,430) for fiscal year 2018, 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.

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Chairwoman Velani called for a motion to approve the Minutes of the Directors' meeting of August 14, 2017. Noting no corrections and upon the motion being duly made and seconded; the following resolution was unanimously adopted:

APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE AUGUST 14, 2017 MEETING OF THE DIRECTORS OF THE NEW YORK EMPOWERMENT ZONE CORPORATION

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RESOLVED, that the Minutes of the Meeting of the Corporation held on August 14, 2017 as presented to this meeting, are hereby approved and all actions taken by the Directors presented at such meeting as set forth in such Minutes, are hereby in all respects ratified and approved as actions of this Corporation.

\* \* \*

Hearing no further business, the meeting adjourned at 10:30 a.m.

Respectfully Submitted,

Marion Phillips III  
Corporate Secretary

**FOR CONSIDERATION**

July 24, 2018

TO: The Directors

FROM: Howard Zemsky

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

REQUEST FOR: **Authorization for Loan to Bronx Kreate Space, LLC Initiative and to Take Related Actions.**

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**I. Initiative Summary**

Organization Name: Bronx Overall Economic Development Corporation ("BOEDC")  
851 Grand Concourse, #123  
Bronx, NY 10451

Contact: Marlene Cintron  
President  
(718) 590-3540

Proposed Initiative: A \$350,000 loan to Bronx Kreate Space LLC to lease and improve a warehouse space into art studios.

Total Initiative Cost: \$1,038,000

Proposed Empowerment Zone ("EZ") Investment: \$350,000 (Loan)

**Funding Sources:**

Federal EZ SSBG Funds:	\$	116,667
State EZ Funds:	\$	116,666
City EZ Funds:	\$	116,667
<b>Total</b>	<b>\$</b>	<b>350,000</b>

Fiscal Year: 2019

## **II. Initiative Narrative**

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

## **III. Conditions for Approval**

Funding is subject to the Corporation's approval of BOEDC's monitoring system, which must ensure that adequate policies and procedures are adopted to safeguard against misappropriation and provide for appropriate controls with respect to each 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 BOEDC presenting to the Corporation for approval detailed written information on implementation of this initiative and the terms and conditions for the loan from BOEDC to **Bronx Create Space 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:

- 100 individual and shared studio spaces

## **V. Residents Benefits**

This Initiative will benefit EZ residents by:

- Redevelopment of a vacant property
- Create 100 individual and shared studio spaces for EZ residents

**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.
- New physical infrastructure development, which is feasible, attainable in the current economic environment and sustainable.
- Permanent job creation, including without limiting the foregoing, promotion, encouragement and creation of opportunities for small, medium and large business development in the EZ/EC that will create permanent jobs for the Enterprise Zone.
- Increasing the number of permanent-job creating new businesses in the EZ/EC.

**VII. Additional Materials**

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

## **EXECUTIVE SUMMARY AND DESCRIPTION OF PROJECT**

**COMPANY:** BRONX KREATE SPACE, LLC

**CONTACT:** DAN J. HERDOON

**PROPOSED ADDRESS:** 15 CANAL PLACE, THE BRONX, NY 10451

**PHONE/FAX:** 917-701-5844

**TYPE OF BUSINESS:** REAL ESTATE HOLDING MANAGEMENT / STUDIO & GALLERY LEASE SPACE  
NAICS – 531390 OTHER ACTIVITIES RELATED TO REAL ESTATE

**TAX STRUCTURE:** LLC

**IRS TAX ID#:** 82-5033137

**DATE INCORPORATED:** 1/31/2018

**TOTAL PROJECT COSTS:** \$1,038,000.00

**FINANCING REQUESTED:** \$350,000.00

**EMPLOYMENT:** 6 – including management and café

### **PROPOSAL SUMMARY:**

The purpose of this project is to lease and improve vacant warehouse space into art studios and supporting improvements for offering to the artist and maker community in The Bronx, New York. The project property is located at 15 Canal Place, The Bronx, New York 10451 and includes the 1<sup>st</sup> through 4<sup>th</sup> floors of the building. Minority equity partner in Bronx Kreate Space, Saul Maslavi, is in the process of purchasing the 15 Canal Place property and will be the landlord for Bronx Kreate Space.

The Total project cost is \$1,038,000.00 and includes construction of leasehold improvements, construction & soft cost contingencies, furniture & fixtures, interest reserve, professional fees, and working capital for marketing, advertising, and an operating reserve. Landlord and borrower are preparing a 15-year lease (with two additional five-year option periods under an escalating annual rent starting at \$12 per square-foot with a 30% reimbursement of the increased property taxes (after improvements and assessment). Bronx Kreate Space is negotiating for a lease purchase option be included in the agreement. Final lease and terms to be completed.

Approximate gross area under lease is 21,300-square-foot with approximately 14,910-square-foot available for rent once converted. Plans call for 100 individual and shared studio spaces ranging in size from 60-square-foot to 225-square-foot all located on the 2<sup>nd</sup> through 4<sup>th</sup> floors.



One of the floors will be designed as open space with movable work areas. The 1<sup>st</sup> floor will be improved to house a café and gallery space. The remaining 6,390-square-feet of space is comprised of common areas, hallways, bathrooms, kitchen areas, gallery space, and exhibition space. Once the property has been converted and improved it will be marketed to the artist and maker community.

The owners of Bronx Kreate Space, LLC are Dan J. Herdoon (85%) and Saul Maslavi (15%).

Dan J. Herdoon, shows more than 20 years of banking, corporate finance, real estate development, and real estate project management experience primarily in New York and the Northeast United States. He began his career in real estate development and management as a Senior Project Manager with A.I. Leviev Boymelgreen, Co. Inc. in 2003. As a Project Developer he coordinated eight projects totaling \$320MM for the company and supervised a staff of 150. In 2008 he joined Brack Capital Real Estate and completed a \$45MM hotel as Project Manager in 12 months. After leaving Brack, he co-founded Red Titans Capital, a firm specializing in sourcing, analyzing, acquiring, and managing real estate assets in the Northeast US. The company raised and invested in 30+ distressed and off-market real estate assets and re-positioned distressed properties to improve operations, cash flows, and ROI. In 2011, Herdoon joined Yellow Brick Capital Advisors as Head of North America Real Estate Investments. He successfully advised clients on nine projects ranging from a 500,000 square-foot mixed use building in Cincinnati, OH to 120,000 square-foot mixed use buildings in New York and New Jersey to a 250-unit townhouse purchase and a \$30MM hotel property lot purchase in Miami.

Since 2008, he has joined in the development of three like projects in Brooklyn, New York. Each of these prior artist and maker community projects reached occupancy beyond 90% at each location within three years of opening. While no longer associated with these projects, it documents the principal's experience and demonstrates the need for the product in the New York, Brooklyn, The Bronx, and surrounding market.

#### Education:

Dan Herdoon received a Bachelor of Arts degree from Brandeis University, Waltham, MA (1996) and completed the Post-Graduate Business Program at University of Massachusetts in Boston, MA (1997). In 2007 he completed the Real Estate Construction Management program at New York University, New York, NY.

Saul Maslavi is the President and CEO of Jovani Fashion ([www.jovani.com](http://www.jovani.com)). Jovani started as a 10-person operation, designing and manufacturing 15 evening dress styles for specialty boutiques. Saul has since grown the company to 50 people, serving the couture, bridal, prom, and pageant markets. Jovani Fashion works with 2,000 retailers worldwide including Neiman Marcus, and celebrities, including Taylor Swift and Carrie Underwood are often seen in signature pieces for red carpet, charity, and social events. Additionally, Saul is a real estate investor and active in the New York market. He will hold a position on the advisory board for Bronx Kreate Space but will not be active in the day-to-day decision making of the business. No financial information was obtained for Mr. Maslavi since he is a passive, minority 15% partner in Bronx Kreate Space.

#### **DESCRIPTION OF BUSINESS:**

This project involves the establishment of Bronx Kreate Space, a re-purposing of warehouse space located at 15 Canal Place, The Bronx, New York into an artist and maker community incubator and marketplace. Bronx Kreate Space, a concept developed by founder Dan J. Herdoon, provides the artist and maker community, with quality studio and gallery lease space in a central location to further the development and marketability of creations and products. The value to the artist and maker community is the quality workspace, technology platform, on location gallery space, marketing resources, and cost sharing provided by the project developers.

Bronx Kreate Space provides member tenants with various sized studio space on flexible lease terms (3 month to 3 years) along with amenities such as meeting rooms, concierge service, dining room, street-level cafe, gallery space, exhibition space, 24-hour security, storage, and all utilities. Artists and makers targeted by Bronx Kreate Space include ceramics, drawing, painting, sculpture, graphics, film, photography, sound engineering, crafting trades, fashion, jewelry, and writing. In addition to gallery and exhibit partnerships with resident artist, classes and presentations will be offered to member tenants.

A key component offered by Bronx Kreate Space to the creative community is a relevant technology platform which empowers members to grow their brands and exposure in the marketplace. At the core is a full eCommerce suite that allows members to manage orders, manage invoicing & payments, track shipping, and providing sales metrics for future growth. Additionally, Bronx Kreate Space offers small back-office business services, including access to legal, accounting, and insurance providers along with introductions to grants, scholarships, and funding resources.

The street level café located in the ground level of the building will provide a meeting place and further the interaction with the artist community. The current plan is to partner with a local café operator and sub-lease the space. Bronx Kreate Space will be working on the design of the café together with the operator, however, it will be their responsibility to provide all the furnishing and equipment.

#### **FINANCING REQUESTED:**

##### **Uses of Funds:**

Construction of Leasehold Improvements	\$ 745,500.00
Furniture, Fixtures, and Equipment	\$ 42,600.00
Construction & Soft Cost Contingencies	\$ 83,550.00
WC, Marketing, Advertising, Insurance	\$ 37,275.00
Interest Reserve	\$ 19,000.00
Professional Fees & Soft Cost Contingencies	<u>\$ 110,075.00</u>
Total Uses of Funds	\$ 1,038,000.00

##### **FUNDING SOURCES:**

BOEDC BAI Business Loan:	\$350,000.00	33.72%
NY State Grant Funds:	\$595,000.00	57.32%
Borrower Contribution (after pre-opening expenses):	<u>\$93,000.00</u>	<u>8.96%</u>
<b>TOTAL</b>	<b>\$1,038,000.00</b>	<b>100.00%</b>

Total combined BOEDC and NY State Grant funding: \$945,000.00 91.04%

The contemplated funding includes economic development funding coordinated through BOEDC, State grant funding, and a borrower cash contribution. The principals of Bronx Kreate Space, LLC have \$150,000.00 in verified cash in bank deposits and after the lease deposit at signing and initial legal and consulting fees, \$93,000.00 of remaining funds will be the available borrower contribution toward the project.

The proposed financing contemplated in the financial analysis is based on a term of 120 months at an initial rate of 7.0%. The structure of the financing is contemplated to be 6 monthly payments of interest only on the outstanding balance followed by 114 monthly payments of principal and interest and one final payment of accrued interest and principal at maturity (120 months terms; 114 months amortization).

#### **EQUITY INJECTION:**

Bronx Kreate Space will contribute \$150,000.00 as the equity injection into this project. This amount was contributed by the 15% partner and advisory board member, Saul Maslavi. The company provided bank statement evidencing the funds deposited in the business account. Some of the funds have been and will be used toward pre-project expenses and the initial lease deposit. The remaining amount, estimated at \$93,000, will be injected into the construction project.

#### **CONSTRUCTION PROJECT:**

Mr. Herdoon anticipates construction to begin 45 days after lease closing, once permits are approved, and having a duration of 5 months. The Total Project Cost Summary includes an interim interest reserve for 6 months.

The architect, Concept Design Group, will be responsible for obtaining the appropriate permits for the project and will work directly with an expeditor who has experience working with the Bronx DOB. Bronx Kreate Space has obtained one project bid and is seeking two additional bids for the project. Ultimately the contractor selected for the project will also act as the GC and all project draw requests will be submitted to the architect for approval, submission to management, and funding sources.

The project budget includes funds for a project manager who will be responsible for contractor supervision, scheduling of FF&E bids, delivery, and installation. Additional responsibilities include obtaining appropriate insurances and working with the architect toward project completion.

#### **COLLATERAL SUMMARY:**

BOEDC BAI financing will be secured by a 1<sup>st</sup> lien leasehold mortgage and the financing will additionally be secured with a 1<sup>st</sup> lien UCC-1 in FF&E. The lease has not been finalized and any loan commitment is subject to acceptable collateral and perfection of security interest.

Personal guarantees from the owners of Bronx Kreate Space, LLC will be sought. The terms of the loan guarantees from Dan Herdoon and Saul Maslavi (limited vs. unlimited, potential asset pledges, guarantee durations) have not yet been negotiated and guidance is sought from loan committee.

#### **MANAGEMENT:**

A management plan has been submitted by Mr. Herdoon which provides details about the day-to-day operations of the business. The business will have a total of four employees, including management and operations. The café is anticipated to create an additional 2-3 employment opportunities for the independent café operator. The Bronx Kreate Space employment positions are:

Dan Herdoon – CEO of Bronx Kreate Space and responsible for all aspects of the business.

Daniel Freeman – COO/Property Manager and responsible for the operational aspects of the business, tenant support services, and property management.

Position to be Filled – Chief Experience Officer/Curator. This position will be filled three months prior to opening and the primary responsibilities include the recruitment of artist and maker tenants, curating the gallery, marketing, media management, program creation and administration.

Position to be Filled – On-Site maintenance employee and responsible for the operational aspects of the business and building.

Furthermore, Bronx Kreate Space will have a two-member advisory board supporting the business:

Saul Maslavi – Partner and advisor on general business, strategic guidance, and general back-office support.

Alison Karp – Marketing advisor providing support in developing a business marketing strategy.

#### **MARKET ANALYSIS:**

While Manhattan continues to have the largest artist population in New York City, there has been a steady increase in artist all over the City. According to research by the Center for an Urban Future, since 2000 the artist population did not only increase it increased in nearly three-quarters of the City's Census neighborhoods. Due to rising rents and limited studio space artists are still struggling to get by and as they seek more affordable space, more artists have left Manhattan and settle in the other boroughs. Between 2000 and 2015, Bushwick, Williamsburg, and Brooklyn Heights have seen the largest increases while Manhattan saw a steady decline. During this same time, The Bronx nearly doubled the number of visual and performing artists while Throgs Neck saw a 286% increase in the number of artists.

Real estate developers have recognized the shift and are discovering new ways to cater to the artist and maker community. Re-purposing of warehouse space, re-development or commercial space, and similar activities to develop artist communities are seen across the area, including in Bushwick, Brooklyn, and The Bronx.

The efforts of developing new artist communities additionally furthers the revitalization efforts of neighborhoods as artist migration organically enhances the community. With the increase in the number of artists within a community, new related businesses form and further enhance the community. Many of the re-development projects saw an increase in the number of restaurants, retail, entertainment, and related business catering to the artist community within 24-48 months after creation of a re-development project.

#### **MARKETING & ADVERTISING:**

Bronx Kreative Space, LLC has developed a simple and direct marketing and advertising campaign based on experience from previous projects. The campaign involves building direct connections and relationships with local art organizations, art schools, galleries, and community-based art organizations. Specifically, Mr. Herdoon and the new curator are intent to partner with BronxArtSpace, Bronx Council on the Arts, The Bronx Museum of the Arts, Mott Haven Art School, and Haven SBX to reach The Bronx and surrounding art community.

#### **PERCEIVED STRENGTH & RISKS:**

##### *Strengths:*

- Primary principal has extensive real estate development and project management experience.
- Proven operational history and direct industry experience.
- Good personal credit of principal Dan J. Herdoon with a TransUnion Score of 777.
- Project demand supported by migration of artists from Manhattan to Mott Haven, The Bronx.

##### *Risks:*

- New business without historical cash flow or performance. Mitigated by performance of two similar projects co-developed by Herdoon in Bushwick and Brooklyn.
- Pro forma balance sheet shows post funding negative working capital. Borrower's pro forma assumes fast lease-up and high occupancy after completion of construction to overcome WC shortage.
- Proposed loan collateral is limited to a leasehold mortgage interest and UCC-1 on FF&E representing an overall collateral shortfall in a liquidation scenario. Mitigated by potential personal guarantees and the neighborhood revitalization potential of the proposed project.
- Limited personal liquidity, assets, and a net worth of \$207.5M for the primary principal.

#### **OTHER ATTACHEMENTS:**

1. Bronx Kreate Space, LLC - Executive Summary & Project Description
2. Sources & Uses of Funds Statement & Cost Documents
  - a. Uses of Funds Statement
  - b. Construction Estimate – TAC One Concepts – *Update To Be Provided*
  - c. Architect Proposal – Concept Design Group – *Update To Be Provided*

- d. FF&E Budget – *Update To Be Provided*
- 3. Personal Financial Statements for Dan J. Herdoon
- 4. TransUnion Credit Profile for Dan J. Herdoon
- 5. Resume and Work History for Dan J. Herdoon
  - a. Resume – Dan Herdoon
  - b. Project Related Experience – Dan Herdoon
- 6. 2016 Tax Returns Karp & Herdoon
- 7. 2015 Tax Returns Karp & Herdoon
- 8. 2014 Tax Returns Karp & Herdoon
- 9. Lease Memorandum & Draft Lease – *Update To Be Provided*
  - a. Lease Memorandum
  - b. Draft Lease
- 10. Bronx Kreate Space – Floor Plan – *Update To Be Provided*
- 11. Bronx Kreate Space – Business Plan
- 12. Bronx Kreate Space – Management Plan
- 13. Bronx Kreate Space – Cash Flow Forecast and Pro-Forma
  - a. Cash Flow Forecast
  - b. Years 1-5 Financial Pro Forma
- 14. Pro-Forma Balance Sheet and Financial Analysis
  - a. Financial Analysis Comments
  - b. Pro Forma Balance Sheet and P&L
  - c. Break Even Analysis
  - d. Contingency and Interest Reserve Calculation
  - e. Analysis Worksheet
- 15. Bronx Kreate Space – Community Revitalization Presentation
- 16. Bronx Kreate Space – Prior Project Absorption Rates
- 17. Bronx Kreate Space – Advertising & Marketing Plan and Lease-up Comparison

**Uses of Funds****BOEDC Project****Loan Name:****Bronx Kreate Space - 15 Canal Place****Property:****Bronx, NY**

<b>Uses</b>	<b>Amount</b>	<b>%</b>
Construction	\$ 745,500	71.82%
FF&E	\$ 42,600	4.10%
Construction (10%) & Soft Cost Contingency	\$ 83,550	8.05%
WC, Marketing, Advertising, Insurance	\$ 37,275	3.59%
Interest Reserve	\$ 19,000	1.83%
Professional Fees	\$ 110,075	10.60%
<b>Total</b>	<b>\$ 1,038,000</b>	<b>100.00%</b>

<b>Sources</b>	<b>Amount</b>	<b>%</b>
BOEDC	\$ 350,000	33.72%
Grant Funds	\$ 595,000	57.32%
Borrower Contribution (see below)	\$ 93,000	8.96%
<b>Total</b>	<b>\$ 1,038,000</b>	<b>100.00%</b>
Combined Loans	\$ 945,000	91.04%

<b>Borrower WC Contribution</b>	<b>Amount</b>
Initial Borrower Deposit	\$ 150,000
Less: Lease Deposit est.	\$ (63,000)
Less: Legal Fees & Consulting	\$ (15,000)
Add: Partial Refund of Deposit (mo. 6) est.	\$ 21,000
<b>Remaining Borrower Funds toward Contrib.</b>	<b>\$ 93,000</b>

<b>Construction</b>	<b>Amount</b>
Leasehold Improvement Construction	\$ 745,500
Other:	\$ -
<b>Total</b>	<b>\$ 745,500</b>

<b>Equipment / Furniture / Fixtures</b>	<b>Amount</b>
FF&E	\$ 42,600
<b>Total</b>	<b>\$ 42,600</b>

<b>Professional Fees Estimate</b>	<b>Amount</b>
Searches, Recording Charges, Filing Fees	\$ 1,500
Permits & Filing Fees	\$ 5,325
Architect / Engineer / Expeditor	\$ 63,900
Testing & Inspections	\$ 5,325
Survey "As Built"	\$ 5,325
Lender Processing Fee (BAL)	\$ 7,100
Project Management	\$ 20,235
Other: Miscellaneous	\$ 1,365
Other:	\$ -
<b>Total</b>	<b>\$ 110,075</b>

## **Bronx Kreate Space, LLC**

### **Financial Analysis:**

#### **Balance Sheet Comments:**

Bronx Kreate Space, LLC was established on 1/31/2018 for the purpose of operating the project business. This is a start-up business since the operating company has had no activity since inception. The operating company is leasing commercial warehouse space at 15 Canal Place, The Bronx, New York for conversion into sub-lease studio, gallery, and exhibition space for area artists and makers. Analyst has prepared a pro-forma balance sheet which reflects the total project costs, proposed BOEDC 1st mortgage loan, State grant funding, and borrower contribution. Additionally, the pro-forma balance sheet reflects the working capital reserve and capitalized professional fees and closing costs.

It should be noted that the business can generate cash quickly as studio lease space rents are billed monthly and ACH draft options, online bill pay will be offered. Ancillary sales are from art classes offered, technology and eCommerce support activities, and rents collected from a café to be located in the space. These sales are billed immediately upon service, or monthly and provide liquidity. The business does not anticipate significant accounts receivable or accounts payable.

#### **Pro Forma Balance Sheet:**

The pro forma balance sheet reflects a working capital position of \$10.1M and a current ratio at 1.37(x) which is above the RMA median current ratio of 1.1(x). This appears acceptable as the proposed business generates monthly income quickly without accounts receivable and a high lease-up rate is anticipated by the principals. The pro forma shows high leverage with a debt to tangible net worth ratio at (55.26)(x) as compared to the RMA industry median average at 3.0(x). As currently proposed, the principals are injecting \$93.0M in cash equity into the project after paying lease deposits and legal fees.

The pro forma liquidity and current ratio are somewhat misleading as the pro forma balance sheet reflects the State grant funds under liabilities (essentially a contingent liability based on the business creation, employment goals, and performance). The pro forma balance sheet also does not include the pre-lease deposits received during the construction period. Overall working capital is very limited; however, initial demand for the project appears strong based on the current trends in the marketplace.

Included with the operating capital reserve shown in the Uses of Funds Statement are amounts for pre-opening expenses. Specifically, those are:

1. Marketing and Advertising of \$5,325
2. Insurance of \$10,650

To summarize, the initial working capital is as follows (please see Uses of Funds Statement):

Cash reserve for working capital \$20,235  
Pre-opening expenses \$15,975

Working capital is very limited and the business plan cash flow relies on an accelerated lease-up and high occupancy rates after the completion of construction.



### **P&L Statement Comments:**

Income for the project is derived from the rental of artist and maker studio space, art classes and training, gallery and exhibitions, administrative fees, and café space rental income. The principal has co-founded and developed similar projects in Bushwick and Brooklyn and utilized this experience in developing the project budget and pro-forma. Pro-forma relies on a 6-month construction period and 18-month absorption rate with a 5% terminal rental loss factor as experienced in prior projects (due to tenant lease expiration, make-ready of space, and new tenant move-in).

#### **Borrower Pro Forma:**

The borrower pro forma, shows revenues in Year 1 of \$504.3M, with Year 2 revenues of \$1,160.8M and Year 3 revenues of \$1,306.5M. Pro forma assumes an average occupancy rate based on revenues of 50.0%, 95.0%, and 95.0% in Years 1, 2, and 3 respectively. Unit absorption of the studio space in the building is estimated at 613-square-foot per month for Year 1. A break-down of the revenues for Year 1 shows \$463.1M (91.8%) in studio rental income and \$41.2M (8.2%) in all other revenues (art classes and training, gallery and exhibition admissions, administrative fees, and café rent). Business operating expenses shown in the borrower's pro forma consist of variable expenses (management / salary / employment, repair & maintenance, utilities, administrative, advertising, and operational) and fixed expenses (property taxes, insurance).

#### **Analyst Adjusted Pro Forma:**

This analyst adjusted the borrower pro-forma for Years 1 - 3 to include additional operating expenses (accounting/legal, increased insurance), depreciation, amortization, interest expense, and an allowance for income taxes. In addition, the analyst compared the borrower pro-forma to the compiled financial statement for a prior project, Brooklyn Brush Studios, for the FYE 2016, 2015, and 2014.

Analyst reviewed industrial warehouse rents for comparable properties in the Mott Haven and Hunts Point areas. The information was obtained from recent appraisal reports conducted within the past 12 months for industrial / mix-use properties. The property sizes were between 3,000- and 40,000-square-foot and adjustments were made by the appraisers for size, lease structure, and overall property condition. The resulting industrial rents were \$21.82 and \$14.96 with the average rent per square-foot at \$17.69 (median \$17.48).

The proposed project is anticipated to be leased at \$12.00 and escalating to \$18.00 per square-foot throughout the term of the 15-year lease based on the final lease memorandum. The final lease was not available; however, it is assumed that terms are set. Based on the borrower's pro-forma assumption, the subject property as improved will then be leased at \$54.49 per square-foot (gross) or \$78.96 (net) annually. The average monthly rent per studio is approx. \$968. After a review of the advertised office and warehouse space rents in the area surrounding the subject property, proposed rents appear to significantly exceed market; however, the proposed project provides full business support and amenities such security, collaboration between artists, technology support, gallery space, and a readily accessible eCommerce platform without any additional expense to the tenant.

For a direct comparison, analyst then reviewed the tenant rents received and borrower rents paid for the prior project (Brooklyn Brush Studios). The multiple between the rents paid and rents received after conversion at Brooklyn Brush Studios appears to be a reliable gauge for the proposed project and they were generally lower than the pro-forma.

Assumptions:

- Total cash flow is the sum of net income and add back items and is derived from the analyst adjusted pro forma.
- Add back items include: depreciation, amortization, and interest, which are available to service debt obligations.
- Depreciation and Amortization were estimated at \$80.6M and \$7.3M respectively to derive at net income (please see Analysis Worksheet).
- Interest expense was estimated at \$23.6M in Year 1, \$21.7M in Year 2, and \$19.6M in Year 3, to derive at net income (please see Analysis Worksheet).
- Distributions are subtracted from total cash flow in order to account for taxes on pass through income to the principal. The withdrawals are estimated at 25% of net income.
- The proposed BOEDC debt is based on principal & interest at 7.00% amortized over seven years.
- The proposed State Grant funding is assumed to not require repayment.

Based on the analyst adjustments and assumptions as shown above, net income after tax allocation in Year 1 is \$39.3M, with Year 2 at \$373.0M and Year 3 at \$449.0M. Pro forma assumes an average occupancy rate based on revenues of 50.0%, 95.0%, and 95.0% in Years 1, 2, and 3 respectively. Based on annual, amortizing debt service, the adjusted projections show DSC 7.7(x) in Year 1 of lease-up of the new storage building and improving to 14.3(x) in Year 2 and 15.8(x) in Year 3. At stabilization in Year 2, operating expenses are 55.3% which compares to the RMA of 65.4%. Net income margin before distribution for taxes is 42.8% compared to RMA of 21.1%.

Analyst then prepared a break-even analysis at 95% occupancy. Given the fixed and variable expenses incurred in Year 2 and the proposed debt service, break-even gross rents are at \$26.24. This translates into net annual rents of \$37.49 per square-foot.

The projections provided by the borrower appear high but achievable if they are reflective of prior experience with completed projects. This project is situated in an easily accessible location and in an expanding market with increasing demand for studio space based on the demographic changes in the customer base. The principals represent extensive experience in the industry and Mr. Hardoon co-founded similar projects to successful lease-up in the past.

## Independent Development Services Corporation

**2018032101 • Bronx Kreate Space, LLC**Type: **Commercial** • Status: **Open: In House**Loan > Loan Analysis > Financial Statements > **Bronx Kreate Space, LLC: Primary OC**

☑ Saved

**Balance Sheet**

		Debit	Credit	Proforma	RMA
Cash	a	37.3		37.3 3.6%	
<b>Total Cash Equivalents</b>		37.3	0.0	37.3 3.6%	12.3
<b>Net A/R</b>		0.0	0.0	0.0	
<b>Total Current Assets</b>		37.3	0.0	37.3 3.6%	28.6
FF&E	b	42.6		42.6 4.1%	
Other Fixed Assets: Leasehold Improvements	c	848.0		848.0 81.7%	
<b>Total Fixed Assets</b>		890.6	0.0	890.6 85.8%	53.8
<b>Net Fixed Assets</b>		890.6	0.0	890.6 85.8%	
<b>Total Other Rec.</b>		0.0	0.0	0.0	
Intangible Assets	d	110.1		110.1 10.6%	4.1
<b>Total Assets</b>		1038.0	0.0	1038.0 100.0%	100.0
CPLTD-Bank/Other	e		27.2	27.2 2.6%	2.8
<b>Total Current Liabs</b>		0.0	27.2	27.2 2.6%	26.1
Notes Payable-BOEDC	f		322.8	322.8 31.1%	41.9
Grant Funds			595.0	595.0 57.3%	5.2
<b>Total Liabilities</b>		0.0	945.0	945.0 91.0%	
Paid In Capital	g		93.0	93.0 9.0%	
<b>Total Equity</b>		0.0	93.0	93.0 9.0%	26.7
<b>Total Liabilities+ Equity</b>		0.0	1038.0	1038.0 100.0%	100.0

**Income Statement**

	<b>Borrower Projection</b>		<b>Borrower Projection</b>		<b>Borrower Projection</b>		<b>RMA</b>
Sales	504.3	100.0%	1160.8	100.0%	1306.5	100.0%	100.0
<b>Gross Profit</b>	504.3	100.0%	1160.8	100.0%	1306.5	100.0%	100.0
Accounting/Legal			17.1	1.5%	19.2	1.5%	
Advertising & Events	11.0	2.2%	12.0	1.0%	13.0	1.0%	
Consulting	3.0	0.6%	3.0	0.3%	3.0	0.2%	
Insurance	5.1	1.0%	10.2	0.9%	14.0	1.1%	
Office Exp. and Postage	7.0	1.4%	10.0	0.9%	10.4	0.8%	
Rent: Recurring	147.0	29.1%	252.0	21.7%	260.0	19.9%	
Repairs/Maintenance	6.9	1.4%	13.8	1.2%	14.3	1.1%	
Taxes/Licenses			3.5	0.3%	10.4	0.8%	
Utilities/Telephone	40.5	8.0%	60.0	5.2%	62.4	4.8%	
Salaries/Wages	119.9	23.8%	172.3	14.8%	193.6	14.8%	
Depreciation	80.6	16.0%	80.6	6.9%	80.6	6.2%	
Amortization	7.3	1.4%	7.3	0.6%	7.3	0.6%	
<b>Total Op. Expenses</b>	428.3	84.9%	641.8	55.3%	688.2	52.7%	65.4
<b>Operating Income</b>	76.0	15.1%	519.0	44.7%	618.3	47.3%	34.6
(Interest Expense)	-23.6	-4.7%	-21.7	-1.9%	-19.6	-1.5%	
<b>Net Inc Before Taxes</b>	52.4	10.4%	497.3	42.8%	598.7	45.8%	21.1
Current Tax Exp.	13.1	2.6%	124.3	10.7%	149.7	11.5%	
<b>Net Inc After Taxes</b>	39.3	7.8%	373.0	32.1%	449.0	34.4%	
<b>Adjusted Net Inc</b>	39.3	7.8%	373.0	32.1%	449.0	34.4%	
Depreciation/Amort	87.9	17.4%	87.9	7.6%	87.9	6.7%	
Interest	23.6	4.7%	21.7	1.9%	19.6	1.5%	
Personal Excess Cash Flow	239.7	47.5%	239.7	20.6%	239.7	18.3%	
<b>Total Cash Flow</b>	390.5	77.4%	722.3	62.2%	796.2	60.9%	
Project Debt - Other	50.5	10.0%	50.5	4.4%	50.5	3.9%	
<b>Total Debt Requirement</b>	50.5	10.0%	50.5	4.4%	50.5	3.9%	
<b>Cash Surplus (Deficit)</b>	340.0	67.4%	671.8	57.9%	745.7	57.1%	
<b>Cash Flow Coverage Margin</b>	7.73		14.30		15.77		

**Reconciliation of Net Worth**

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**Beginning Net Worth**

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**Total Changes to R/E**

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**Total Change in Net Worth**

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**Unexplained Variation**

**Ratios**

	Proforma	RMA High	RMA	RMA Low
Gross Margin	100.0%			
Net Profit Margin	7.8%			
Return on Equity	-229.82%			
Sales/Assets	0.49	1.0	.2	.1
Current Ratio	1.37	3.3	1.1	.3
Quick Ratio	1.37	2.1 (1350)	.6	.1
Working Capital	10.10			
Tangible Net Worth	-17.10			
Debt/TNW	-55.26	.8	3.0	24.8
Unsubordinated Debt/TNW	-55.26			
Debt Service Coverage	7.73			
Break-Even Point	404.70			

**UCA Cash Flow**

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**Cash from Sales****Cash Production Costs****Gross Cash Margin****Cash Operating Exp****Cash From Operations****Net Cash From Operations****Financing Costs****Net Cash Income****Cash After Debt Amortization****CASH COVERAGE RATIO****Financing Surplus (Req)****Total External Financing****Cash After Financing****Difference**

**COGS Breakdown**

	<b>Borrower Projection</b>		<b>Borrower Projection</b>		<b>Borrower Projection</b>	
<b>Sales</b>	504.30	100.0%	1160.80	100.0%	1306.50	100.0%
<b>Cost of Goods Sold</b>	0.0		0.0		0.0	
<b>Gross Profit</b>	504.3	100.0%	1160.8	100.0%	1306.5	100.0%



# **Bronx Kreate Space**

Real Estate	\$	745,500	<i>Leasehold Improvements</i>
FF&E	\$	42,600	<i>Furniture Fixtures</i>
Less: Land Cost	\$	-	
Depreciable Assets	\$	788,100	

Non Residential Real Property	Recovery Period	Method	Depreciation Deduction	
\$ 745,500	10	S/L	\$ 74,550	<i>project improvements &amp;</i>
\$ 42,600	7	S/L	\$ 6,086	<i>equipment used</i>
			\$ 80,636	

Intangibles Amortization	Recovery Period	Method	Depreciation Deduction	
\$ 110,075	15	S/L	\$ 7,338	<i>closing costs</i>
\$ -	15	S/L	\$ -	
\$ -	15	S/L	\$ -	
			\$ 7,338	

Lender	Loan	Interest	Amort	Monthly Payment	1st Year Interest	2nd Year Interest	3rd Year Interest	4th Year Interest
BOEDC - BAI	\$ 350,000	7.00%	9.5	\$ 4,212	\$ (23,648)	\$ (21,704)	\$ (19,619)	\$ (17,383)
SBA (gross debenture)	\$ -	6.00%	7	\$ -	\$ -	\$ -	\$ -	\$ -
Debt	\$ -	6.00%	7	\$ -	\$ -	\$ -	\$ -	\$ -
Credit Cards	\$ -	9.00%	3	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ -	2.99%	Int Only	\$ -	\$ -	\$ -	\$ -	\$ -
				\$ 4,212	\$ (23,648)	\$ (21,704)	\$ (19,619)	\$ (17,383)

## Break Even Analysis

Operating Company

Bronx Kreate Space, LLC

Date of Statement

Pro Forma

(\$ in thousands)

Sales

\$ 1,160.8

### Operating Expenses

	Fixed	Variable	Excluded
Cost of Goods Sold	\$ -	\$ -	\$ -
Depreciation & Amortization	\$ 88.0	\$ -	\$ -
Repair & Maintenance	\$ 13.8	\$ -	\$ -
Insurance	\$ 10.2	\$ -	\$ -
Legal & Professional	\$ 17.1	\$ -	\$ -
Other Deductions	\$ -	\$ -	\$ -
Office Expense	\$ -	\$ 10.0	\$ -
Salaries	\$ -	\$ 172.3	\$ -
Rent	\$ 252.0	\$ -	\$ -
Advertising	\$ -	\$ 12.0	\$ -
Consulting	\$ -	\$ 3.0	\$ -
Utilities	\$ -	\$ 60.0	\$ -
Owner's Withdrawals *	\$ -	\$ -	\$ -
Real Estate Taxes *	\$ 3.5	\$ -	\$ -
Operating Expenses	\$ 384.6	\$ 257.3	\$ 641.9

Break-Even Sales

\$ 494.09

Projected Debt Service

\$ 50.5

Existing Debt Service

\$ -

Total Debt Service

\$ 50.5

Break-Even Sales

\$ 558.97

Sales Decrease Before

\$ 601.8

51.8%

Experiencing Losses

*\* Analyst Adjusted*

*Owner salary included in wages & salaries*

*Real estate taxes derived from the lease*



**PROPERTY OVERVIEW**  
15 Canal Place, BRONX, NY

July 2018

## SPACE OVERVIEW: 15 CANAL PLACE, BRONX, NY

Approximate Gross Square Feet: 21,300

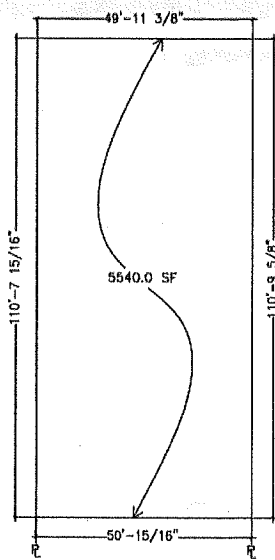
Approximate Net Square Feet: 14,910

Difference: 6,390 (common areas, hallways, bathrooms, kitchen & gallery)

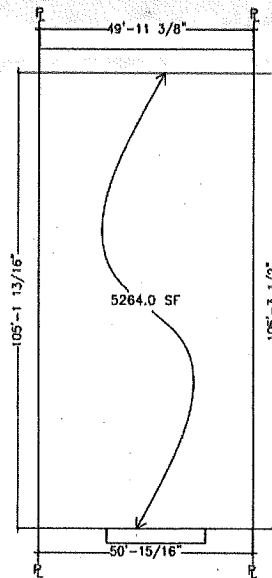
### Features:

- Bronx Kreate Space will be the sole occupant of 15 Canal Place
- DOB code-compliant space featuring 100 studios
- Affordable Open-Space with 15-20 Stalls
- Café and gallery on ground floor
- HVAC and sprinkler system throughout
- Private tenant entrance on Canal Place
- Three private studio floors (two, three & four) with exclusive elevator
- Four private restrooms per floor
- One conference room per floor
- Communal Kitchen / Lounge
- Kitchenette on floors two and four
- Tenant concierge for packages
- Slop sinks on each floor

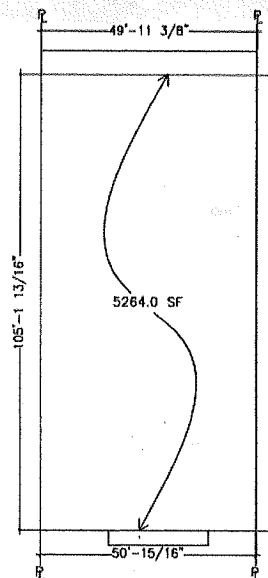
## EXISTING FLOOR PLANS



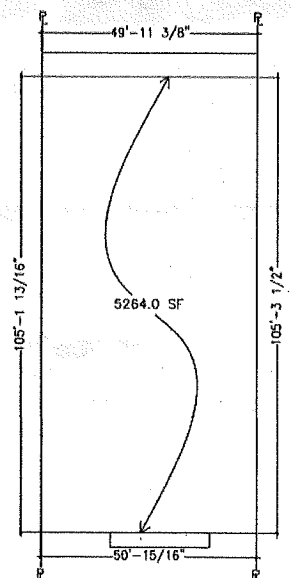
FIRST FLOOR  
5,540 SF GROSS



SECOND FLOOR  
5,264 SF GROSS



THIRD FLOOR  
5,264 SF GROSS



FOURTH FLOOR  
5,264 SF GROSS

# PROJECT BUDGET

## 15 CANAL PLACE, BRONX, NY

Gross Square Feet	21,300
Net Square Feet	14,910
Difference	6,390
Net Loss Factor	30%

Proposed Timeline		
Milestone	Timing	Date
Lease	X	
Construction Start	X + 45 days	
Construction End	X + 5 months	

Allocation of Funds			
Item	Total Cost	PSF	% of Total
Hard Costs	\$820,050	\$38.50	81%
Soft Costs	\$188,984	\$8.87	19%
Total	\$1,009,034	\$47.37	100%

Project Budget			
Item	Cost Code	PSF	Total
Hard Costs		\$35.00	\$745,500.00
Hard Costs Contingency	10.0%	\$3.50	\$74,550.00
Total Hard Costs		\$38.50	\$820,050.00
Architect (Executive)		\$1.75	\$37,275.00
MEPS Engineer		\$0.75	\$15,975.00
Expeditor		\$0.50	\$10,650.00
Surveyor		\$0.25	\$5,325.00
Testing and Inspections		\$0.25	\$5,325.00
Project Manager		\$0.95	\$20,235.00
Design Total		\$4.45	\$94,785.00
Permits and Filing Fees		\$0.25	\$5,325.00
Insurance		\$0.50	\$10,650.00
Carry and Operating Expenses		\$1.00	\$21,300.00
Legal and Administrative Total		\$1.75	\$37,275.00
Furniture and Fixtures		\$2.00	\$42,600.00
Marketing and Advertising		\$0.25	\$5,325.00
Soft Costs Contingency	5.0%	\$0.42	\$8,999.25
Total Soft Costs		\$8.87	\$188,984.25
Total Project Cost		\$47.37	\$1,009,034.25

## **PROPERTY ADVANTAGES**

- Dedicated Bronx Kreate Space building
- Landlord is Saul Maslavi, Bronx Kreate Space equity partner
- Grace period on rent for the six months during construction
- Broker fee is paid by seller
- Rent = \$12 PSF, with a 3% escalation annually

July 24, 2018

**BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION – Bronx Kreate Space, LLC – A \$350,000 loan to Bronx Kreate Space, LLC to lease and improve a warehouse space into art studios.**

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RESOLVED, that on the basis of the materials (the "Materials") presented to the Directors of the Corporation, a copy of which is hereby ordered filed with the records of the Corporation, relating to the Bronx Overall Economic Development Corporation ("BOEDC") initiative for a loan to **Bronx Kreate Space, LLC** (the "Initiative") to lease and improve a warehouse space into art studios. The Corporation is hereby authorized to disburse funds to BOEDC an amount not to exceed THREE HUNDRED FIFTY THOUSAND DOLLARS (\$350,000) 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 THREE HUNDRED FIFTY THOUSAND DOLLARS (\$350,000) 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 24, 2018

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 2017 Administrative Budget and to Take Related Action.**

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The Directors are requested to approve an operating budget for the fiscal year 2017 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 2017 administrative budget is SIX HUNDRED FORTY NINE THOUSAND SEVEN HUNDRED TWENTY FOUR DOLLARS (\$649,724.08).

**Bronx Overall Economic Development Corporation  
Annual Administrative Operating Fund Statement  
For the period July 1, 2016 to June 30, 2017**

<u>Item</u>	Total Funding Request from Loan Repayment
<b><u>Personnel</u></b>	
Salaries & Wages	\$346,594.26
Fringe Benefits	\$86,216.93
<b>Total Personnel Costs</b>	<b>\$432,811.19</b>
<b><u>Contracted Costs</u></b>	
Accounting/Auditing	\$40,000.00
Legal Services	\$10,046.20
Professional & Consultants	\$71,877.50
<b>Total Contracted Costs</b>	<b>\$121,923.70</b>
<b><u>Other Operating Costs</u></b>	
Equipment Lease (Copier)	\$24,744.55
Travel/Meetings/Motor Vehicle	\$3,830.96
Office Supplies	\$4,241.73
Telephone	\$15,046.93
Postage	\$738.50
Dues/Subscriptions	\$4,100.11
Equipment Repairs & Maintenance	\$30,166.50
Insurance	\$12,119.91
Equipment Software Purchases	
<b>Total Operating Costs</b>	<b>\$94,989.19</b>
<b>TOTAL</b>	<b><u>\$649,724.08</u></b>

**The Bronx Overall Economic Development Corporation**  
**EMPOWERMENT ZONE**  
**ANNUAL ADMINISTRATIVE OPERATING FUND STATEMENT**  
**For the Period July 01, 2016 to June 30, 2017**

<b>Personnel</b>	
Staff Salaries	346,594.26
Staff Fringe Benefits	86,216.93
<b>Total Personnel Costs</b>	<b>\$ 432,811.19</b>
<b>Contracted Costs</b>	
Accounting/Auditing	40,000.00
Legal Services	10,046.20
Professional & Consultants	71,877.50
<b>Total contracted costs</b>	<b>\$ 121,923.70</b>
<b>Other Operating Costs</b>	
Travel/Meetings/Motor Vehicle	3,830.96
Office Supplies	4,241.73
Equip/Software Purchases	-
Equipment Lease(Copier	24,744.55
Telephone	15,046.93
Postage	738.50
Printing/Publications	
Marketing/Conferences	
Staff Development	
Dues/Subscriptions/Other	4,100.11
Equip Repairs and Maint	30,166.50
Insurance	12,119.91
Miscellaneous	
<b>Total other operating costs</b>	<b>94,989.19</b>
<b>Total OTPS</b>	<b>216,912.89</b>
<b>Total</b>	<b>\$ 649,724.08</b>

**Bronx Overall Economic Development Corporation**  
**Empowerment Zone**  
**Annual Operating & Administrative Budget**  
**Year ended June 30, 2017**

<b><u>Descriptions:</u></b>	<b>Budget FY 6/30/2016</b>	<b>Budget FY 6/30/2017</b>	<b>Variance- Fav/(Unfav)</b>	<b>Percentage change</b>	
	(1)	(2)	(3)	(4)	
			(1) - (2)	(3)/(1)	
<b><u>Personnel:</u></b>					
Staff Salaries	457,700.00	346,594.26	111,105.74	24.27%	
Staff Fringe Benefits	126,387.00	86,216.93	40,170.07	31.78%	
<b>Total Personnel Costs</b>	<b>584,087.00</b>	<b>432,811.19</b>	<b>151,275.81</b>	<b>25.90%</b>	
<b><u>Contracted Costs:</u></b>					
Audit fee	35,000.00	40,000.00	(5,000.00)	-14.29%	
Professional & Consultants	-	71,877.50			
Legal Fees	35,000.00	10,046.20	24,953.80	71.30%	
<b>Total contracted costs</b>	<b>70,000.00</b>	<b>121,923.70</b>	<b>19,953.80</b>	<b>28.51%</b>	
<b><u>Other Operating Costs:</u></b>					
Equipment Lease(Copier	18,000.00	24,744.55	(6,744.55)	-37.47%	
Travel/Meetings/Motor Vehicle	5,513.00	3,830.96	1,682.04	30.51%	
Office Supplies	3,900.00	4,241.73	(341.73)	-8.76%	
Telephone	12,500.00	15,046.93	(2,546.93)	-20.38%	
Postage	500.00	738.50	(238.50)	-47.70%	
Dues/Subscriptions/Other	500.00	4,100.11	(3,600.11)	-720.02%	
Equipment Repairs & Maint.	18,000.00	30,166.50	(12,166.50)	-67.59%	
Insurance	11,000.00	12,119.91	(1,119.91)	-10.18%	
Equipment/Software Purchases	1,000.00	-	1,000.00		
<b>Total other operating costs</b>	<b>70,913.00</b>	<b>94,989.19</b>	<b>(24,076.19)</b>	<b>-33.95%</b>	
<b>Total OTPS</b>	<b>140,913.00</b>	<b>216,912.89</b>	<b>(4,122.39)</b>	<b>-2.93%</b>	
<b>Total Expense</b>	<b>725,000.00</b>	<b>649,724.08</b>	<b>147,153.42</b>	<b>20.30%</b>	

July 24, 2018

**BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION – Authorization of \$649,724.08 administrative budget for fiscal year 2017.**

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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 SIX HUNDRED FORTY NINE THOUSAND SEVEN HUNDRED TWENTY FOUR DOLLARS AND EIGHT CENTS 649,724.08) for fiscal year 2017, 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 24, 2018

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 2018 Administrative Budget and to Take Related Action.**

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The Directors are requested to approve an operating budget for the fiscal year 2018 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 2018 administrative budget is FIVE HUNDRED THOUSAND SIX HUNDRED SIXTY SIX DOLLARS AND SIXTY FIVE CENTS (\$500,666.65).

**Bronx Overall Economic Development Corporation  
Annual Administrative Operating Fund Statement  
For the period July 1, 2017 to June 30, 2018**

<u>Item</u>	Total Funding Request from Loan Repayment
<b>Personnel</b>	
Salaries & Wages	\$277,087.80
Fringe Benefits	\$55,409.06
<b>Total Personnel Costs</b>	<b>\$332,496.86</b>
<b>Contracted Costs</b>	
Accounting/Auditing	\$34,775.00
Legal Services	\$38,845.55
Professional & Consultants	\$14,116.25
<b>Total Contracted Costs</b>	<b>\$87,736.80</b>
<b>Other Operating Costs</b>	
Equipment Lease (Copier)	\$18,874.39
Travel/Meetings/Motor Vehicle	\$5,191.32
Office Supplies	\$4,937.44
Telephone	\$10,821.49
Postage	\$306.92
Dues/Subscriptions	\$3,233.07
Equipment Repairs & Maintenance	\$22,843.76
Insurance	\$14,224.60
Equipment Software Purchases	
<b>Total Operating Costs</b>	<b>\$80,432.99</b>
<b>TOTAL</b>	<b><u>\$500,666.65</u></b>

**The Bronx Overall Economic Development Corporation**  
**EMPOWERMENT ZONE**  
**ANNUAL ADMINISTRATIVE OPERATING FUND STATEMENT**  
**For the Period July 01, 2017 to June 30, 2018**

<b>Personnel</b>	
Staff Salaries	277,087.80
Staff Fringe Benefits	55,409.06
<b>Total Personnel Costs</b>	<b>\$ 332,496.86</b>
<b>Contracted Costs</b>	
Accounting/Auditing	34,775.00
Legal Services	38,845.55
Professional & Consultants	14,116.25
<b>Total contracted costs</b>	<b>\$ 87,736.80</b>
<b>Other Operating Costs</b>	
Travel/Meetings/Motor Vehicle	5,191.32
Office Supplies	4,937.44
Equip/Software Purchases	
Equipment Lease(Copier	18,874.39
Telephone	10,821.49
Postage	306.92
Printing/Publications	
Marketing/Conferences	
Staff Development	
Dues/Subscriptions/Other	3,233.07
Equip Repairs and Maint	22,843.76
Insurance	14,224.60
Miscellaneous	
<b>Total other operating costs</b>	<b>80,432.99</b>
<b>Total OTPS</b>	<b>168,169.79</b>
<b>Total</b>	<b>\$ 500,666.65</b>

**Bronx Overall Economic Development Corporation**  
**Empowerment Zone**  
**Annual Operating & Administrative Budget**  
**Year ended June 30, 2018**

<b>Descriptions:</b>	<b>Budget FY 6/30/2016</b>	<b>Budget FY 6/30/2018</b>	<b>Variance- Fav/(Unfav)</b>		<b>Percentage change</b>
	<b>(1)</b>	<b>(2)</b>	<b>(3)</b>		<b>(4)</b>
			<b>(1) - (2)</b>		<b>(3)/(1)</b>
<b>Personnel:</b>					
Staff Salaries	457,700.00	277,087.80	180,612.20		39.46%
Staff Fringe Benefits	126,387.00	55,409.06	70,977.94		56.16%
<b>Total Personnel Costs</b>	<b>584,087.00</b>	<b>332,496.86</b>	<b>251,590.14</b>		<b>43.07%</b>
<b>Contracted Costs:</b>					
Audit fee	35,000.00	34,775.00	225.00		0.64%
Professional & Consultants	-	14,116.25			
Legal Fees	35,000.00	38,845.55	(3,845.55)		-10.99%
<b>Total contracted costs</b>	<b>70,000.00</b>	<b>87,736.80</b>	<b>(3,620.55)</b>		<b>-5.17%</b>
<b>Other Operating Costs:</b>					
Equipment Lease(Copier	18,000.00	18,874.39	(874.39)		-4.86%
Travel/Meetings/Motor Vehicle	5,513.00	5,191.32	321.68		5.83%
Office Supplies	3,900.00	4,937.44	(1,037.44)		-26.60%
Telephone	12,500.00	10,821.49	1,678.51		13.43%
Postage	500.00	306.92	193.08		38.62%
Dues/Subscriptions/Other	500.00	3,233.07	(2,733.07)		-546.61%
Equipment Repairs & Maint.	18,000.00	22,843.76	(4,843.76)		-26.91%
Insurance	11,000.00	14,224.60	(3,224.60)		-29.31%
Equipment/Software Purchases	1,000.00	-	1,000.00		
<b>Total other operating costs</b>	<b>70,913.00</b>	<b>80,432.99</b>	<b>(9,519.99)</b>		<b>-13.42%</b>
<b>Total OTPS</b>	<b>140,913.00</b>	<b>168,169.79</b>	<b>(13,140.54)</b>		<b>-9.33%</b>
<b>Total Expense</b>	<b>725,000.00</b>	<b>500,666.65</b>	<b>238,449.60</b>		<b>32.89%</b>

July 24, 2018

**BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION – Authorization of \$500,666.65 administrative budget for fiscal year 2018.**

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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 FIVE HUNDRED THOUSAND SIX HUNDRED SIXTY SIX DOLLARS AND SIXTY FIVE CENTS (\$500,666.65) for fiscal year 2018, 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 24, 2018

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 2019 and to Take Related Action.**

The Directors are requested to approve an operating budget for fiscal year 2019 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 2019 is THREE MILLION NINE HUNDRED TEN THOUSAND SIX HUNDRED THIRTY FIVE DOLLARS (\$3,910,635).

**Upper Manhattan Empowerment Zone Development Corporation  
Annual Administrative Operating Fund Statement  
For the period July 1, 2018 to June 30, 2019**

	Total funding Request from Loan Repayment
<b>Personnel</b>	
Salaries & Wages	\$ 2,217,641.00
Fringe Benefits	727,645.00
<b>Non-Personnel</b>	
Office Supplies	12,500.00
Travel	8,500.00
Training/Conference:	
Training & Conference Fees	10,000.00
Lodging	
Meals	10,000.00
Equipment Rental	25,000.00
Office Rent	389,249.00
Office Rental Income	-
Real Estate Taxes	22,000.00
Equipment & Software Purchase	7,500.00
Maintenance & Repairs	27,000.00
Telephone/Communications	19,000.00
Internet Access/Data Backup	33,000.00
Utilities	12,000.00
Postage, Messenger & Courier Service	
Postage	2,000.00
Messenger	1,000.00
Courier Services	1,000.00
Printing & Reproduction	2,500.00
Publications/Outreach	2,000.00
Subscriptions	25,000.00
<b>Consultants:</b>	
Legal	114,000.00
Financial Audits	54,100.00
Temp. Staff/Other Consulting	100,000.00
Fellows/Internships	-
Liability Insurance	41,000.00
Board Expenses	8,000.00
Alarm & Protection	5,500.00
<b>Miscellaneous</b>	
ADP Charges	7,000.00
Other Miscellaneous Expenses	26,500.00
<b>Total</b>	<b>\$ 3,910,635.00</b>

**UPPER MANHATTAN EMPOWERMENT ZONE DEVELOPMENT CORPORATION**  
**PROPOSED ANNUAL COMBINED ADMINISTRATIVE BUDGET**  
**PERIOD: JULY 1, 2018 - JUNE 30, 2019**

	<b>FY 2019</b>	<b>FY 2018</b>	<b>FY 2018</b>
	<b>BUDGET</b>	<b>BUDGET</b>	<b>PROJECTED</b>
<b>Personnel Services:</b>			
1 Salaries & Wages	2,217,641	2,161,840	1,818,190
2 Fringe Benefits	727,645	714,289	632,094
<b>Total Personnel Services</b>	<b>2,945,286</b>	<b>2,876,129</b>	<b>2,450,284</b>
<b>Non-Personnel Services:</b>			
3 Office Supplies	12,500	12,500	7,824
4 Travel	8,500	7,500	5,295
5 Training/Conference:			
6 Training & Conference Fees	10,000	8,000	11,617
7 Lodging	-	2,000	-
8 Meals	10,000	10,000	3,981
9 Equipment Rental (mailing machine, cooler & copier)	25,000	25,000	20,493
10 Occupancy Cost:			
11 Office Rent	389,249	389,249	389,249
12 Real Estate Taxes	22,000	18,000	20,892
13 Equipment & Software Purchases	7,500	20,000	17,282
14 Maintenance & Repairs	27,000	22,000	30,000
15 Telephone/Communications	19,000	20,000	15,233
16 Internet Access/Data Backup	33,000	33,000	32,023
17 Utilities	12,000	12,000	9,577
18 Postage, messenger, & Courier services:			
19 US Postage	2,000	2,000	2,000
20 Messenger Services	1,000	1,500	452
21 Courier Services	1,000	1,500	819
22 Printing & Reproduction	2,500	2,500	339
23 Publication	2,000	2,000	-
24 Subscriptions/Memberships	25,000	20,000	27,453
25 Consultants:			
26 Legal	114,000	114,000	152,597
27 Financial Audits	54,100	54,100	54,000
28 Temporary Staff/Other Consulting Services	100,000	100,000	240,609
29 Fellows/Internships	-	5,000	-
30 Liability Insurance	41,000	43,000	33,375
31 Board Expenses	8,000	8,000	4,776
32 Alarm & Protection	5,500	5,500	5,471
33 Miscellaneous:			
34 ADP Charges	7,000	7,000	4,800
35 Other (Administrative fees related to above)	26,500	15,000	24,249
<b>Total Non-Personnel Services</b>	<b>965,349</b>	<b>960,349</b>	<b>1,114,406</b>
<b>Total</b>	<b>3,910,635</b>	<b>3,836,478</b>	<b>3,564,691</b>

UPPER MANHATTAN EMPOWERMENT ZONE DEVELOPMENT CORPORATION				
PROPOSED ANNUAL ADMINISTRATIVE BUDGET				
PERIOD: JULY 1, 2018 - JUNE 30, 2019				
		FY - 2019	FY - 2018	FY - 2018
		Budget	Budget	Projected
<b>Personnel Services:</b>				
1	Salaries & Wages	2,092,891	2,010,361	1,730,863
2	Fringe Benefits	687,725	665,816	604,607
	<b>Total Personnel Services</b>	<b>2,780,616</b>	<b>2,676,177</b>	<b>2,335,469</b>
<b>Non-Personnel Services:</b>				
3	Office Supplies	12,500	12,500	7,824
4	Travel	8,500	7,500	5,295
5	Training/Conference:			
6	Training & Conference Fees	10,000	8,000	11,617
7	Lodging	-	2,000	-
8	Meals	10,000	10,000	3,981
9	Equipment Rental (mailing machine, cooler & copier)	25,000	25,000	20,493
10	Occupancy Cost:			
11 *	Office Rent	311,399	311,399	311,399
12	Real Estate Taxes	22,000	18,000	20,892
13	Equipment & Software Purchases	7,500	20,000	17,282
14	Maintenance & Repairs	27,000	22,000	30,000
15	Telephone/Communications	19,000	20,000	15,233
16	Internet Access/Data Backup	33,000	33,000	32,023
17	Utilities	12,000	12,000	9,577
18	Postage, messenger, & Courier services:			
19	US Postage	2,000	2,000	2,000
20	Messenger Services	1,000	1,500	452
21	Courier Services	1,000	1,500	819
22	Printing & Reproduction	2,500	2,500	339
23	Publication	2,000	2,000	-
24	Subscriptions/Memberships	25,000	20,000	27,453
25	Consultants:			
26	Legal	39,000	39,000	20,337
27	Financial Audits	40,400	40,400	40,300
28	Temporary Staff & Other Consulting Services	100,000	100,000	240,609
29	Fellows/Internships	-	5,000	-
30	Liability Insurance	33,000	35,000	27,116
31	Board Expenses	7,000	7,000	3,733
32	Alarm & Protection	5,500	5,500	5,471
33	Miscellaneous			
34	ADP Charges	7,000	7,000	4,800
35	Other (Administrative fees related to above)	21,500	10,000	20,533
	<b>Total Non-Personnel Services</b>	<b>784,799</b>	<b>779,799</b>	<b>879,579</b>
	<b>Total</b>	<b>3,565,415</b>	<b>3,455,976</b>	<b>3,215,048</b>

\* 80% of Office Rent Expense is allocated to UMEZ and 20% to BRISC

<b>BUSINESS RESOURCE AND INVESTMENT SERVICE CENTER</b>				
<b>PROPOSED ANNUAL ADMINISTRATIVE BUDGET</b>				
<b>PERIOD: JULY 1, 2018 - JUNE 30, 2019</b>				
		<b>FY - 2019</b>	<b>FY - 2018</b>	<b>FY - 2018</b>
		<b>Budget</b>	<b>Budget</b>	<b>Projected</b>
<b>Personnel Services:</b>				
1	Salaries & Wages	124,750	151,479	87,327
2	Fringe Benefits	39,920	48,473	27,488
	<b>Total Personnel Services</b>	<b>164,670</b>	<b>199,952</b>	<b>114,815</b>
<b>Non-Personnel Services:</b>				
3	Occupancy Cost:			
4 *	Office Rent	77,850	77,850	77,850
5	Consultants:			
6	Legal	75,000	75,000	132,260
7	Financial Audits	13,700	13,700	13,700
8	Liability Insurance	8,000	8,000	6,259
9	Board Expenses	1,000	1,000	1,043
10	Miscellaneous			
11	Other (Administrative fees related to above)	5,000	5,000	3,717
	<b>Total Non-Personnel Services</b>	<b>180,550</b>	<b>180,550</b>	<b>234,828</b>
	<b>Total</b>	<b>345,220</b>	<b>380,502</b>	<b>349,643</b>

\* 80% of Office Rent Expense is allocated to UMEZ and 20% to BRISC  
Other Administrative Expenses of BRISC are absorbed by UMEZ

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

**REGARDING APPROVAL OF FISCAL YEAR 2018-2019 BUDGET**

**AT A REGULAR MEETING HELD ON THE 28<sup>th</sup> DAY OF JUNE 2018**

**WHEREAS**, the Upper Manhattan Empowerment Zone Development Corporation (UMEZ) is the sole member of the Business Resource and Investment Service Center, Inc. (BRISC); and

**WHEREAS**, the UMEZ administrative budget includes administrative expenses borne by BRISC.

**NOW THEREFORE, 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 2018-2019 budget, the Directors authorize an administrative budget for fiscal year 2018-2019 in the amount of THREE MILLION NINE HUNDRED TEN THOUSAND SIX HUNDRED THIRTY-FIVE DOLLARS (\$3,910,635), 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 24, 2018

**UPPER MANHATTAN EMPOWERMENT ZONE DEVELOPMENT CORPORATION – Authorization  
of \$3,910,635 administrative budget for fiscal year 2019.**

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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 NINE HUNDRED TEN THOUSAND SIX HUNDRED THIRTY FIVE DOLLARS (\$3,910,635)** for the fiscal year 2019, 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.

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**FOR CONSIDERATION**

July 24, 2018

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 2019**

The Directors are requested to approve an operating budget for fiscal year 2019 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 2019 budget is SIX HUNDRED THIRTY FOUR THOUSAND ONE HUNDRED TWENTY FIVE DOLLARS (634,125). 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, 2018 to June 30, 2019**

<u>Item</u>	<u>City</u>	<u>State</u>	<u>Federal</u>	<u>Total</u>
<b><u>Personnel</u></b>				
Salaries (4)	214,298.00 <sup>1</sup>	214,298.00 <sup>2</sup>	79,298.00	507,894.00
Fringe Benefits (2.5)	30,134.00	30,133.00	30,133.00	90,400.00
<b>Sub Total</b>	<b>244,432.00</b>	<b>244,431.00</b>	<b>109,431.00</b>	<b>598,294.00</b>
<b><u>Non-Personnel</u></b>				
Legal/Accounting Fees	8,333.00	8,333.00	8,334.00	25,000.00
Insurance	2,693.00	2,694.00	2,694.00	8,081.00
Travel & Meals	250.00	250.00	250.00	750.00
Office Supplies/Printing/Advertising	84.00	83.00	83.00	250.00
Telephone/Fax/Internet	167.00	166.00	167.00	500.00
Repairs/Maint/Prop Mgmt/Outside Serv.	417.00	416.00	417.00	1,250.00
<b>Sub Total</b>	<b>11,944.00</b>	<b>11,942.00</b>	<b>11,945.00</b>	<b>35,831.00</b>
<b>Grant Total</b>	<b>256,376.00</b>	<b>256,373.00</b>	<b>121,376.00</b>	<b>634,125.00</b>

<sup>1</sup> 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.

<sup>2</sup> 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 24, 2018

**NEW YORK EMPOWERMENT ZONE CORPORATION - Fiscal Year 2019 Budget – Authorization of \$634,125 administrative budget for fiscal year 2019.**

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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 is SIX HUNDRED THIRTY ONE THOUSAND FOUR HUNDRED THIRTY DOLLARS (631,430) for fiscal year 2018, 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.



July 24, 2018

**NEW YORK EMPOWERMENT ZONE CORPORATION - Fiscal Year 2019 Budget – Authorization of \$634,125 administrative budget for fiscal year 2019.**

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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 is SIX HUNDRED THIRTY ONE THOUSAND FOUR HUNDRED THIRTY DOLLARS (631,430) for fiscal year 2018, 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.



## The Upper Manhattan Empowerment Zone

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**To:** New York Empowerment Zone Corporation Board of Directors

**From:** Blair M. Duncan, President & Chief Executive Officer  
Upper Manhattan Empowerment Zone Development Corporation

**Date:** July 24, 2018

**Re:** De-Designation of Unused Funds

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The Upper Manhattan Empowerment Zone (UMEZ) plans to de-designate \$1,865,299 of Cultural Industry Investment Fund (CIIF) initiatives. This amount represents CIIF initiatives approved by New York Empowerment Zone Corporation (NYEZ) prior to 2010 but are no longer active. The amount of \$1,865,299 is broken down as follows: (i) \$1,196,680 represents funds approved by NYEZ but not disbursed to UMEZ and (ii) \$668,619 represents funds disbursed to UMEZ by the NYEZ but not disbursed to Grantees.



Upper Manhattan Empowerment Zone  
Development Corporation

55 West 125<sup>th</sup> Street, 11<sup>th</sup> Floor  
New York, New York 10027

Tel: (212) 410-0030 Fax: (212) 410-9616 or -9083  
[www.umez.org](http://www.umez.org)

# Memo

To: UPPER MANHATTAN EMPOWERMENT ZONE BOARD OF DIRECTORS  
From: CULTURAL INVESTMENT FUND COMMITTEE  
Date: DECEMBER 19, 2017  
Re: DE-DESIGNATION OF UNUSED FUNDS

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UMEZ Cultural Investment Committee recommends de-designation of the unused funds from a number of previously-approved grant awards to nonprofit organizations. This process is being undertaken to support reconciliation of funds and confirm investment capital currently available for deployment to Cultural Investment Fund (CIF) projects. The aggregate amount of the de-designation recommendation is \$1,865,298.00.

These de-designation recommendations represent completed projects wherein the grantee did not expend the total amount of the awarded funds, either by fulfilling the contracted performance requirements without requiring the use of the full amount awarded, or by failing to complete the grant obligations. This is not uncommon, as indicated by the CIF policy of awarding "up to..." grant amounts.

A complete list of items is provided on the next page. Please note that itemization is provided for UMEZ Initiative UM 0053. Specific information on each proposed de-designation is included on the subsequent pages.

The Cultural Investment Committee recommends the de-designation of \$1,865,298.00, representing unused funds as detailed in this memorandum.

Memo to the Upper Manhattan Empowerment Zone Board of Directors  
December 19, 2017

Code	Grantee Organization	De-designation Amount
UM 0037	UMEZ Technical Assistance	\$ 24,643.00
UM 0038	UMEZ Home Buyer Education	131,581.00
UM 0043	UMEZ Tourism	474,124.00
UM 0053	Cultural Industry Investment Fund	
	• Uncommitted TA & CIIF	105,627.00
	• Marketing and Communications	1,951.00
	• The Boys Choir of Harlem I - \$100,000.00	
	*The Boys Choir of Harlem I	1,000.00
	*Terri Rouse	100.00
	• Manna House Workshop	6,636.00
	• Harlem Arts Alliance I	150.00
	• CIIF Technical Assistance Consultants I - \$800,000.00	
	*National Jazz Museum (AEA Consulting)	523.00
	• Puerto Rican Workshop (Taller Boricua)	25,000.00
	• National Black Theater	126,434.00
	• Harlem Arts Alliance II	1,870.00
	• Harlem One Stop	138,760.00
	• Malcolm X & Dr. Shabazz Memorial & Education Ctr.	55,374.00
	• Raices Latin Music Collection	132,500.00
	• Northern Manhattan Coalition for Economic Dev't	33,000.00
UM 0114	Jazzmobile	448,446.00
UM 0118	Association of Hispanic Arts	69,819.00
UM 0122	Community Works	87,760.00
	<b>Total Amount to be De-designated</b>	<b>\$ 1,865,298.00</b>

Memo to the Upper Manhattan Empowerment Zone Board of Directors  
December 19, 2017

**UM 0037: UMEZ Technical Assistance**

UMEZ Approval:	05/04/98
NYEZ Approval:	07/10/98
Amount Approved:	\$1,500,000.00
Amount Disbursed to UMEZ:	\$1,485,357.00
Amount Disbursed by UMEZ:	\$1,475,357.00
Unused Funds:	\$24,643.00

Funds allocated under UMEZ Initiative UM 0037 for Technical Assistance were used to provide a range of services during the earliest years of UMEZ's programming.

An amount of \$24,643.00, representing 1.6% of the total amount approved, was not used and should be designated.

**UM 0038: UMEZ Home Buyer Education**

UMEZ Approval:	05/04/98
NYEZ Approval:	07/10/98
Amount Approved:	\$1,000,000.00
Amount Disbursed to UMEZ:	\$968,773.00
Amount Disbursed by UMEZ:	\$868,419.00
Unused Funds:	\$131,581.00

Funds allocated under UMEZ Initiative UM 0038 for Home Buyer Education were used for the purposes of providing recoverable grants/loans, conducting community outreach, and covering related costs of marketing and liability insurance.

An amount of \$131,581.00, representing 13.2% of the total amount approved, was not used and should be designated.

**UM 0043: UMEZ Tourism**

UMEZ Approval:	06/15/98
NYEZ Approval:	07/10/98
Amount Approved:	\$8,530,000.00
Amount Disbursed to UMEZ:	\$8,058,100.00
Amount Disbursed by UMEZ:	\$8,055,876.00
Unused Funds:	\$474,124.00

Funds allocated under UMEZ Initiative UM 0043 for Tourism were used for the following efforts during the period 1999-2008:

- Research & Development
- Marketing & Promotion

Memo to the Upper Manhattan Empowerment Zone Board of Directors  
December 19, 2017

- Visitor's Center Feasibility Study
- Historic Preservation Fund (Loans/Grants)
- Streetscape Improvements

The amount of \$474,124.00, representing 5.6% of the total amount approved, was not used and should be de-designated.

**UM 0053: Cultural Industry Investment Fund**

- Uncommitted TA & CIIF

UMEZ Approval: 05/10/99  
NYEZ Approval: 07/23/99  
Amount Approved: \$24,519,962.00  
Amount Disbursed to UMEZ: \$24,414,335.00  
Amount Disbursed by UMEZ: \$24,414,335.00  
Unused Funds: \$105,627.00

Funds allocated under UMEZ Initiative UM 0053 for Technical Assistance and other cultural and nonprofit support were used for a variety of activities related to the Cultural Industry Investment Fund for the period 2000-2004. An amount of \$105,627.00, representing under 1% of the total amount approved, was not used.

Therefore, \$105,627.00 should be de-designated.

- Marketing and Communications

UMEZ Approval: 05/10/99  
NYEZ Approval: 07/23/99  
Amount Approved: \$53,481.00  
Amount Disbursed to UMEZ: \$51,530.00  
Amount Disbursed by UMEZ: \$51,530.00  
Unused Funds: \$1,951.00

Funds allocated under UMEZ Initiative UM 0053 for Marketing and Communications were used for a variety of consultancies related to the Cultural Industry Investment Fund for the period 2000-2004. An amount of \$1,951.00, representing 3.7% of the total amount approved, was not used.

Therefore, \$1,951.00 should be de-designated.

- The Boys Choir of Harlem I - \$100,000.00

- \*The Boys Choir of Harlem

UMEZ Approval: 04/23/04  
NYEZ Approval: 04/23/04

Memo to the Upper Manhattan Empowerment Zone Board of Directors  
December 19, 2017

Amount Approved:	\$0.00
Amount Disbursed to UMEZ:	\$1,000.00
Amount Disbursed by UMEZ:	\$0.00
Unused Funds:	\$1,000.00

This organization had fallen into dire straits, with an accumulated debt of \$3.7 million and a lack of sufficient operating funds. This grant provided an immediate response by retaining a management consultant (see below) to facilitate the work of a Task Force and direct staff through financial analysis, budget development, and other processes to confirm the extent of the debt and heighten financial accountability.

A portion of funds from this grant were previously de-designated, leaving a balance of \$1,000.00. That amount was unused, and should now be de-designated.

\*Terri Rouse

UMEZ Approval:	04/23/04
NYEZ Approval:	04/23/04
Amount Approved:	\$78,900.00
Amount Disbursed to UMEZ:	\$79,000.00
Amount Disbursed by UMEZ:	\$78,900.00
Unused Funds:	\$100.00

In response to a severe organizational crisis at The Boys Choir of Harlem, this consultant was retrained by UMEZ to investigate and clarify financial issues, manage and facilitate a restructuring process, and provide direct assistance to the board task force and staff regarding other matters related to institutional viability.

A modest amount of \$100.00 remained unspent, and should be de-designated.

Manna House Workshop

UMEZ Approval:	08/16/04
NYEZ Approval:	08/16/04
Amount Approved:	\$113,364.00
Amount Disbursed to UMEZ:	\$120,000.00
Amount Disbursed by UMEZ:	\$113,364.00
Unused Funds:	\$6,636.00

This 24-month grant supported capacity building and facility upgrades to enhance the visibility of the organization. Funds were provided for two new staff positions in fundraising, and façade improvements, including signage.

The organization met all the required benchmarks. However, a small portion of the funding budgeted for fringe benefits was unused. This amount, \$6,636.00, should be de-designated.

Harlem Arts Alliance I

UMEZ Approval: 12/03/04  
NYEZ Approval: 12/03/04  
Amount Approved: \$249,850.00  
Amount Disbursed to UMEZ: \$250,000.00  
Amount Disbursed by UMEZ: \$249,850.00  
Unused Funds: \$150.00

This grant provided funds to professionalize this long-standing volunteer organization, which encompassed over 300 arts groups and artists in Harlem. Over a year-long period, funds provided support for two new staff positions, three consultants, and related office expenses.

By the end of the grant period, the organization had met its goals, securing the basic human capital (both paid and volunteer) needed to staff its crucial growth period; creating a detailed business plan for implementation of stabilization and expansion goals; and putting resources and procedures in place to establish a sustainable level of operations. Equally important, the organization increased its public profile through an expanded menu of programs and services.

A modest balance of \$150.00 remained unspent, and should be de-designated.

- CIIF Technical Assistance Consultants I - \$800,000.00

\*National Jazz Museum (AEA Consulting)

UMEZ Approval:  
NYEZ Approval:  
Amount Approved: \$40,577.00  
Amount Disbursed to UMEZ: \$41,100.00  
Amount Disbursed by UMEZ: \$40,577.00  
Unused Funds \$523.00

This Technical Assistance grant engaged AEA Consulting to work with the organization on issues of board development.

To develop a list of potential board members, AEA conducted several rounds of interviews with board, staff, stakeholders, and community leaders. The interviews uncovered weaknesses in the organizational structure, including financial instability and an inability to articulate a compelling vision. AEA determined it was therefore inappropriate to continue board development activities at the time; however, AEA provided guidance for the organization to explore possible partnerships with larger, likeminded organizations who could provide the needed organizational infrastructure and in turn, benefit from the organization's programming.

\$523.00 represents the unused portion of the consultant expenses, and should be de-designated.



Memo to the Upper Manhattan Empowerment Zone Board of Directors  
December 19, 2017

- Puerto Rican Workshop (Taller Boricua)

UMEZ Approval: 01/30/06  
NYEZ Approval: 04/21/06  
Amount Approved: \$354,400.00  
Amount Disbursed to UMEZ: \$329,400.00  
Amount Disbursed by UMEZ: \$329,400.00  
Unused Funds: \$25,000.00

This grant, covering the period June 26, 2007 to January 30, 2011, was divided into two components. The primary component of \$329,400.00 provided for capacity-building and institutional development by supporting three new full-time positions; five consultants to aid in board development, fundraising, earned revenue, financial management and human resources management; marketing expense; and office equipment. The second component of \$25,000.00 was a performance incentive, contingent on the organization's meeting or exceeding all project benchmarks.

Throughout the grant period, the organization struggled to raise matching funds, and was unable to sustain the new positions. Likewise, four of the consultancies did not materialize. Staff approved a budget modification to allocate funds to other approved line items and extended the grant by one year to allow further time to reach the grant benchmarks; however, the organization was unsuccessful. As the benchmarks were not met, the staff determined that the performance incentive of \$25,000.00 had not been earned; that amount should now be de-designated.

- National Black Theater

UMEZ Approval: 04/03/06  
NYEZ Approval: 04/21/06  
Amount Approved: \$300,000.00  
Amount Disbursed to UMEZ: \$173,566.69  
Amount Disbursed by UMEZ: \$173,566.69  
Unused Funds: \$126,434.00

This three-year grant was for the implementation of a plan to re-launch the organization's Communications Arts Program (CAP), which had historically been a revenue generator for the organization. Key benchmarks included hiring a director of CAP and an assistant to the director; staff development; and engaging consultants for fundraising, financial management, marketing, and board development. Other critical components included curriculum development, teacher training, and accreditation.

The project was delayed from the outset due to the length of time it took the organization to hire a director for CAP. Shortly thereafter, in 2008, the Founder and CEO unexpectedly died. The organization subsequently underwent the challenges of leadership transition, including a weakened staff infrastructure and loss of momentum. In March 2009, the organization finally re-launched CAP; however, the program was not fully developed, as there was no documented curriculum, no schedule of classes and workshops, and no student enrolment.

Grant performance suffered, and reporting fell far behind deadlines. Only a few benchmarks were met, and in review, it was discovered that the organization was significantly in arrears on payroll taxes. In 2010, the organization requested an extension of time to implement board development and marketing plans; however, UMEZ did not grant the extension due to poor performance on the overall grant. Unused funds of \$126,434.00 should be de-designated.

- Harlem Arts Alliance II

UMEZ Approval: 06/17/06  
NYEZ Approval: 06/29/06  
Amount Approved: \$750,000.00  
Amount Disbursed to UMEZ: \$748,129.70  
Amount Disbursed by UMEZ: \$748,129.70  
Unused Funds: \$1,870.00

This three-year grant was designed to support the implementation of a business plan, which focused on three objectives: capacity building; enhancing member services; and strengthening public relations and external relationships. The project created the full-time position of Program Assistant, and supported the on-going salaries of the Executive Director, Executive Assistant and Program Manager. Project expense also included six temporary but on-going consulting jobs.

The project was successfully executed. The balance of funds, \$1,870.00, represents monies not reimbursed for program-related expenses due to insufficient documentation, and should be de-designated.

Harlem One Stop

UMEZ Approval: 06/17/06  
NYEZ Approval: 06/29/06  
Amount Approved: \$250,000.00  
Amount Disbursed to UMEZ: \$118,000.00  
Amount Disbursed by UMEZ: \$111,240.00  
Unused Funds: \$138,760.00

The intention of this grant was to strengthen the organization's infrastructure through the hire of paid staff, development and implementation of selected programmatic services, and the creation of a business plan. The business plan was completed and several partnerships and training opportunities were offered; however, the organization did not establish ongoing paid positions, retain consultants, implement fundraising, or fully implement a tourism technical support program.

Furthermore, the organization failed to submit reporting in an accurate, complete and timely manner. Ultimately, the Executive Director refused to submit required documentation, and refused to allow a site visit by UMEZ's compliance officer. UMEZ staff elected to terminate the grant pursuant to paragraph 16 of the grant agreement. The grant balance to be de-designated is \$138,760.00.

Memo to the Upper Manhattan Empowerment Zone Board of Directors  
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- Malcolm X & Dr. Shabazz Memorial & Education Center

UMEZ Approval: 07/07/08  
NYEZ Approval: 04/11/08  
Amount Approved: \$442,921.00  
Amount Disbursed to UMEZ: \$442,921.00  
Amount Disbursed by UMEZ: \$387,547  
Unused Funds: \$55,374.00

The goal of this two-year investment was to advance organizational development by building capacity and infrastructure through the creation of three new staff positions (general manager, program assistant, and administrative associate) and the retention of a team of consultants (strategic planning, board development, fundraising, financial systems, archives, and consultant coordinator) to assist the Center in building its capacity and revenue generation abilities.

The organization had some early success. Strategic, fundraising, and program plans were completed. Overdue audits and annual government filings were completed through 2010. All unpaid payroll taxes were reportedly paid, although no documentation was provided. The organization's board staffed the organization with interim executive director, but requested that UMEZ waive the requirement to hire a general manager and a program assistant.

The grant was suspended in 2010 until the organization could demonstrate progress specifically with governance matters. In June of 2011, the Board adopted new by-laws, which included a conflict of interest policy and eliminated the family's veto authority over board decisions. The grant was then extended for two years. In 2012, the Center was selected as the closing site for the Smithsonian's traveling exhibition, "Freedom's Sisters." UMEZ funds were used to market the exhibit, bringing in over 10,000 people to see the show. However, fundraising activity had ceased and the programmatic footprint had contracted markedly; in addition, the board was unable to hire a permanent executive director. During the final months of the grant term, the organization consistently failed to respond to requests for information and did not file further reporting.

The remaining funds of \$55,374.00 should be de-designated.

- Raíces Latin Music Collection

UMEZ Approval: 07/07/08  
NYEZ Approval: 04/11/08  
Amount Approved: \$230,000.00  
Amount Disbursed to UMEZ: \$212,500.00  
Amount Disbursed by UMEZ: \$97,500.00  
Unused Funds: \$132,500.00

This two-year grant focused on two primary needs: organizational planning and collection preservation. Funding supported a consultant to develop a strategic plan, and the creation of two staff positions to catalogue the collection, which included music scores, recordings and artifacts documenting the history and legacy of Latin music. The collection was housed at the Harbor

Memo to the Upper Manhattan Empowerment Zone Board of Directors  
December 19, 2017

Conservatory, a performing arts school in East Harlem, where the organization's director was employed as a faculty member.

The organization experienced delays in securing the necessary documentation for the grant agreement, which was not signed until April 2010. A consultant for the strategic plan was selected and contracted. The organization acquired the software necessary to catalogue the collection. In February 2011, the Harbor Conservatory informed the organization that the Conservatory would no longer house the collection or provide administrative services as of June 2011. The Conservatory subsequently fired the organization's director from his faculty position. UMEZ staff and the consultant worked to assist the organization in finding pro-bono legal assistance and an alternate location; however, the organization ultimately moved its headquarters to the Bronx.

To be eligible for a grant from UMEZ, the grantee must be located within the Empowerment Zone boundaries, engage in the activities related to the grant, and provide UMEZ with reporting related to the grant's purpose. The material changes described above prevented the organization from meeting these grant requirements, thus the grant was terminated. \$132,500.00 of the grant funds were not disbursed and should be de-designated.

- Northern Manhattan Coalition for Economic Dev't

UMEZ Approval:

NYEZ Approval: 02/29/08

Amount Approved: \$33,000.00

Amount Disbursed to UMEZ: \$0.00

Amount Disbursed by UMEZ: \$0.00

Unused Funds: \$33,000.00

This grant was to provide requisite expertise to the organization, which had been provisionally selected to convert a City-owned building on Dyckman Street and managed by NYC Department of Parks, into a cultural facility and restaurant called the Casa Duarte Cultural and Performing Arts Center. The Parks Department required further information, specifically a demand analysis, to approve the organization's conditional designation. This study would demonstrate the level of demand for the proposed facilities and services; furthermore, it would form the basis for executing other planning aspects that would lead to a complete feasibility study for the project. The organization had identified a suitable consultant.

However, the Parks Department also established a firm deadline for delivery of the study. The organization was unable to move through the grant process in sufficient time to execute the project.

The full amount of the award, \$33,000.00, should be de-designated.

UM 0114: Jazzmobile

UMEZ Approval: 06/23/08

NYEZ Approval: 06/27/08

Memo to the Upper Manhattan Empowerment Zone Board of Directors  
December 19, 2017

Amount Approved:	\$1,260,000.00
Amount Disbursed to UMEZ:	\$1,090,285.00
Amount Disbursed by UMEZ:	\$811,554.00
Unused Funds:	\$448,446.00

This grant supported an ambitious three-year expansion of the organization's capacity, adding seven new full-time positions and ten contracted positions, increasing marketing and promotions, and making essential equipment and software upgrades. The organization had sold its building in the prior year and had retired all debts and established a reserve fund of \$1.2 million.

The organization had difficulty in meeting its goals from the beginning. Some staff hires were made, but later were replaced by consultants. Benchmarks in programming, revenue generation and infrastructure development were not met. UMEZ funds were being used as general operating funds to fill income gaps, and the reserve fund was being used to cover large annual losses. Fundraising became more difficult due to the sharp downturn in the stock market in September of 2008. In addition, the executive director's husband passed away in the second year of the grant.

Despite constant reminders from and meetings with UMEZ staff, reporting throughout the grant period was consistently late and incomplete. At the conclusion of the grant, the organization had documented \$1,090,285.00 in eligible grant expenses, leaving \$448,446.00 to be de-designated.

**UM 0118: Association of Hispanic Arts**

UMEZ Approval:	06/23/08
NYEZ Approval:	06/27/08
Amount Approved:	\$186,000.00
Amount Disbursed to UMEZ:	\$163,850.00
Amount Disbursed by UMEZ:	\$116,181.00
Unused Funds:	\$69,819.00

This multi-year grant was designed to continue execution of the organization's strategic plan, including the addition of new staff, expanded programming, and reinforcement of organizational and financial infrastructure.

The organization achieved some programmatic traction and other positive outcomes; however, the organization was ultimately unable to overcome an uneven performance and revenue generation limitations. Over time, funders became concerned with the lack of continuity, fiscal management and a decline in programmatic services to the community and began to pull back funding. The economic downturn commencing in October 2008 exacerbated an already challenging funding forecast for the organization.

With no firm commitments from any funding source outside of the UMEZ grant, the organization's board made the difficult decision to cease operations and close the organization as of June 30, 2009. A small portion of remaining funds was used to support formal dissolution-related expense, and to conduct an in-depth survey to capture and assess the breadth, depth and detail of the cultural community of East Harlem. The remaining funds of \$69,819.00 should be de-designated.

Memo to the Upper Manhattan Empowerment Zone Board of Directors  
December 19, 2017

**UM 0122: Community Works**

UMEZ Approval:	04/06/09
NYEZ Approval:	05/26/09
Amount Approved:	\$390,780.00
Amount Disbursed to UMEZ:	\$347,117.00
Amount Disbursed by UMEZ:	\$303,020.00
Unused Funds:	\$87,760.00

The goal of this grant was to activate the new Dwyer Cultural Center at the Dwyer Warehouse, consisting of a gallery, theater, rehearsal studio, and office space. Community Works (CW) would be working with the owner of the condominium unit housing the Center, the International Communications Association (ICA). An operating agreement between the two parties called for ICA to oversee and generate funding for the operations, while CW would create and manage the programming. The grant contained two separate lines of funding over a three-year period: subsidy for rental fees in the amount of \$105,000.00; and support for three new staff positions in the amount of \$285,780.00.

The rental component of the project was largely successful, enabling dozens of Upper Manhattan organizations to present their work in an appropriate environment. The operations component, however, faced significant challenges caused by a rift in communication between CW and ICA, who had failed to meet its commitment to provide partial funding for the Center's staff. Their tenuous operating relationship made long-term planning and implementation impossible, with the result that Community Works was unable to spend down the grant in full. The grant balance to be de-designated is \$87,760.00.

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

**REGARDING THE DE-DESIGNATION OF UNUSED  
GRANT FUNDS TO NONPROFIT ORGANIZATIONS**

**AT A BUSINESS MEETING HELD ON THE 19<sup>th</sup> DAY OF DECEMBER 2017**

**WHEREAS**, the Cultural Investment Fund ("CIF") 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 the de-designation of unused funds in the amount of ONE MILLION EIGHT HUNDRED SIXTY-FIVE THOUSAND TWO HUNDRED NINETY-EIGHT DOLLARS (\$1,865,298) from previously-approved grant awards to nonprofit organizations;

**NOW THEREFORE, BE IT RESOLVED**, that on the basis of the materials presented to the Board of Directors of UMEZ, a copy of which has been filed with the records of UMEZ, the Directors authorize that the Technical Assistance project balance in the amount of \$24,643 is hereby de-designated; and be it

**FURTHER RESOLVED**, that the Home Buyer Education project balance in the amount of \$131,581 is hereby de-designated; and be it

**FURTHER RESOLVED**, that the Tourism project balance in the amount of \$474,124 is hereby de-designated; and be it

**FURTHER RESOLVED**, that the CIIF Uncommitted Technical Assistance project balance in the amount of \$105,627 is hereby de-designated; and be it

**FURTHER RESOLVED**, that the CIIF Marketing and Communications project balance in the amount of \$1,951 is hereby de-designated; and be it

**FURTHER RESOLVED**, that The Boys Choir of Harlem I project balance in the amount of \$1,000 is hereby de-designated; and be it

**FURTHER RESOLVED**, that the Terri Rouse for the benefit of The Boys Choir of Harlem I project balance in the amount of \$100 is hereby de-designated; and be it

**FURTHER RESOLVED**, that the Manna House Workshop project balance in the amount of \$6,636 is hereby de-designated; and be it

**FURTHER RESOLVED**, that the Harlem Arts Alliance I project balance in the amount of \$150 is hereby de-designated; and be it

**FURTHER RESOLVED**, that the AEA Consulting for the benefit of the National Jazz Museum project balance of \$523 is hereby de-designated; and be it

**FURTHER RESOLVED**, that the Puerto Rican Workshop/Taller Boricua project balance of \$25,000 is hereby de-designated; and be it

**FURTHER RESOLVED**, that the National Black Theater project balance of \$126,434 is hereby de-designated; and be it

**FURTHER RESOLVED**, that the Harlem Arts Alliance II project balance of \$1,870 is hereby de-designated; and be it

**FURTHER RESOLVED**, that the Harlem One Stop project balance of \$138,760 is hereby de-designated; and be it

**FURTHER RESOLVED**, that the Malcolm X & Dr. Shabazz Memorial & Education Center project balance of \$55,374 is hereby de-designated; and be it

**FURTHER RESOLVED**, that the Raices Latin Music Collection project balance of \$132,500 is hereby de-designated; and be it

**FURTHER RESOLVED**, that the Northern Manhattan Coalition for Economic Development project balance of \$33,000 is hereby de-designated; and be it

**FURTHER RESOLVED**, that the Jazzmobile project balance of \$448,446 is hereby de-designated; and be it

**FURTHER RESOLVED**, that the Association of Hispanic Arts project balance of \$69,819 is hereby de-designated; and be it

**FURTHER RESOLVED**, that the Community Works project balance of \$87,760 is hereby de-designated; and 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.



**FURTHER RESOLVED**, that the Puerto Rican Workshop/Taller Boricua project balance of \$25,000 is hereby de-designated; and be it

**FURTHER RESOLVED**, that the National Black Theater project balance of \$126,434 is hereby de-designated; and be it

**FURTHER RESOLVED**, that the Harlem Arts Alliance II project balance of \$1,870 is hereby de-designated; and be it

**FURTHER RESOLVED**, that the Harlem One Stop project balance of \$138,760 is hereby de-designated; and be it

**FURTHER RESOLVED**, that the Malcolm X & Dr. Shabazz Memorial & Education Center project balance of \$55,374 is hereby de-designated; and be it

**FURTHER RESOLVED**, that the Raices Latin Music Collection project balance of \$132,500 is hereby de-designated; and be it

**FURTHER RESOLVED**, that the Northern Manhattan Coalition for Economic Development project balance of \$33,000 is hereby de-designated; and be it

**FURTHER RESOLVED**, that the Jazzmobile project balance of \$448,446 is hereby de-designated; and be it

**FURTHER RESOLVED**, that the Association of Hispanic Arts project balance of \$69,819 is hereby de-designated; and be it

**FURTHER RESOLVED**, that the Community Works project balance of \$87,760 is hereby de-designated; and 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.