

Empire State New Market Corporation Directors' Meeting

633 3rd Avenue, New York, NY 10017
33rd Floor Conference Room

Wednesday, 8/8/2018
9:30 - 10:30 AM ET

I. Corporate Action

A. Approval of the Minutes of the June 20, 2018 Directors' Meeting

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II. For Consideration

A. Schenectady, NY (Capital District Region – Schenectady County) – Boys & Girls Club of Schenectady (the “Project”) – New Markets Tax Credit Sub-Allocation Approve

Authorization to Adopt the Proposed General Project Plan; Authorization to Sub-Allocate New Markets Tax Credits (“NMTCs”) and to Take Related Actions; Authorization to Perform Certain Acts in Connection with the Sub-Allocation of NMTCs to ESNMC Subsidiary CDE VI, LLC (the “Subsidiary CDE”) and the Closing of the NMTTC Transaction and to Take Related Actions; Determination of No Significant Effect on the Environment

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BGCS NYS Map - Page 20

B. Hornell, NY (Southern Tier Region – Steuben County) – Hornell Medical Village – St. James Hospital Medical Office Building Fit Out (the “Project”) - New Markets Tax Credit Sub-Allocation Approve

Authorization to Adopt the Proposed General Project Plan; Authorization to Sub-Allocate New Markets Tax Credits (“NMTCs”) and to Take Related Actions; Authorization to Perform Certain Acts in Connection with the Sub-Allocation of NMTCs to ESNMC Subsidiary CDE VII, LLC (the “Subsidiary CDE”) and the Closing of the NMTTC Transaction and to Take Related Actions; Determination of No Significant Effect on the Environment

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EMPIRE STATE NEW MARKET CORPORATION

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

June 20, 2018

MINUTES

In Attendance

Directors: Edwin Lee – The Acting Chair
Holly Leicht

ESNMC Staff: Jonevan Hornsby – President
London C. Cruz – Acting Corporate Secretary
Brendan Healey – Vice President
Kathleen Mize – Controller

ESD Staff: Jonathan Beyer – Senior Counsel
Sankar Singh – Financial Project Manager
Kathleen Uckert – Program Analyst, NMTC
Robert J. White – AVP, Internal Audit

Also Present: The Press
The Public

The meeting of the Empire State New Market Corporation (“ESNMC” or the “Corporation”) was called to order at 2:05 p.m. Acting Chair Lee noted for the record that the meeting was being webcast and that he would be the Acting Chair for today’s meeting. Further, he stated that the Directors had received the relevant written materials in advance of the meeting and noted for the record the Corporation’s policy, which welcomes public comments on the items on the current Agenda.

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

Noting for the record that no Directors had any conflicts to report, Acting Chair Lee stated that the first order of business was the approval of the Minutes of the March 22, 2018 meeting of the Directors. Noting no corrections on the Minutes and upon motion duly made and seconded, the following resolution was unanimously adopted:

APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE MARCH 22, 2018 MEETING OF THE DIRECTORS OF THE EMPIRE STATE NEW MARKET CORPORATION

RESOLVED, that the Minutes of the meeting of the Corporation held on March 22, 2018 as presented to this meeting, are hereby approved and all actions taken by the Directors present at such meetings as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Corporation.

* * *

Next, Acting Chair Lee called on Jonevan Hornsby, President of ESNMC, to present the only Agenda item, a request for authorization to sign and file a 2018 New Market Tax Credit Allocation Application.

Mr. Hornsby thanked Acting Chair Lee for the introduction, greeted the Board and commenced his presentation.

Mr. Hornsby stated that ESNMC was incorporated in 2004 for the purpose of applying for an allocation of New Market Tax Credits (“NMTC”) from the Community Development Financial Institutions Fund (“CDFI”) of the U.S. Department of Treasury.

Mr. Hornsby stated that ESNMC received notice of its first allocation of an NMTC in May of 2009.

Mr. Hornsby further stated that in September of 2011, ESNMC closed its first NMTC transaction, an \$18 million investment to Agrifarmer.

Moreover, Mr. Hornsby stated that ESNMC closed its second NMTC transaction, a \$12 million investment to the Brooklyn Navy Yard Development Corporation.

Mr. Hornsby explained that these two transactions accounted for ESNMC’s entire \$30 million allocation of NMTCs.

Next, Mr. Hornsby stated that in November of 2016, ESNMC received a second NMTC allocation award of \$55 million. He added that in April of 2017, ESNMC closed an \$11 million investment to the National Comedy Center in Jamestown, New York, and in May of 2018, ESNMC closed a \$5.5 million investment for the SUNY Broome Culinary Arts Center Project in Binghamton, New York.

Mr. Hornsby explained that ESNMC continues to service the closed transactions and will continue to deploy its \$55 million allocation during the 2018-2019 calendar years.

Mr. Hornsby stated that ESNMC would like to apply for a new third allocation of NMTCs and plans to submit its allocation application to the CDFI Fund, requesting a \$50 million allocation on June 28, 2018.

Mr. Hornsby stated that the application reflects ESNMC’s strategy, past successful projects, potential future projects, ongoing management capacity and other related ESNMC experience to enhance its qualifications to obtain a new allocation of NMTCs.

Mr. Hornsby explained that ESNMC staff has worked closely with ESNMC and NMTC consultant, Rise Community Capital, to prepare the application.

Mr. Hornsby noted for the record that on June 15, 2018, ESNMC received approval from its Advisory Board to move forward with the NMTC application based on the strategy and preliminary pipeline.

Mr. Hornsby stated that Empire State Development (“ESD”) staff on behalf of ESNMC, has determined that the requested authorization to sign and file a 2018 NMTC Allocation Application does not constitute an action as defined by the New York State Environmental Quality Review Act and the implementing regulations of the New York State Department of Environmental

Conservation; therefore, no further environmental review is required in connection with this authorization.

Mr. Hornsby reiterated that the Directors were being requested to approve the authorization to sign and file a 2018 NMTC Allocation Application as well as direct and authorize, Jonevan Hornsby, as an authorized representative of ESNMC, to act in connection with the allocation application and to provide such additional information as may be required.

Acting Chair Lee asked if there were any questions from the Directors or any comments from the public.

Acting Chair Lee asked if the application is an annual application.

Mr. Hornsby responded yes and explained that ESNMC did not apply in 2017. He further explained that ESNMC took a year off after receiving an award in 2016, but has deployed a decent amount of its \$55 million allocation, and looks forward to, hopefully, receiving another allocation to continue to deploy and use the program.

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

EMPIRE STATE NEW MARKET CORPORATION – NMTC Allocation Application –
Authorization to Sign and File a 2018 New Market Tax Credit Allocation Application; and to
Take Related Actions

RESOLVED, that the Corporation is authorized to sign and file a 2018 New Market Tax Credit allocation application on substantially the terms and for the purposes set forth in the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, with such changes as the President or his designee(s) may deem appropriate. Any actions previously taken by the Corporation in furtherance of the actions authorized herein are hereby ratified and approved.

* * *

There being no further business, the meeting was adjourned at 2:10 p.m.

Respectfully submitted,

London C. Cruz
Acting Corporate Secretary



FOR CONSIDERATION

August 8, 2018

TO: The Directors

FROM: Jonevan Hornsby

SUBJECT: Schenectady, NY (Capital District Region – Schenectady County) – Boys & Girls Club of Schenectady (the “Project”) – New Markets Tax Credit Sub-Allocation

REQUEST FOR: Authorization to Adopt the Proposed General Project Plan; Authorization to Sub-Allocate New Markets Tax Credits ("NMTCs") and to Take Related Actions; Authorization to Perform Certain Acts in Connection with the Sub-Allocation of NMTCs to ESNMC Subsidiary CDE VI, LLC (the "Subsidiary CDE") and the Closing of the NMTc Transaction and to Take Related Actions; Determination of No Significant Effect on the Environment

General Project Plan

I. Project Summary

Project Sponsor: Boys and Girls Club of Schenectady, Inc. (“BGCS” or the “Sponsor”).

Borrower: A to be formed not-for-profit corporation (the “Borrower” or “QALICB”) that will serve as a supporting organization of BGCS. The Borrower intends to apply to be a 501(c)(3) organization and will have an independent Board of Directors.

ESNMC* Request: Approval (1) to authorize a sub-allocation of up to \$6,000,000 in federal NMTCs to be used to pay for a portion of the cost of certain real estate development costs for the Project, including hard, soft, and transaction closing costs, and (2) to delegate authority to the President of Empire State New Market Corporation (“ESNMC”) and his designee(s) to take any and all actions with respect to such sub-allocation of NMTCs, the final terms of all transaction documents, and closing the transaction.

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

Project Location: 1097 Forest Road, Schenectady, NY

Proposed Project: The project involves the construction and development of a new 38,587 SF Youth Development Center to be operated by BGCS in the highly distressed Quackenbush Park area of Schenectady, New York (the "Project").

Project Type/
Alignment with
Priorities:

The Project is generally consistent with the strategy that ESNMC proposed to the CDFI Fund. ESNMC's strategy for its current NMTC Allocation (as defined below) is to invest in transactions that focus on growing manufacturing and distribution; advancing workforce development projects; and financing catalytic investments to spur other investments in the community. ESNMC also indicated in its business strategy that it would dedicate at least 50% of its NMTC Allocation to finance projects in Non-Metropolitan (i.e. rural) communities. This Project fits well with this strategy as it a) will revitalize a highly distressed community; b) is a catalytic project; and c) offers a workforce training program for young people.

For NMTC purposes, the census tract in which the Project is located qualifies under high distress criteria based on a family median income of 46.61% which is lower than the threshold of 60%, and an unemployment rate of 21.60%, or 2.60x the national average, which is more than the minimum ratio of 1.5x the national average.

Project Support: The construction of the new facility enjoys significant support from government agencies, community stakeholders, and private organizations. It is also part of a strategic effort by the City of Schenectady to develop/revitalize two communities which have been impacted by multiple social issues.

1) BGCS has significant community support including from the Schenectady City School District (with schools proximate to the new center), the City of Schenectady (the "City") including City Council & the Mayor, support from the Mont Pleasant Neighborhood Association, key community leaders and most importantly to BGCS, the families of the young people who will be utilizing the new facility. BGCS has conducted a capital campaign to raise a significant amount of capital to build the facility. Several foundations, corporations and government agencies have supported the organization. For example, NYS Homes and Community Renewal ("HCR") is underwriting a grant

to the Project in the amount of up to \$3 million. BGCS is in receipt of letters of support from the following:

- a. James N. Tedisco – Senator/State of New York, 49th District
- b. Phil Steck – State Assembly Rep/State of NY, 110th District
- c. George A. Amedore, Jr – Senator/State of NY, 46th District
- d. Angelo Santabarbara – State Assembly Rep/111th District
- e. Mont Pleasant Neighborhood Association
- f. Gary R. McCarthy, City of Schenectady Mayor

- 2) The Project is a key component of the redevelopment of Hamilton Hill and Mont Pleasant which have received significant investment to revitalize various aspects of the community including housing, commercial and supporting services. There are several housing projects being undertaken and others that have been recently completed. The Community Builders (“TCB”) purchased the BGCS’s site located at 400 Craig Street and converted this building into low income housing and community art space. TCB’s initial investment in this affordable housing project is \$20 million. TCB is currently planning a second phase of the development for approximately \$30 million. An affiliate of TCB will also be providing an NMTC allocation to the Project as described below. Schenectady County is investing \$3 million to build a new Mont Pleasant Library on Crane Street, while the Capital Region Land Bank is investing over \$1 million in renovation and blight fighting demolition projects. The City is also investing in Orchard Park and in new street light technology in the Crane Street corridor.

The City recently received a \$90,000 federal grant from the Capital District Transportation Committee (CDTC) to help fund a project designed to continue the redevelopment momentum in both the Hamilton Hill and Mont Pleasant neighborhoods. The City is working with Metroplex, the County, and the Capital Region Land Bank in the development of the Craig Street corridor with the aim to renovate homes, remove blight and promote investment in the community. The grant will be used to fund a study that will focus on creating a development corridor that links Albany Street to Craig Street to Main Avenue to Crane Street. The goal is to create a corridor that invites more commercial and residential development.

II. Project Cost and Financing Sources

The table below outlines approximate amounts for the expected project uses and financing sources, which will be finalized for closing based on final bids and review by ESNMC. BGCS is relying on 100% soft financing and tax credits to finance the Project as it is not able to support traditional debt or equity.

| Sources | Amount | % of Total |
|----------------------------------|---------------------|-------------------|
| ESNMC Loan A QLICI | \$4,057,800 | 33.56% |
| ESNMC Loan B QLICI (NMTC Equity) | 1,777,200 | 14.70% |
| TCB Loan A QLICI | 4,057,800 | 33.56% |
| TCB Loan B QLICI (NMTC Equity) | 1,702,200 | 14.08% |
| BGCS contribution | 497,353 | 4.11% |
| Total Sources | \$12,092,353 | 100.00% |

| Construction Costs | Amount | % of Total |
|---|---------------------|-------------------|
| <i>Hard Costs:</i> | | |
| Construction - Commercial | \$8,085,872 | 66.87% |
| Contractor's General Conditions | 487,500 | 4.03% |
| Contractor's Overhead | 162,500 | 1.34% |
| Contractor's Profit | 325,000 | 2.69% |
| Contractor's Bond Premium | 39,128 | 0.32% |
| <u>Owner's Construction Contingency</u> | <u>400,000</u> | <u>3.31%</u> |
| Total Hard Costs | \$9,500,000 | 78.56% |
| <i>Soft Costs:</i> | | |
| Architect-Design | \$685,000 | 5.66% |
| Construction Management | 30,000 | 0.25% |
| Environmental Audit/Testing | 3,500 | 0.03% |
| Permits/Zoning | 100,000 | 0.83% |
| Title & Recording | 25,000 | 0.21% |
| Consultant | 265,000 | 2.19% |
| Soft Cost Contingency | 67,105 | 0.55% |
| TCB Sub-CDE Fee Reserve | 310,000 | 2.56% |
| ESNMC Subsidiary Fee Reserve | 310,000 | 2.56% |
| NMTC Transaction Costs | 665,000 | 5.50% |
| First Year Accounting Expense | 10,000 | 0.08% |
| <u>Interest During Construction</u> | <u>121,748</u> | <u>1.01%</u> |
| Total Soft Costs | \$2,592,353 | 21.44% |
| Total | \$12,092,353 | 100.00% |

III. Project Description

A. Sponsor

Industry: BGCS is a not-for-profit social services organization formed to promote, supervise and administer the educational and recreational programs of the Boys & Girls Clubs of America ("BGCA") in the Schenectady community.

Sponsor History: As noted above, BGCS is affiliated with BGCA, the national and umbrella organization for all Boys and Girls Clubs. BGCA had its beginnings in 1860 with three women in Hartford, Connecticut - Mary Goodwin, Alice Goodwin and Elizabeth Hammersley. Believing that boys who roamed the streets should have a positive alternative, they organized the first Club. With character development as the cornerstone of the experience, the Club focused on capturing boys' interests, improving their behavior and increasing their personal expectations and goals. Since its creation more than 100 years ago, BGCA has evolved significantly becoming an influential force in youth development. It currently serves nearly 4 million young people through membership and community outreach in 4,300 Clubs throughout the country and BGCA-affiliated Youth Centers on U.S. military installations worldwide. The Boys & Girls Club Movement is a federated model. More than 1,100 independently and locally governed organizations serve youth in 4,300 Club locations. BGCA's national headquarters, located in Atlanta, provides support for Clubs in youth program development, marketing and communications, resource development, and administration. Clubs also receive assistance from regional service centers and Government Relations offices in Washington, D.C.

BGCS's programs have been effective in helping young people set high expectations for themselves. BGCS's programs have provided measurable change for the members it serves. The Mission of the Boys & Girls Clubs of Schenectady is to inspire and enable all young people, especially those who need them most, to reach their full potential as productive, caring, responsible citizens. The organization provides young people (ages 6 through 18) with: 1) a safe place to learn and grow; 2) ongoing relationships with caring, adult professionals; 3) life-enhancing programs and character development experiences; and 4) hope and opportunity. BGCS currently charges a nominal membership fee of \$5.00 per year (which is waived when needed) and is the largest agency provider of services to the youth in Schenectady County serving over 3,300 members and reaching over 12,700 total youth in 2015.

Ownership: BGCS is a not-for-profit organization. The QALICB Borrower for this project will be a new special purpose entity that is governed and controlled by a separate Board of Directors from BGCS's Board. This new entity will be a not for profit organization created by BGCS. As described herein, the Borrower will lease the Project to BGCS and BGCS will operate the Project as a Youth Development Center.

Size: BGCS is a small social service, nonprofit organization with 21 projected employees that provides key social services to over 12,700 young people annually and a membership of 3,300 young people ranging from 6 to 18 years of age.

Market: BGCS is the largest agency provider of services to the youth in Schenectady County. Schenectady is one of the most economically challenged counties in NYS with high rates of poverty and unemployment, particularly in the two neighborhoods where the facility will provide its programs.

ESD Involvement: New York State legislation requires ESD to select and prioritize projects demonstrating certain goals or benefits and approve the Project as an ESD project. In accordance therewith, on August 16, 2018, the ESD board of directors will be requested to separately approve the Project.

Past ESD Support: None. However, BGCS has requested New York State grant award in the amount of \$3 million from HCR's Community Investment Fund ("CIF").

B. The Project

Completion: September 2019

Activity: Upon completion of the Project, BGCS will offer its Youth Development Programs which will focus primarily on Teen Career Readiness, Theater and Performing Arts, and a commercial learning kitchen work program. The space will also include the operation of a radio station (broadcast throughout BGCS only) to allow students to learn how to be DJs. In addition, other programs designed to enhance academic performance and build competencies to help ensure youth future success, including character education, alcohol and drug abuse/pregnancy prevention, and STEM related programs, etc. will be offered in the new facility.

Results: This Project is estimated to create and retain approximately 21 new full-time equivalent ("FTE") jobs. These jobs include 11 new local FTE jobs and 10 retained FTE jobs. In addition, this Project is estimated to create 63 FTE construction jobs. BGCS is planning to create an Opportunity Contracting & Hiring Plan to target 10% of the jobs to low-income community ("LIC") residents, but the goal (best efforts basis) is that 30% of employees hired are low-income people/LIC residents.

BGCS serves fresh meals to its young members and community residents and anticipates serving 250 meals daily in the new facility. This program is monitored by the Child & Adult Care Food Program (CACFP), a USDA

program that ensures healthy balanced meals are served daily. The commercial kitchen in the new facility will allow the organization to increase the quality meals served to the community.

The project will be built to be environmentally sustainable and is investigating which environmental certification will be most beneficial to the project. Various energy saving features will be employed on this project including heat recovery, high efficiency HVAC systems, and LED lighting. With respect to plumbing, the Project's design calls for the utilization of ultra-low flow toilets and urinals, low flow and sensor sinks and faucets, and water efficient dishwashers. The use of irrigation systems and controls, and the use of xeriscape landscaping will reduce the amount of water needed for irrigation. BGCS currently uses photovoltaic solar panels to generate a portion of its electrical supply, it is anticipated that the new facility will take advantage of this renewable source of energy. The General Contractor is projected to use a waste disposal service that provides for recycling of construction debris.

Sponsor Contact: Shane Bargy
Executive Director
Boys & Girls Clubs of Schenectady
Phone: (518) 374-4714

| | | |
|---------------|---------------------------------|------------------|
| Project Team: | Origination | Jonevan Hornsby |
| | Project Management | Brendan Healey |
| | Contractor & Supplier Diversity | Edwina Telemaque |
| | Finance | Jonevan Hornsby |
| | Environmental | Soo Kang |

Statutory Basis
And Findings: Section 45D of the Internal Revenue Code, Section 10 (g) and Sections 12 and 16 (2) of the New York State Urban Development Corporation Act of 1968, as amended (the "UDC Act"). As noted herein, the NMTC program, enacted in 2000, offers a non-refundable tax credit intended to encourage private capital investment in low-income communities. The Project will comply with all applicable NMTC program requirements. ESD is required to approve the Project (and is scheduled to do so at a meeting to be held on August 16, 2018) and ESNMC will comply with applicable federal tax laws and consummate the transaction. ESNMC is making certain findings as part of its approval of the Project.

IV. NMTC Program Background and ESNMC Role

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

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

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

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

Through the NMTC program, \$54 billion in NMTCs have been awarded to CDEs across the country since inception.

ESNMC received its first allocation of NMTCs in 2009 in the amount of \$30 million. All of this initial allocation has been deployed in two NMTC projects. ESNMC received a second allocation in the amount of \$55 million in the 2015-2016 round of the NMTC program (the "Allocation"). ESNMC has used \$11 million of the Allocation in connection with the National Comedy Center transaction, which closed in April 2017 and an additional \$5.5 million for the SUNY Broome transaction which closed in May 2018.

V. Overall Structure of BGCS NMTC Transaction

The BGCS NMTC transaction will be structured as follows: JPMorgan Chase Bank, N.A., a national banking association, or an affiliate thereof (“Chase”) (the anticipated investor for the Project), will make an approximately \$3,880,400 equity investment (“NMTC Equity”) in a special purpose fund (the “Fund”) wholly owned by Chase and formed for the purpose of the BGCS transaction. BGCS will make an approximately \$8,115,600 loan to the Fund (“Fund Loan”). The source of the Fund Loan will be approximately \$3,000,000 of funds provided by the HCR CIF grants and the remaining amount of the Fund Loan will be sourced from certain grants and donations committed to BGCS.

The proceeds of the Fund Loan and the NMTC Equity will be combined by the Fund and used to make a QEI in the amount of \$6,000,000 in the Subsidiary CDE. ESNMC will sub-allocate \$6,000,000 of NMTC allocation authority to the Subsidiary CDE. The Subsidiary CDE will use the proceeds of the QEI from the Fund to make loans to the Borrower in an aggregate amount equal to approximately \$5,760,000 and to pay a fee to ESNMC in the amount of \$240,000.

In addition to the QEI in the Subsidiary CDE, the Fund will make a QEI in the amount of \$6,000,000 in a subsidiary CDE (the “TCB Sub-CDE”) of The Community Builders CDE LLC (the “TCB Allocatee”). The TCB Allocatee will sub-allocate \$6,000,000 of NMTC allocation authority to the TCB Sub-CDE. The TCB Sub-CDE will use the proceeds of the QEI from the Fund to make loans to the Borrower in an aggregate amount equal to approximately \$5,760,000 and to pay a fee to the TCB Allocatee in the amount of \$240,000.

As previously described, the balance of funding of approximately \$497,353 for the Project will be provided directly as a contribution by BGCS.

Borrower, a single purpose entity created to own and build the project, will be a not-for-profit entity with an independent Board of Directors. This entity will control the real estate and be responsible for the construction and development of the Project. The Borrower will lease the Project to BGCS and BGCS will operate the Project as a Youth Development Center.

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

Notwithstanding the foregoing, the structure of the transaction is still under discussion and may be affected by receipt of additional documentation and further evaluation by the transaction parties. In addition, due to timing and other considerations, ESNMC may choose to close initially with Chase to fund the QEI into the Subsidiary CDE, and then close the loans to the Borrower at a later time when all underwriting and due diligence requirements with respect to the Project have been satisfied.

VI. Non-Discrimination and Contractor & Supplier Diversity

Pursuant to New York State Executive Law Articles 15-A and 17-B, ESD recognizes its obligation under the law to promote opportunities for maximum feasible participation of certified minority- and women-owned business enterprises (MWBES) and service disabled veteran owned businesses (SDVOBs) in the performance of ESD projects. The Office of Contractor and Supplier Diversity has reviewed the Project and has determined that MWBE and SDVOB participation goals need not be applied to this Project.

VII. Environmental Review

The City of Schenectady, as lead agency, has completed an environmental review of the proposed Project pursuant to the requirements of the State Environmental Quality Review Act ("SEQRA") and the implementing regulations of the New York State Department of Environmental Conservation. This review found the Project to be an Unlisted Action, which would not have a significant adverse effect on the environment. The lead agency issued a Negative Declaration on May 29, 2018. ESD staff on behalf of ESNMC reviewed the Negative Declaration and supporting materials and concurs. It is recommended that the Directors make a Determination of No Significant Effect on the Environment.

VIII. Requested Actions

The Directors are being asked to adopt, subject to the requirements of Section 16(2) of the UDC Act, the herein described General Project Plan ("GPP"), and to make a sub-allocation of up to Six Million Dollars (\$6,000,000) from the Allocation for the purposes set forth in the GPP. The Directors are also being asked to delegate to one or more authorized officers of ESNMC, acting in its own capacity, or as managing member of the Subsidiary CDE, the authority to determine the terms of the NMTC transaction documents and to execute such NMTC transaction documents on behalf of ESNMC and the Subsidiary CDE in connection with the closing of the NMTC transaction.

IX. Additional Submissions to Directors

Resolutions
New York State Map

August 8, 2018

EMPIRE STATE NEW MARKET CORPORATION – Schenectady, NY (Capital District Region – Schenectady County) – Boys & Girls Club of Schenectady (the “Project”) – New Markets Tax Credit Sub-Allocation – Authorization to Adopt the Proposed General Project Plan (the “GPP”); Authorization to Sub-Allocate New Markets Tax Credits (“NMTCs”) and to Take Related Actions; Authorization to Perform Certain Acts in Connection with the Sub-Allocation of NMTCs to ESNMC Subsidiary CDE VI, LLC (the "Subsidiary CDE") and the Closing of the NMTC Transaction and to Take Related Actions; Determination of No Significant Effect on the Environment

WHEREAS, Empire State New Market Corporation, a New York corporation (the “Corporation”), has been certified by the Community Development Financial Institutions Fund (the "CDFI Fund") as a "qualified community development entity" (a "CDE"), as such term is defined in the Internal Revenue Code of 1986, as amended (the "Code"), the Treasury Regulations and the related guidance, and the Corporation has entered into that certain Allocation Agreement dated effective as of February 13, 2017, as amended by that certain letter amendment effective as of October 4, 2017 (collectively, the “Allocation Agreement”), with the CDFI Fund in connection with an allocation of NMTCs under Section 45D of the Code in the amount of \$55,000,000 (the “Allocation”);

WHEREAS, the Corporation desires to sub-allocate to ESNMC Subsidiary CDE VI, LLC, a New York limited liability company (the “Subsidiary CDE”), up to \$6,000,000 in NMTC authority from the Corporation's Allocation (the "Sub-Allocation") in connection with the proposed loan by the Subsidiary CDE to a to be formed not-for-profit corporation (the “Borrower”) that will serve as a supporting organization for the Boys & Girls Club of Schenectady, Inc., and such Borrower will use the proceeds of the loan in connection with the construction and development of the Youth Development Center in Schenectady, New York (the “Project”) as described in the GPP;

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

RESOLVED, the President of the Corporation or his designee(s) be, and each of them hereby is, authorized to cause the Corporation to make to the Subsidiary CDE, a Sub-Allocation of up to Six Million Dollars (\$6,000,000) from the Allocation, for the purposes of making NMTC financing available to the Project described in the GPP, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President of the Corporation or his designee(s) may deem appropriate, and be it further

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

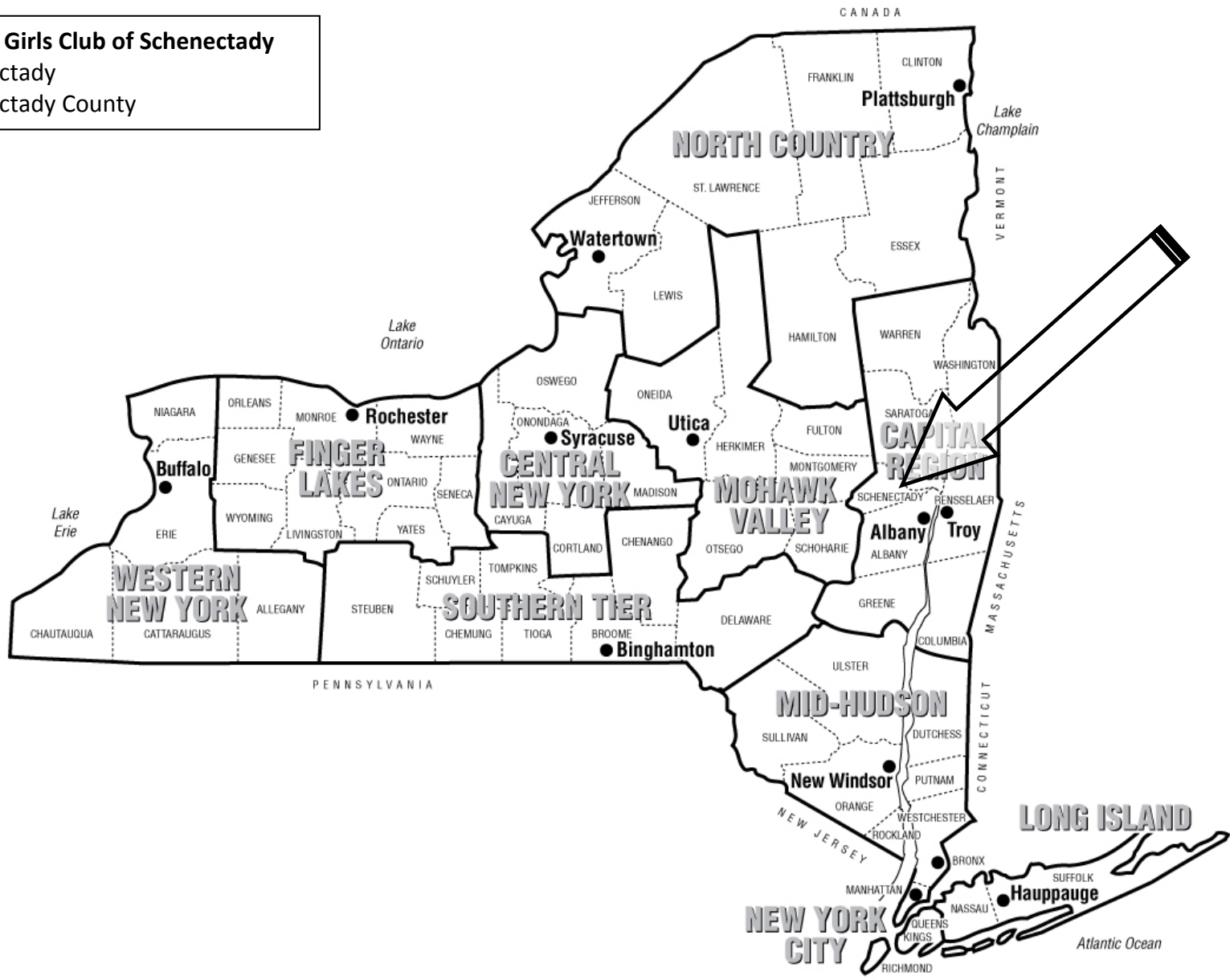
RESOLVED, that the President of the Corporation or his designee(s) be, subsequent to the making of the allocation, and each of them hereby is, authorized to cause the Corporation to take such actions and make such modifications to the terms of the Sub-Allocation as he or she may deem necessary or appropriate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

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

RESOLVED, that based on the environmental review of the proposed project conducted by the City of Schenectady, as lead agency, pursuant to the requirements of the State Environmental Quality Review Act ("SEQRA") and the implementing regulations of the New York State Department of Environmental Conservation, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

* * *

Boys & Girls Club of Schenectady
Schenectady
Schenectady County





FOR CONSIDERATION

August 8, 2018

TO: The Directors

FROM: Jonevan Hornsby

SUBJECT: Hornell, NY (Southern Tier Region – Steuben County) – Hornell Medical Village – St. James Hospital Medical Office Building Fit Out (the “Project”) - New Markets Tax Credit Sub-Allocation

REQUEST FOR: Authorization to Adopt the Proposed General Project Plan; Authorization to Sub-Allocate New Markets Tax Credits ("NMTCs") and to Take Related Actions; Authorization to Perform Certain Acts in Connection with the Sub-Allocation of NMTCs to ESNMC Subsidiary CDE VII, LLC (the "Subsidiary CDE") and the Closing of the NMTC Transaction and to Take Related Actions; Determination of No Significant Effect on the Environment

General Project Plan

I. Project Summary

Project Sponsor: St. James Hospital (“SJH” or the “Sponsor”).

Borrower: Hornell Medical Village, LLC (the “Borrower” or “QALICB”). The Borrower is an affiliate of SJH.

ESNMC* Request: Approval (1) to authorize an allocation of up to \$8,000,000 in federal NMTCs to be used for a portion of the cost to fit out and purchase equipment and FF&E for the Project, as well as pay related transaction and administrative costs for the Project, and (2) to delegate authority to the President of Empire State New Market Corporation (“ESNMC”) and his designee(s) to take any and all actions with respect to such allocation of NMTCs, the final terms of all transaction documents, and closing the transaction.

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

Project Location: 7100 Route 70A, Hornell, NY, Steuben County.

Proposed Project: The Project, located in a highly distressed area of Hornell, NY, involves the fit out and equipping of medical office space, in a portion of a medical office building (“MOB”) that St. James Hospital is leasing from a private developer. SJH’s leased space that ESNMC will finance includes approximately 19,000 SF for:

- Relocation of the following current Article 28 extension clinics operated by SJH: Urgent (Express) Care, General Surgery Clinic, Orthopedic Clinic, and a remote lab draw station.
- Relocation of the following Article 28 program services from the main hospital campus location (411 Canisteo Street, Hornell NY): Physical Therapy, Cardiac Rehabilitation Services, and woman’s imaging services (mammography, bone density and ultrasound).
- Addition of the following new extension clinics: a Primary Care Clinic and a Specialty Clinic (ENT, GI, Cardiology, and Neurosurgery).

The Project is an important component of the MOB which, in turn, is a component of the Hornell Medical Village (“HMV”) that involves the redevelopment of approximately 47-acres of land to create an integrated healthcare services delivery model for a rural low-income area in upstate NY. This integrated healthcare services delivery model is designed to meet all individual patient needs in one central location, thereby improving care coordination and reducing readmissions. Bringing primary care, specialty care, emergency medicine, and outpatient services together at one site increases convenience and efficiency, but more importantly directly supports staff and providers in caring for all individual patient needs and improving overall health outcomes.

HMV includes two key components. The first component is the construction of a new hospital by SJH and the second is the MOB where medical services that are complimentary to those of the hospital will be provided to this low-income rural community.

- SJH is building a new two-story 87,300 square foot hospital on approximately 36.5 acres of land. The hospital will primarily focus on outpatient care (e.g., emergency medicine, observation unit, diagnostics laboratory and imaging), outpatient surgery/procedures, and a 15-bed inpatient unit. SJH has received awards in the amount of \$55 million from the Essential Health Care Provider Support Program and \$7.9 million from the Statewide Health Care Facility Transformation Program to fund the new hospital construction and electronic medical record implementation.
- The MOB sits on the remaining approximately 10.5 acres of land. The existing building was previously used as a K-Mart shopping

plaza. The K-Mart shopping plaza has been abandoned for years. A private developer is redeveloping the site into an approximately 118,000 SF first-class medical office space where multiple medical tenants will provide medical services in one location to deliver comprehensive quality care to this rural low-income community. These medical services are complimentary to services that SJH will provide at the hospital. The developer has privately financed the redevelopment of the K-Mart shopping plaza and rehabilitation of the core and shell of the MOB to get it ready for fit-out by tenants.

In addition to SJH's space, the following leased spaces in the MOB will be built out and paid for separately by those tenants, totaling over \$6 million of additional investment:

- University of Rochester Medical Center will use approximately 16,400 SF to provide primary care services.
- Oak Orchard, a federally qualified health center (FQHC), will lease approximately 14,500 SF of space to provide pediatric, family medicine, and dental services.

Finally, the private developer is leasing approximately 40,000 SF of medical office space in the MOB to additional complementary medical service providers that are being identified. Either the developer or those service providers will pay for the fit out and equipping of this remaining space, which will represent additional investment in this low-income rural community.

Project Type/
Alignment with
Priorities:

The Project will allow St. James Hospital to provide primary care services and to catalyze additional development and investment in this low-income community. Catalytic development and investment is one of ESNMC's focus areas within the NMTC allocation application submitted to the CDFI Fund and the related Allocation received by ESNMC.

The Project is located in census tract #36101960600. For NMTC purposes, this census tract qualifies as a Low-Income Community because it has a family median income of 78.87% and meets the requirements for severe distress in accordance with the criteria set forth in ESNMC's Allocation Agreement because the census tract is located in a Non-Metropolitan County. In addition, the census tract has an unemployment rate of 11.80%, or 1.42x the national average (based on 2015 census data).

Project Support: The support for the Hornell Medical Village project has been significant. Locally it is supported by the City of Hornell, the Steuben County Manager, and the Steuben County Industrial Development Agency. Mayor Hogan, who is on ESNMC’s Advisory Board, strongly recommended this project for investment as a lynchpin to catalyzing investment in Hornell and transforming healthcare in this rural low-income community. Finally, the hospital has received New York State grant awards in the amount of \$55 million from the Essential Health Care Provider Support Program and \$7.9 million from the Statewide Health Care Facility Transformation Program that funds the new hospital construction and electronic medical record implementation.

II. Project Cost and Financing Sources

The table below outlines approximate amounts for the expected Project uses and financing sources, which will be finalized prior to closing and subject to review and approval by ESNMC.

| Financing Uses | Amount | % |
|---------------------------------|--------------------|-------------|
| Tenant Improvements | \$5,517,105 | 63.6% |
| Telecommunications & IT | 630,759 | 7.3% |
| Furniture, Fixtures & Equipment | 1,593,204 | 18.4% |
| Closing/Administrative Costs | 933,000 | 10.8% |
| Total Uses | \$8,674,068 | 100% |

| Financing Sources | Amount | % | Terms |
|--------------------------|----------------------------|-------------|----------------------|
| ESNMC Loan A | \$5,441,600 ⁽¹⁾ | 62.7% | Approx. 1%, 25 years |
| ESNMC Loan B | 2,238,400 ⁽²⁾ | 25.8% | Approx. 1%, 25 years |
| SJH Equity | 994,068 ⁽¹⁾ | 11.5% | |
| Total Uses | \$8,674,068 | 100% | |

Notes

- (1) These funds are indirectly sourced from a loan by Wells Fargo to SJH, the proceeds of which SJH will use to make a leverage loan to the Fund and fund an equity contribution to the Borrower, as described in more detail below.
- (2) This figure is net of approximately \$320,000 of ESNMC’s CDE fee paid at closing. This funding is indirectly sourced from equity from Wells Fargo, which is ESNMC’s NMTC investor.

III. Project Description

A. Sponsor

Industry: The Project Sponsor is St. James Hospital, which is a nonprofit hospital that has provided comprehensive medical services in the Hornell and surrounding communities for 125 years.

Sponsor History: Founded in 1890, St. James Mercy Hospital (now St. James Hospital) has provided health care services to residents in the Hornell and surrounding communities for more than 125 years. During this time, SJH has evolved from its humble beginnings as a small, rural farmhouse to the regional, full-service hospital it is today.

Governed by a self-perpetuating community-based board, SJH is a community of persons committed to being a transforming, healing presence within the rural communities served, particularly addressing the needs of the poor, underserved, and disadvantaged.

SJH provides compassionate, quality care and offers a full range of inpatient and outpatient services, including emergency, acute medical and surgical imaging, and laboratory. Special services include cardiac and pulmonary rehabilitation and physical and speech therapies. SJH also runs an Express Care, a Coumadin clinic, a personal emergency response system called MercyLine, mammography, digital imaging and orthopedics.

The network of physicians, nurse practitioners, and physician assistants provide primary and specialty care to enhance access to health services for residents of Hornell and the surrounding communities.

To give the community the best care possible, SJH has partnered with various health care entities from across the region. They include:

- UR Medicine: Supporting the hospital's continued transformation
- Loyola Recovery Foundation: In-patient and out-patient addiction services
- Fresenius Medical Care North America: Dialysis services
- Post-Acute Partners: Long term and adult day care facility
- Oak Orchard Health: Pediatric and primary care

Prevention and wellness programs have grown significantly in recent years and SJH also serves as the lead agency for grant funded efforts under the auspices of the Cancer Services Program of Steuben County, which includes cancer screening.

Ownership: The Borrower is expected to be Hornell Medical Village, LLC, an affiliate of SJH, which will undertake the Project, including the fit out and installation of all equipment at the Project. The Borrower will lease the Project space from a private landlord that is developing the MOB, complete the Project, and ultimately sublease the space and equipment to SJH. In addition, SJH is now affiliated with the University of Rochester Medical Center ("URMC"), which is creating a regional health network in

these upstate rural low-income communities. UPMC has agreed to provide a senior loan guaranty as part of the NMTC transaction.

Market: Located in the rural Southern Tier of New York State in Steuben County, SJH is the sole community provider within its service area. The primary service area for SJMH is the 15-mile radius extending from Hornell (zip code 14843) and includes the towns of Wayland to the northeast and Troupsburg to the southeast (just outside of the 15-mile radius). The secondary service area is the 30-mile radius extending from Hornell. The population for Steuben County remains relatively flat, increasing 0.3% from 2000 to 2010 to 98,990 and is projected to remain flat through 2014 (2010 Census). The population aged 65 and over comprises 16% of the county compared to 13% for New York State population (2010 Census). Steuben is one of the most economically challenged counties in NYS with unemployment rate of 4.8% (June 2018, NYS Dept. of Labor), which is tied for 48th out of 62 counties.

ESD Involvement: New York State legislation requires ESD to select and prioritize projects demonstrating certain goals or benefits and approve the Project as an ESD project. In accordance therewith, on August 16, 2018, the ESD board of directors will be requested to separately approve the Project.

Past ESD Support: None. However, SJH has received New York State grant awards in the amount of \$55 million from the Essential Health Care Provider Support Program and \$7.9 million from the Statewide Health Care Facility Transformation Program, the proceeds of which will be used to fund the new hospital construction and electronic medical record implementation.

B. The Project

Completion: Approximately Q1 2019

Activity: This Project for SJH that ESNMC is financing is a key component of creating the Hornell Medical Village to help transform rural healthcare delivery in and around Hornell, NY. Upon completion of the SJH's Project within the MOB, SJH will lease approximately 19,000 SF for:

- Relocation of the following current Article 28 extension clinics operated by SJH: Urgent (Express) Care, General Surgery Clinic, Orthopedic Clinic, and a remote lab draw station.
- Relocation of the following Article 28 program services from the main hospital campus location (411 Canisteo Street, Hornell NY): Physical Therapy, Cardiac Rehabilitation Services, and woman's imaging services (mammography, bone density and ultrasound).

- Addition of the following new extension clinics: a Primary Care Clinic and a Specialty Clinic (ENT, GI, Cardiology and Neurosurgery).

Results:

SJH is a struggling rural hospital that has affiliated with UPMC, which is executing a regional plan to transform regional healthcare delivery in low-income rural areas. SJH has also received nearly \$63 million in NYS grants to build a hospital adjacent to the Project as part of creating the Hornell Medical Village (“HNV”). As part of its affiliation with UPMC and creation of the HNV, it is working with other healthcare providers at HNV such as Oak Orchard Health Center to bring complimentary services to this community. This Project allows for significant healthcare expansion. Today SJH’s facilities allow for 22,918 annual visits. SJH’s Project in the MOB that ESNMC is financing is expected to allow SJH to nearly double site visits by 2020 to 40,610 annual patient visits for the services that it provides within the MOB.

Through this investment, SJH expects to create approximately 12 and retain 73 new (85 in total) local full-time equivalent (FTE) jobs as part of the SJH Project that ESNMC is financing within the MOB.

- 77 or 90.6% of the jobs at the Project are expected to pay at or above the Living Wage in Hornell, NY per the MIT Living Wage Calculator. The remaining 8 employees pay very close to the Living Wage or at most \$0.38 / hr below the Living Wage.
- 46 or 54.1% of the jobs are expected to be available to low-income people or residents of low-income communities.
- SJH provides comprehensive benefits to employees who work at least 30 hours per week.

Sponsor Contact: Mark Prunoske, SVP – CFO
Phone: (585) 396-6280

| | | |
|---------------|---------------------------------|------------------|
| Project Team: | Origination | Jonevan Hornsby |
| | Project Management | Brendan Healey |
| | Contractor & Supplier Diversity | Edwina Telemaque |
| | Finance | Jonevan Hornsby |
| | Environmental | Soo Kang |

Statutory Basis

And Findings: Section 45 D of the Internal Revenue Code, Section 10 (g) and Sections 12 and 16 (2) of the New York State Urban Development Corporation Act of 1968, as amended (the "UDC Act"). As noted above, the NMTC program, enacted in 2000, offers a non-refundable tax credit intended to encourage private capital investment in low-income communities. The Project will comply with all applicable NMTC program requirements. ESD is required to approve the Project (and is scheduled to do so at a meeting to be held on August 16, 2018) and ESNMC will comply with applicable federal tax laws and consummate the transaction. ESNMC is making certain findings as part of its approval of the Project.

IV. NMTC Program Background and ESNMC Role

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

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

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

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

Through the NMTC program, \$54.0 billion in NMTCs have been awarded to CDEs across the country since inception.

ESNMC received its first allocation of NMTCs in 2009 in the amount of \$30 million. All of this initial allocation has been deployed in two NMTC projects. ESNMC received a second allocation in the amount of \$55 million in the 2015-2016 round of the NMTC program (the "Allocation"). ESNMC has used \$16.5 million of the Allocation in connection with the National Comedy Center and SUNY Broome transactions, which closed in April 2017 and April 2018, respectively. The ESNMC board of directors has also authorized an additional \$8.5 million in Allocation for the Ellicott Station transaction.

V. Overall Structure of Hornell Medical Village NMTC Transaction

The Hornell Medical Village – St. James Hospital Medical Office Building Fit Out transaction will be structured as follows: Wells Fargo Bank, N.A. (or an affiliate thereof) ("Wells Fargo") will make an approximate \$2,558,400 equity investment ("NMTC Equity") in a special purpose fund (the "Fund") wholly-owned by Wells Fargo and formed for the purpose of this transaction. Wells Fargo will make an approximately \$6,435,668 loan to SJH, and SJH will use \$5,441,600 of such loan proceeds to make a leverage loan to the Fund ("Fund Loan").

The proceeds of the Fund Loan and the NMTC Equity will be combined by the Fund and used to make a QEI in the amount of \$8,000,000 in the Subsidiary CDE. ESNMC will sub-allocate \$8,000,000 of NMTC allocation authority to the Subsidiary CDE. The Subsidiary CDE will use the proceeds of the QEI from the Fund to make loans to the Borrower in an aggregate amount equal to approximately \$7,680,000 and to pay a fee to ESNMC in the amount of \$320,000.

The balance of funding for the Project will be equity provided by SJH in the amount of approximately \$994,068, which is the remainder of the \$6,435,668 loan not used to make the Fund Loan. As described above, the Borrower, an affiliate of SJH, will lease the space from a third-party landlord and build out and equip the space. It will then sublease the fit out and equipped space to SJH, which will provide medical services at the facility.

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

Notwithstanding the foregoing, the structure of the transaction is still under discussion and may be affected by receipt of additional documentation and further evaluation by the transaction parties. In addition, due to timing and other considerations, ESNMC may choose to close initially with Wells Fargo to fund the QEI into the Subsidiary CDE, and then close the loans to the Borrower at a later time when all underwriting and due diligence requirements with respect to the Project have been satisfied.

VI. Non-Discrimination and Contractor & Supplier Diversity

Pursuant to New York State Executive Law Articles 15-A and 17-B, ESD recognizes its obligation under the law to promote opportunities for maximum feasible participation of certified minority-and women-owned business enterprises (MWBEs) and service disabled veteran owned businesses (SDVOBs) in the performance of ESD projects. The Office of Contractor and Supplier Diversity has reviewed the Project and has determined that MWBE and SDVOB participation goals need not be applied to this Project.

VII. Environmental Review

The Town of Hornellsville Zoning Board of Appeals, as lead agency, has completed an environmental review of the proposed project pursuant to the requirements of the State Environmental Quality Review Act (“SEQRA”) and the implementing regulations of the New York State Department of Environmental Conservation. This review found the project to be a Type I Action, which would not have a significant effect on the environment. The lead agency issued a Negative Declaration on March 29, 2017. ESD staff on behalf of ESNMC reviewed the Negative Declaration and supporting materials and concurs. It is recommended that the Directors make a Determination of No Significant Effect on the Environment.

VIII. Requested Actions

The Directors are being asked to adopt, subject to the requirements of Section 16(2) of the UDC Act, the herein described General Project Plan (“GPP”), and to make a sub-allocation of up to Eight Million Dollars (\$8,000,000) from the Allocation for the purposes set forth in the GPP. The Directors are also being asked to delegate to one or more authorized officers of ESNMC, acting in its own capacity, or as managing member of the Subsidiary CDE, the authority to determine the terms of the NMTC transaction documents and to execute such NMTC transaction documents on behalf of ESNMC and the Subsidiary CDE in connection with the closing of the NMTC transaction.

IX. Additional Submissions to Directors

Resolutions
New York State Map

August 8, 2018

EMPIRE STATE NEW MARKET CORPORATION – Hornell (Southern Tier Region – Steuben County) – Hornell Medical Village – St. James Hospital Medical Office Building Fit Out – New Markets Tax Credit Sub-Allocation – Authorization to Adopt the Proposed General Project Plan (the “GPP”); Authorization to Sub-Allocate New Markets Tax Credits (“NMTCs”) and to Take Related Actions; Authorization to Perform Certain Acts in Connection with the Sub-Allocation of NMTCs to ESNMC Subsidiary CDE VII, LLC (the "Subsidiary CDE") and the Closing of the NMTC Transaction and to Take Related Actions; Determination of No Significant Effect on the Environment

WHEREAS, Empire State New Market Corporation, a New York corporation (the “Corporation”), has been certified by the Community Development Financial Institutions Fund (the "CDFI Fund") as a "qualified community development entity" (a "CDE"), as such term is defined in the Internal Revenue Code of 1986, as amended (the "Code"), the Treasury Regulations and the related guidance, and the Corporation has entered into that certain Allocation Agreement dated effective as of February 13, 2017, as amended by that certain letter amendment effective as of October 4, 2017 (collectively, the “Allocation Agreement”), with the CDFI Fund in connection with an allocation of NMTCs under Section 45D of the Code in the amount of \$55,000,000 (the “Allocation”);

WHEREAS, the Corporation desires to sub-allocate to ESNMC Subsidiary CDE VII, LLC, a New York limited liability company (the “Subsidiary CDE”), up to \$8,000,000 in NMTC authority from the Corporation's Allocation (the "Sub-Allocation") in connection with the proposed investment in Hornell Medical Village, LLC, a New York limited liability company (“QALICB”), for the Hornell Medical Village – St. James Hospital Medical Office Building Fit Out project (the "Project") as described in the GPP;

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

RESOLVED, the President of the Corporation or his designee(s) be, and each of them hereby is, authorized to cause the Corporation to make to the Subsidiary CDE, a Sub-Allocation of up to Eight Million Dollars (\$8,000,000) from the Allocation, for the purposes of making NMTC financing available to the Project described in the GPP, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President of the Corporation or his designee(s) may deem appropriate, and be it further

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

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

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

RESOLVED, that based on the environmental review of the proposed project conducted by the Town of Hornellsville Zoning Board of Appeals, as lead agency, pursuant to the requirements of the State Environmental Quality Review Act ("SEQRA") and the implementing regulations of the New York State Department of Environmental Conservation, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

* * *

**Hornell Medical Village – St. James Medical
Office Building Fit Out**
Hornell
Steuben County

