

Grantee: 47th Street Business Improvement District (“47th St. BID”)
ESD Investment: A grant of up to \$37,500 to be used for a portion of working capital costs to study New York’s diamond and jewelry industry.
Project Location: 580 Fifth Avenue, New York, New York County

ESD Incentive Offer Accepted: July 23, 2010

Project Completion: July 2011

Grantee Contact: Michael Grumet, Executive Director
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Project Team: Origination Joe Tazewell
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Affirmative Action
Environmental

Project Description:

Background:

The Diamond and Jewelry Industry District (“DJID”) is located in Manhattan on 47th Street between Fifth and Sixth Avenues. It is the world’s largest shopping district for all sizes and shapes of diamonds and other jewelry. The DJID hosts more than 2,600 independent businesses, and processes over 90% of the diamonds that enter the United States, which is the world’s largest consumer market for diamonds.

The 47th St. BID is a not-for-profit, tax exempt organization formed in 1997 by local merchants and landlords to enhance the economic development activities of the DJID. The goal of the 47th St. BID is to make the DJID safer, cleaner, and more aesthetically pleasing for merchants and consumers who work and shop in the area. Its programs center on supplemental sanitation and security services, maintenance of capital improvements and the promotion of the DJID merchants. In the first seven years of its operation, the 47th St. BID installed and maintained nineteen distinctively shaped streetlights and four corner, diamond-shaped, pylons. It installed holiday decorations and banners which greet tourists and consumers who visit the DJID. It also developed one of the highest rated sanitation programs in the New York City. It has cultivated a strong relationship with the New York City Police Department to maintain security in the DJID at all times.

Despite being one of the largest manufacturing sectors in New York and presenting significant

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opportunities for job creation, the economic impact of the DJID is relatively unknown. To assess the direct and indirect economic impact of New York’s diamond and jewelry industry, a comprehensive study needed to be undertaken. The Board of the 47th Street BID performed a search among research organizations and institutions capable of performing a study on the DJID. After seeking the recommendations of other non-profit organizations that had commissioned similar studies, the 47th Street BID selected The Pratt Center for Community Development (“The Pratt Center”) out of three proposals as the most qualified entity to perform the study.

The 47th Street BID approached ESD in 2010 when it determined it would need financial assistance to complete the study. Recognizing the value of the project to understand the economic impact of a major industry, ESD offered a \$37,500 grant for the study which the 47th Street BID accepted in July 2010.

The Project

The Pratt Center will assess the economic impact and needs of New York City’s diamond and jewelry industry, particularly the extent to which the DJID affects tourism, as well as its workforce development requirements. Pratt will provide a sector profile that will lead to the development of informed public policies that capitalize on opportunities for economic growth and job creation. The study will analyze public data, interviews and surveys. Information and assistance will be sought from the New York Industrial Retention Network, the 47th Street BID, and the Urban Policy Institute. The study is expected to be completed in July 2011.

Upon completion of the project, the Grantee will furnish a final report, describing the impact and effectiveness of the project.

Financing Uses	Amount	Financing Sources	Amount	Percent
Consultants	\$47,600	ESD Grant	\$37,500	50%
Operational Test Program	2,400	Grantee Equity	37,500	50%
Econometric Modeling	25,000			
Total Project Costs	\$75,000	Total Project Financing	\$75,000	100%

Financial Terms and Conditions:

1. The Grantee will demonstrate no material adverse change in its financial condition prior to closing.
2. The Grantee will be required to contribute 50% of the total project cost in the form of equity contributed after the Grantee’s written acceptance of ESD’s offer. Equity is defined as cash injected into the project by the Grantee or by investors, and should be auditable through Grantee financial statements or Grantee accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project.

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3. Up to \$37,500 will be disbursed to the Grantee in three installments as follows:
 - a) an Initial Disbursement of an amount equal to 10% of the grant (\$3,750) upon execution of a grant disbursement agreement;
 - b) up to 80% of the grant (\$30,000) will be disbursed as a reimbursement proportionally for up to 50% of eligible expenses incurred by the 47th St. BID, in installments and not more frequently than monthly, provided appropriate supporting documentation is submitted; and
 - c) a final disbursement of an amount equal to 10% of the grant (\$3,750) will be disbursed upon completion of the study and approval by ESD of the final product together with documentation of all expenditures, including those made by the 47th Street BID.

All disbursements require compliance with program requirements and must be requested no later than June 1, 2011. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses must be incurred on or after July 23, 2010, to be considered eligible project costs.

4. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$37,500, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Grantee and the State of New York. In no event shall the total amount of any assistance to be so reallocated exceed the total amount of assistance approved by the Directors.

Statutory Basis – Urban and Community Development Program:

This project is authorized under Sections 5(4) and 16-d of the New York State Urban Development Corporation Act (the “Act”) and satisfies the eligibility criteria for an Urban and Community Technical Assistance grant as set forth in the Act and the rules and regulations for the Urban and Community Development Program. No residential relocation is required as there are no families or individuals residing on the site.