

NEW YORK JOB DEVELOPMENT AUTHORITY
d/b/a Empire State Development Corporation
Meeting of the Members
Empire State Development Corporation
30 South Pearl Street
Albany, New York 12245

and

633 Third Avenue
New York, New York 10017

October 28, 2011

MINUTES

Members Present:

Justin Ginsburgh, Designee – Commissioner of DED,
Acting Chair
Adam Barsky
Andrew J. Maniglia
Emily Youssouf
Matt Morgan, Designee – New York State Department of
Agriculture and Marketing
Regina Stone - Designee, Acting Superintendent – NYS
Department of Banking

JDA Staff:

Eileen McEvoy, Secretary
Kathleen Mize, Controller
Frances A. Walton, Senior Vice President and Chief
Financial Officer

Present for ESD:

Joseph Chan, Executive Vice President-Business
Development
Helen Daniels, Director – Affirmative Action
Diana Lopez, Executive Vice President – Business Services
Glendon McLeary, Senior Project Manager
Antovk Pidedjian, Senior Counsel
Sheila Robinson, Deputy to the Chief Financial Officer
Susan Shaffer, Vice President – Loans and Grants
Joseph Tazewell, Regional Director – New York City Region

Also Present:

Michael Bailkin, Counsel – Akerman Senterfitt, LLP
Raizy Haas, Senior Vice President – Development Extell
Jeff Torkin, Vice President – Development Extell
The Press
The Public

The meeting was called to order at 11:01 a.m. by Acting Chair Ginsburg. It was noted for the record that notice to the public and news media of the time and place of the meeting had been given in compliance with the New York State Open Meetings Law.

Acting Chair Ginsburg then set forth the guidelines regarding comments by the public on matters on the Agenda.

The Acting Chair then entertained a motion to approve the Minutes of the August 18, 2011 Members' meeting.

Upon motion duly made and seconded, the following resolution was unanimously adopted:

**APPROVAL OF MINUTES AND RATIFICATIONS OF ACTIONS TAKEN AT AUGUST 18, 2011
MEMBERS' MEETING OF THE NEW YORK JOB DEVELOPMENT AUTHORITY**

RESOLVED, that the Minutes of the meeting of the Authority held on August 18, 2011 as presented to this meeting, are hereby approved and all actions taken by the Members present at such meeting, as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Authority.

* * *

Acting Chair Ginsburgh explained that the Members were being asked to consider a JDA loan in connection with GEM Tower.

As background, Acting Chair Ginsburgh noted that JDA has approved \$100 million of its bonding capacity for a loan program for the GEM Tower which he described as a 750,000 square foot, 34 story tower located on West 47th Street in Manhattan.

The Tower, he continued, is still under construction and will be a state-of-the-art center designed specifically to meet the needs of the diamonds and precious gems industry.

Today's request, Acting Chair Ginsburg further noted, is for the first loan of the program to be made to A.S. Diamonds, a manufacturer and wholesaler of diamonds and top quality gems. A. S. Diamonds, Acting Chair Ginsburg explained, is seeking to purchase and fit out a 5,600 square foot condominium unit in the tower.

Acting Chair Ginsburgh noted that before the Members are asked to consider this item, there will be a presentation by Extell, the developer of GEM Tower.

Michael Bailkin, counsel to Extell, first addressed the meeting noting, in part, that said loan will provide the Company with the ability to move forward with the project. He also stated that the importance of the JDA commitment lies in the fact that the buyers will not sign anything other than non-conditional contracts with the developer unless they know they have

some type of take-out authority.

Ms. Haas and Mr. Torkin then provided a report accompanied by a PowerPoint presentation regarding the proposed project. Among other things, it was noted that construction on the Tower began in March and that in terms of steel, they are up to the 17th floor. Mr. Torkin added that there has also been an aggressive sales push and now that the Tower has come out of the ground they are getting lots of calls as people see that this project is actually underway.

The Tower, Mr. Torkin further explained, will support the industry in its present incarnation much more so than the old buildings presently in the district. Mr. Torkin then expounded upon the proposed security measures that will be utilized as well as the quality and the architecture of the building.

Mr. Torkin went on to note that at the present time, the major focus is on floors eight through 20 and of that space, about 65% is committed.

Member Barsky asked if that was the higher level and Mr. Torkin explained that early buyers generally desire the best units for the lowest price which would be the highest floors. Mr. Torkin further explained that in order to prevent that from happening, Extell has released only this portion so that it can make deals that make sense and reserve its right to capitalize on the best views, etc. on the highest floors.

Member Youssouf asked what portion of the building the 65% referred to and Mr. Torkin stated that it was floors eight through 20 as previously referred to.

Member Barsky then asked what percent of the 65% were from local companies looking to expand or relocate versus from out of State. Mr. Torkin stated that it was a mixed development.

Member Maniglia asked for specific numbers in that regard and Mr. Haas stated that those numbers have not been tracked at this point. She added that those numbers will have to be tracked for the tax benefits that are given by the City. Ms. Haas further stated that it has been a combination of local companies that are expanding and new companies.

Member Barsky asked what the threshold is that the City requires and Ms. Haas stated that it is 85% which has to be industry from the total space and that 50% of that has to be either expansion or new.

Member Youssouf asked if it is correct that the retail shops are only on the lower level and Ms. Haas stated that that was correct. Member Youssouf stated that that was good as it would not set up competition leaving a lot of empty store fronts.

Mr. Bailkin mentioned and Ms. Haas confirmed that from the standpoint of keeping

business in the State, that GIA was seriously considering relocating the bulk of its operations to California. Ms. Haas further commented that GIA has now committed to approximately 60,000 square feet.

Following further details being provided by Mr. Torkin in his PowerPoint presentation, Member Youssouf noted that many of her initial concerns regarding the project have been addressed in this discussion.

Member Barsky stated that many questions have been answered however, he still had concerns regarding the mechanisms associated with mortgage foreclosures.

In that regard, Member Barsky asked what the restrictions are in terms of reselling if there is a mortgage foreclosure and Extell takes possession.

Ms. Haas stated that Extell does not have to use that restriction in the legal offering plan because it is only selling to the industry.

Mr. Bailkin added that the primary benefit that Extell is getting from the IDA will be the real estate tax abatement for the condo units that are qualified units. He further stated that Extell will be able to foreclose and put the property on the market and sell it for any use allowed under the zoning restrictions but the real estate tax benefit will be lost unless it is an industry tenant there.

Following the full presentation, the Acting Chair called for any further questions or comments. Member Maniglia noted that it was unique that the IDA deal is limited to the industry.

There being no further questions or comments, and upon motion duly made and seconded, the following resolution was unanimously adopted:

New York (New York City Region - New York County) – A.S. Diamonds, Inc. – New York Job Development Authority Special Purpose Fund Direct Loan Project – Real Estate Loan – Authorization to Make a Loan and to Take Related Actions; Determination of No Significant Effect on the Environment

RESOLVED, that the Chairman of the Authority or his designee(s) be, and each of them hereby is, authorized to make a Special Purpose Fund Real Estate Loan to the Statewide Local Development Corporation for the benefit of the following Project Owner(s) for the amount(s) not to exceed, and the respective percent(s) of total Real Estate Project cost(s), whichever is less, set forth for each:

Condo Unit #	Project Owner	Project Occupant	JDA Investment	% of Project Cost
18M	A.S. Diamonds, Inc.	ASD Gem Realty, LLC	\$2,622,112	50%

to be funded from the proceeds of New York State Guaranteed Special Purpose Fund taxable bonds or notes, for the purposes and substantially on the terms and conditions set forth in the materials presented at this meeting, with such changes as the Chairman of the Authority or his designee(s) may deem appropriate; and be it further

RESOLVED, that the Chairman of the Authority or his designee(s) be, subsequent to the making of the Loan(s), and each of them hereby is, authorized to take such actions and make such modifications to the terms of the Loan(s) as he or she may deem appropriate in the administration of the Loan(s); and be it further

RESOLVED, that the Chairman of the Authority, or his designee(s) be, and each of them hereby is, authorized in the name and on behalf of the Authority to execute and deliver any and all

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; and be it further

RESOLVED, that the provision of financial assistance by the Authority is expressly contingent upon: (1) the approval of the Public Authorities Control Board, as applicable, and (2) the receipt of all other necessary approvals; and be it further

RESOLVED, that based on the materials submitted to the Members with respect to the Project Owner(s) and/or Project Occupant(s) listed above, the Authority hereby determines that the proposed action(s) will not have a significant effect on the environment.

* * *

Acting Chair Ginsburg then asked Mr. Salaberrios to provide a report on a business and marketing plan to re-energize JDA. The Acting Chair noted that Mr. Salaberrios was formerly a 504 lender and has a great deal of knowledge regarding these types of lending programs.

Mr. Salaberrios set forth the details of the proposed plan for the Members' information.

Among other things, Mr. Salaberrios stated that part of the proposed plan involves JDA developing its relationship with the Banks. He added that there is presently enthusiasm with the banking community to revitalize the program and give the Banks another option besides SBA's.

One of his primary goals, Mr. Salaberrios explained, is to get the word out through the local development corporations. He added that JDA requires that all deals be done through a local development corporation.

Member Morgan then commented on the excellent job that Mr. Salaberrios has been doing not just in New York City but also in the very rural communities of the State.

Mr. Salaberrios went on to suggest ways of making the process more efficient and also of involving the Members in the process.

There was a discussion about making the Regional Councils aware of the benefit of utilizing JDA.

The varying interest rate charged on JDA loans was also discussed and overall it was noted that JDA has both fixed and variable rates but the rate is tied to the periodically updated current market conditions which would correspond to the issuance of commercial paper as it is used for individual loans.

Mr. Salaberrios then addressed the concept of creating a pipeline by marketing directly to the approximately 6,000 certified minority firms and businesses registered with ESD. There are many credit worthy MWBE firms, he continued, that do not have access to credit and utilizing JDA could be very helpful to those firms.

Mr. Salaberrios added that all of today's recommendations can be implemented fairly quickly and with minimal cost at the outset by utilizing existing ESD staff in New York City and the Regional Offices.

Member Maniglia inquired as to the volume cap and Ms. Walton noted that the statute reads \$900,000,000 but \$750,000,000 is the amount that is actually authorized. Of that amount, it was further noted that approximately \$30,000,000 is outstanding.

Member Barsky then voiced concern with regard to the fact that there has been no IDA legislation for the last several years as well as with regard to various issues regarding the creation of LDC's. He asked if there was any information in that regard.

Acting Chair Ginsburg stated that on civic facilities that that is a fairly sensitive issue at this point. He added that he will follow up on the matter.

Member Youssouf commented favorably with regard to the plans to make the Authority more active.

There being no further business, the meeting was adjourned at 12:04 p.m.

Respectfully submitted,

Eileen McEvoy
Secretary