



**Empire State
New Market
Corporation**

A Subsidiary of Empire State Development

EMPIRE STATE NEW MARKET CORPORATION

at the offices of the
New York State Urban Development Corporation
d/b/a Empire State Development Corporation
633 Third Avenue – 36th Floor Conference Room A
New York, New York 10017

Meeting of the Directors

Friday

March 27, 2015 – 11:15 a.m.

PROPOSED AGENDA

CORPORATE ACTIONS

1. Approval of the Minutes of the September 29, 2014 Directors' Meeting
2. ESNMC Budget – Approval of Fiscal Year 2015-2016 Operating Budget

Item #1

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

September 29, 2014

MINUTES

In Attendance

Directors: Kenneth Adams – Acting Chair
Sam Hoyt (via teleconference)
Mehul Patel

ESNMC Staff: Maria Cassidy – Deputy General Counsel
Brendan Healey – Vice President
Jonevan Hornsby – President
Debbie Royce – Corporate Secretary
Margaret Tobin – Chief Financial Officer

ESD Staff: Jonathan Beyer – Senior Counsel
Robert Kwon - VP, Portfolio Mgmt. & Project Finance
Sankar Singh – Manager, Contract Audit & Administration

The meeting of the Empire State New Market Corporation (“ESNMC” or the “Corporation”) was called to order at 11:00 a.m. Director Adams 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 Chairman Adams 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 Chairman called for the approval of the Minutes of the March 28, 2014 meeting of the Directors. Noting no corrections and upon motion duly made and seconded, the following resolution was unanimously adopted:

APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE MARCH 28,
2014 MEETING OF THE DIRECTORS OF THE EMPIRE STATE NEW MARKET CORPORATION

RESOLVED, that the Minutes of the meeting of the Corporation held on March 28, 2014 as presented to this meeting, are hereby approved and all actions taken by the Directors present at such meeting as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Corporation.

* * *

Next, Jonevan Hornsby requested the appointment and confirmation of three new Advisory Board members. He explained that the Corporation has an Advisory Board to ensure its accountability to low-income communities in compliance with the New Market Tax Credit Program requirements. He noted the Advisory Board currently consists of five members and Thomas Dolan, Stuart Mitchell and Michael Zisser are requested to be appointed.

Providing personal background, Mr. Hornsby stated that Mr. Dolan is Chief Operating Officer of CEI Capital Management LLC (CCML), the for-profit subsidiary of Coastal Enterprises, Inc. (CEI) and a certified Community Development Entity. He noted that Mr. Dolan oversees CCML's investment, operations and portfolio compliance, also manages the CCML Asset Management Team and has over twenty years' experience in real estate finance, law, and community development. Mr. Hornsby also noted that prior to Mr. Dolan's work at CCML, Mr. Dolan served as General Counsel for Fannie Mae's American Communities Fund, Vice President & Associate General Counsel for CarrAmerica Realty Corporation, and in-house Counsel for The Peterson Companies L.C.

Mr. Hornsby explained that Mr. Mitchell is the President and CEO of PathStone since 1977. He noted that Mr. Mitchell steered the growth of the organization into a \$48 million multi-state agency that is governed by a community-based Board of Directors and employs 500 people. He further noted that Mr. Mitchell is active in several organizations that address issues of concern to marginalized individuals and families and is the past President of the National Association of Farmworker Opportunity Programs and presently the President/Treasurer of USA Farmworker PAC similar.

Mr. Hornsby stated that Mr. Zisser is Chief Executive Officer for University Settlement Society of New York and is also the CEO The Door, and oversees all operations of both organizations, as well as the interface between the two. He noted that Mr. Zisser serves on the Boards of the International Federation of Settlements and Community Centers, the United

Neighborhood Houses of New York, and the NYC Human Services Council and that previously, Mr. Zisser was the Chairperson and Associate Professor in the Department of City and Regional Planning at Pratt University.

Lastly, Mr. Hornsby noted that the current members of the Advisory Board would continue to serve and were also being confirmed as current members of the Advisory Board: Peggy Adams; Margaret Ellsworth; Ray Gillen; Shawn Hogan; and Yvette Stennett.

In response to Acting Chair Adams' question, Mr. Hornsby explained that the Corporation reaches out to individuals that we've known within State Agencies as well as some of the people out in the field and get recommendations for individuals who are appropriate for the strategy the Corporation has, for the application process and for going forward. He stated that these individuals are then approached to determine their interest in serving and if so, are then advised that an appointment process begins.

Following a review of the previously appointed Advisory Board Members affiliations and a reminder of how the Advisory Board operates, and hearing no further questions from the Directors and no requests for comments by the public, upon motion duly made and seconded, the following resolution was unanimously adopted:

EMPIRE STATE NEW MARKET CORPORATION – Advisory Board - Confirmation and Appointment of Advisory Board Members

RESOLVED, that in accordance with the attached materials, a copy of which is hereby ordered to be filed with the records of the Corporation the following individuals be, and are hereby, appointed to the Advisory Board, the appointments being effective from this date and until

such individual resigns or is removed by the Board of Directors of the Empire State New Market Corporation:

Thomas Dolan
Stuart Mitchell
Michael Zisser;

and be it further

RESOLVED, that the individuals listed below are confirmed as current Advisory Board members and all terms of such service are extended until such member resigns or is removed by the Board of Directors of the Empire State New Market Corporation:

Peggy Adams
Margaret Ellsworth
Ray Gillen
Shawn Hogan
Yvette Stennett;

and be it further

RESOLVED, that authorized Officers or their designee(s) are each hereby authorized and directed to approve and execute such documents and take such other actions, in the name of the Corporation and on its behalf, as he or she may reasonably deem necessary or appropriate to carry out the foregoing resolution, and all such actions heretofore taken by such Authorized Officer in connection with or pursuant to this resolution and any and all actions taken by listed individuals serving in their capacity as members of the Advisory Board are hereby ratified and approved.

* * *

Mr. Hornsby then requested authorization for the Corporation to sign and file a 2014 New Market Tax Credit funding application.

By way of background, Mr. Hornsby explained that the Corporation was incorporated in 2004 for the purpose of applying for an allocation of federal New Market Tax Credits ("NMTC") from the Community Development Financial Institutes Fund of the United State Department of the Treasury. He stated that the Corporation received notice of its first allocation of NMTCs in May 2009. He noted that in September 2011, ESNMC closed its first NMTC transaction, an \$18 million Qualified Equity Investment ("QEI") for Agro-Farma, maker of Chobani Greek-style yogurt; and in September 2012, ESNMC closed its second NMTC transaction, a \$12 million QEI for Brooklyn Navy Yard Development Corporation and he further noted that the two transactions accounted for ESNMC's entire \$30 million allocation of NMTCs.

Mr. Hornsby advised that ESNMC would now like to apply for a new allocation of NMTCs from the CDFI Fund and plans to submit its allocation application to the CDFI Fund requesting a \$60 million 2014 round allocation on October 1, 2014. He said that the application reflects ESNMC's strategy to use an NMTC allocation, past projects, potential future projects, management capacity, and other related ESNMC experience to enhance its qualifications. He stated that ESNMC staff has worked closely with ESNMC's NMTC consultant, the National Development Council, to prepare the application.

In response to a request for questions from the Directors, Director Patel asked if any feedback on the previous application was taken into consideration for this year's application. Mr. Hornsby answered that the application was reviewed in light of that feedback and that a community impact and revitalization strategy is being proposed, which he felt made the application very effective.

Margaret Tobin commented that preparing the application was a terrific professional effort on the part of the Corporation. ESNMC utilized internal Empire State Development ("ESD") staff from the Loans & Grants Department, Portfolio Management as well as New York State's Washington D.C. office because this is a Federal Program. She stated that ESNMC should be proud of the work it does and believes the effort showcases and highlights what it does and it does it. Director Hoyt echoed Ms. Tobin's sentiments and congratulated the staff on a job well done.

Hearing no further questions from the Directors and no requests for comments by 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 2014 New Market Tax Credit Allocation Application; and
to Take Related Actions**

RESOLVED, that the Corporation is authorized to sign and file a 2014 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.

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There being no further business, the meeting was adjourned at 11:35 a.m.

Respectfully submitted,

Debbie Royce
Corporate Secretary

Item #2



FOR CONSIDERATION

March 27, 2015

TO: The Directors

FROM: Jonevan C. Hornsby

SUBJECT: ESNMC Budget

REQUEST FOR: Approval of Fiscal Year 2015-2016 Operating Budget

I. Summary

Approval is hereby requested for the proposed Fiscal Year 2015-2016 Operating Budget.

II. Background

Empire State New Market Corporation ("ESNMC" or the "Corporation") was incorporated in 2004 for the purpose of applying for an allocation of New Markets Tax Credits ("NMTCs") from the Community Development Financial Institutions ("CDFI") Fund of the U.S. Department of Treasury. ESNMC received notice of its first allocation of NMTCs in May 2009. In September 2011, ESNMC closed its first NMTC transaction, an \$18 million Qualified Equity Investment ("QEI") for Agro-Farma, maker of Chobani Greek-style yogurt; and in September 2012, ESNMC closed its second NMTC transaction, a \$12 million QEI for Brooklyn Navy Yard Development Corporation. The two transactions accounted for ESNMC's entire \$30 million allocation of NMTCs. In October 2014, ESNMC submitted an NMTC allocation application requesting a new \$60 million allocation; ESNMC is currently awaiting notification from the CDFI Fund. ESNMC continues to service the two closed transactions and hopes to receive a new NMTC allocation so that it can close further transactions. The ESNMC board of directors is thus presented with the following proposed Operating Budget for Fiscal Year 2015-2016. (ESNMC's 2015-2016 fiscal year coincides with that of its parent, the New York State Urban Development Corporation d/b/a Empire State Development ("ESD"), so both fiscal years start on April 1 and end on March 31.)

ESNMC revenues come from fees charged on transactions. In Fiscal Year 2014-2015, ESNMC revenue was approximately \$150,000. In addition to the expenses funded by fees ESNMC receives from transactions, ESNMC incurs certain transaction-specific consulting expenses that are paid by borrowers directly from transaction closing proceeds; such expenses (and the reimbursements associated therewith) have been excluded from this budget. However, these transaction-specific consulting expenses have been factored into the maximum contract amounts for the relevant legal, accounting, and consulting contracts.

III. 2015 Budget Expenditures

ESNMC projected expenditures for Fiscal Year 2014-2015 total \$49,154 of which \$30,000 is projected as a fee to National Development Council for preparation of the 2014 NMTC allocation

application, and \$10,500 is projected for consulting, legal and accounting services associated with closed NMTC transactions. The remaining \$8,654 is projected for insurance and other non-personal services.

IV. Budget Synopsis

The proposed Fiscal Year 2015-2016 Operating Budget reflects \$85,610 of expenses. The expenses will consist primarily of payments for the following:

- Legal / Accounting Fees (49%)
- Consulting Fees (35%)
- Employee Travel & Meals (6%)
- Insurance (3%)
- Online Services/Dues & Subscription (1%)
- Other Expenses (6%)

V. Environmental Review

Approval of the Corporation's Operating Budget for Fiscal Year 2015/2016 constitutes a Type II action as defined by the New York State Environmental Quality Review Act ("SEQRA") and the implementing regulations for the New York State Department of Environmental Conservation. No further environmental review is required in connection with this request.

VI. Requested Action

The Directors are requested to approve the attached proposed ESNMC budget for Fiscal Year 2015-2016.

VII. Attachments

Resolution
Fiscal Year 2015-2016 Proposed Operating Budget

March 27, 2015

EMPIRE STATE NEW MARKET CORPORATION – Approval of Fiscal Year 2015-2016 Operating Budget

RESOLVED, that the Corporation hereby adopts the proposed Fiscal Year 2016 budget 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.

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**Empire State Development
Empire State New Market Corp
Operating Spending Plan FYE 2016**

	Actual Expense FYE 2014	Spending Plan FYE 2015	Projected Expense FYE 2015	Spending Plan FYE 2016
<u>PERSONAL SERVICES</u>				
Salaries	0	0	0	0
Fringe Benefits	0	0	0	0
TOTAL PERSONAL SERVICES	0	0	0	0
HEADCOUNT	0	0	0	0
<u>NON-PERSONAL SERVICES</u>				
Professional Fees				
Legal / Accounting Fees	19,628	42,000	8,000	42,000
Consultant Fees	38,000	30,000	32,500	30,000
Total Professional Fees	57,628	72,000	40,500	72,000
Other Non-Personal Services				
Employee Travel & Meals	0	5,000	0	5,000
On-line Services/ Due & Subscriptions	0	1,200	0	1,200
Office Occupancy Expenses	0	0	0	0
Insurance	10,946	12,010	8,422	2,500
Repairs/ Maint /Prop Mgmt/ Outside Serv.	6,382	4,910	232	4,910
Telephone/Fax/Internet	0	0	0	0
Office Supplies / Printing / Advertising	0	0	0	0
Computers/Software/Equipment	0	0	0	0
Total Other Non Personal Services	17,328	23,120	8,654	13,610
TOTAL NON-PERSONAL SERVICES	74,956	95,120	49,154	85,610
TOTAL OPERATING BUDGET	74,956	95,120	49,154	85,610