

NEW YORK EMPOWERMENT ZONE CORPORATION

MEETING OF THE DIRECTORS

Wednesday, September 21, 2016

NEW YORK EMPOWERMENT ZONE CORPORATION

Meeting of the Directors
Wednesday, September 21 at 3.30 P.M.
37th Conference Room
Empire State Development Corporation
633 Third Avenue
New York, NY 10017

AGENDA

HOWARD ZEMSKY, CHAIR – CALL MEETING TO ORDER

I. CORPORATE ACTION

TAB

- A. Authorization of Matters Recommended by Upper Manhattan Empowerment Zone Development Corporation (“UMEZ”)
1. Apollo Theater Foundation – Authorization of \$1,750,000 grant for capital equipment for the Victoria theater; renovation of the Apollo Soundstage and associated consulting fees. **1**
 2. Business Resource and Investment Center – Authorization of \$1,500,000 loan to recapitalize the BRISC business loan fund. **2**
 3. Studio Museum in Harlem – Authorization of \$1,000,000 grant for building capacity in development, marketing/communications and earned revenue. **3**
 4. Morris-Jumel Mansion – Authorization of \$156,000 grant for the implementation of its strategic plan and revision of its business model. **4**
 5. Hispanic Federation – Authorization of \$100,000 grant for capacity building support to Julia de Burgos Performance and Arts Center (“JdB PAC”). **5**
 6. UMEZ Administrative Budget – Authorization of \$3,774,522 administrative budget for fiscal year 2017. **6**

II. OTHER BUSINESS

HOWARD ZEMSKY – MOTION TO ADJOURN MEETING

FOR CONSIDERATION

September 21, 2016

TO: The Directors

FROM: Howard Zemsky

SUBJECT: New York (New York County) - Upper Manhattan Empowerment Zone
Development Corporation

REQUEST FOR: **Authorization for a Grant to Apollo Theater Foundation, Inc. and to
Take Related Actions.**

I. Initiative Summary

Organization Name: Upper Manhattan Empowerment Zone
Development Corporation ("UMEZ")
55 West 125th Street, 11th Floor
New York, New York 10027

Contact: Kenneth Knuckles
President and CEO
(212) 410-0030

Proposed Initiative: A \$1,750,000 grant for capital equipment for the Victoria
Theater; renovation of the Apollo Soundstage; and
associated consulting fees.

Total Initiative Cost: \$3,500,000.00

Proposed Empowerment Zone
("EZ") Investment: \$1,750,000 (Grant)

Funding Sources:

Federal EZ SSBG Funds:	\$	583,334.00
State EZ Funds:	\$	583,333.00
City EZ Funds:	\$	583,333.00
Others	\$	1,750,000.00

Total \$ 3,500,000.00

Fiscal Year: 2017

II. Initiative Narrative

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

III. Conditions for Approval

Funding is subject to the Corporation's approval of UMEZ's monitoring system, which must ensure that adequate policies and procedures are adopted to safeguard against misappropriation and provide for appropriate controls with respect to each grant.

The release of funds for this initiative is subject to certification by the Deputy Mayor's Office (i) that all procurement solicitation processes fulfill all applicable requirements set forth in the Operating Principles Memorandum of Understanding (the "MOU") dated as of January 19, 1996, and (ii) that each procurement selection process has been completed in accordance with those requirements.

The release of funds for this initiative is subject to UMEZ presenting to the Corporation for approval detailed written information on implementation of this initiative and the terms and conditions for the grant from UMEZ to **Apollo Theater Foundation, Inc.** The provision of funding for this initiative is contingent upon the Corporation receiving satisfactory evidence of all other funding sources for the initiative.

The disposition of recovered grants is subject to the approval of New York Empowerment Zone Corporation's Board of Directors.

IV. Initiative Benchmarks

The initiative will achieve the following benchmarks:

- Create 72 construction jobs
- Create more full time administrative positions and artist's in future years

V. Residents Benefits

This Initiative will benefit EZ residents by:

- Create 40 jobs

VI. Federal Funding Goals

This initiative will meet the following Federal funding goals:

- Achieve or maintain economic self-support, to prevent, reduce, or eliminate dependency.

This initiative will meet the following Federal programmatic options:

- Permanent job creation, including without limiting the foregoing, promotion, encouragement and creation of opportunities for small, medium and large business development in the EZ/EC that will create permanent jobs for the Enterprise Zone.
- The needs of existing businesses in the EZ/EC, including without limiting the foregoing, expansion of such existing businesses to stimulate job creation.

VII. Additional Materials

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

FOR CONSIDERATION

TO: NEW YORK EMPOWERMENT ZONE BOARD OF DIRECTORS

FROM: KENNETH J. KNUCKLES, PRESIDENT AND CEO
UPPER MANHATTAN EMPOWERMENT ZONE DEVELOPMENT CORPORATION

DATE: SEPTEMBER 21, 2016

SUBJECT: THE APOLLO THEATER

REQUEST FOR: GRANT AWARD OF UP TO \$1,750,000

PROPOSAL SUMMARY

CIIF PROJECT MANAGER: Cheryl Anhava

COMPANY: Apollo Theater Foundation, Inc.

CONTACT: Wendy Neikirk Rhodes, Director of Institutional Relations & Campaign

ADDRESS: 253 WEST 125TH STREET, NEW YORK, NY 10027

TELEPHONE/E-MAIL (212) 531-5349 / wendy.rhodes@apollotheater.org

TYPE OF BUSINESS: Performing Arts Presenter

TAX STRUCTURE: 501(c)(3) Nonprofit organization

IRS TAX ID#: 13-3630066

DATE INCORPORATED: 1991

TOTAL PROJECT COST: \$3,500,000

FINANCING REQUESTED: \$1,750,000

TIME FRAME: 5/1/16 – 6/30/20

FUNDING SOURCES:

Federal SBG EZ Funds:	\$	583,334
State EZ Funds:	\$	583,333
City EZ Funds:	\$	583,333
Other:	\$	<u>1,750,000</u>
Total	\$	3,500,000

EMPLOYMENT:

Projection:	EZ	UM	Others	Total
Full time	0	0	0	0
Part time	0	0	0	0
Construction	<u>40</u>	<u>16</u>	<u>16</u>	<u>72</u>
Total	40	16	16	72

I. SUMMARY OF INITIATIVE

Through a Technical Assistance grant provided by UMEZ, the Apollo Theater Foundation, Inc. ("Apollo") has created a strategic plan for the renovation of its current facility and construction of new space in two adjacent real estate developments. One of those sites, located to the east of the Apollo, is the Victoria Theater Redevelopment Project, where the Apollo is in the process of being designated as the Operator/Manager of the Victoria Theater Cultural Space. The entire capital project will allow the Apollo to expand its presenting and program activities and resolve long-standing capital issues, including ADA compliance and accessibility concerns; a small lobby that does not easily accommodate a large audience; and limited office space that can no longer hold the full staff required for operations. The Apollo seeks \$1.75 million in UMEZ funding for capital equipment for the Victoria Theater; renovation of the Apollo Soundstage; and associated consulting fees.

Sources		Uses	
UMEZ	\$ 1,750,000	Victoria Theater, Capital Items	\$ 1,840,000
Committed	\$200,000	Victoria Theater, Architect	\$ 200,000
		Victoria Theater, Consultant	\$ 160,000
		Apollo, Capital Acquisitions	\$ 420,000
		Apollo Restoration, Architect	\$ 880,000
Uncommitted	\$ 1,550,000		
Total Project Cost	\$ 3,500,000		\$ 3,500,000

II. DESCRIPTION OF INITIATIVE

DESCRIPTION OF BUSINESS/ORGANIZATION

The Apollo's mission is to preserve and develop the legendary Apollo Theater through world-class live performances and education programs that honor the influence and advance the contributions of African-American artists, and advance emerging creative voices across cultural and artistic media. The Apollo's vision is to expand the reach of the "Apollo Experience" to a world-wide audience.

Since it opened in 1934, the Apollo has been recognized as an influential cultural force around the world. Today, the Apollo remains a leading performing arts organization in New York City; a community anchor and economic driver for Harlem; a global touch point for African-American culture; and an institution recognized for its enduring contributions to American music and the arts. Each year, the Apollo season offers more than 100 performances, along with meaningful education initiatives and community programs that contribute to the vibrancy of New York City and directly engage more than 150,000 people.

The neo-classical theater known today as the Apollo Theater was built in 1914 as a burlesque house. In 1934, under new management, it was renamed the Apollo Theater and presented variety revues directed to the growing African-American community in Harlem. Frank Schiffman and Leo Brecher took over management of the Apollo in 1935 and their families operated it until the late 1970s.

In 1981, the Apollo was purchased by Percy Sutton, a prominent lawyer, politician, and media executive, and a group of private investors. Under Sutton's ownership, the Theater was equipped for recording and television production. In 1983, the Apollo received state and city landmark status

and in 1991, Apollo Theater Foundation, Inc. was established as a private, not-for-profit organization to manage, fund and oversee programming for the Apollo. Today, the Apollo Theater produces a robust season of performing arts, education and community programs on a \$13 million annual operating budget, with 58 full-time and 270 part-time employees and 32 board members.

PROJECT BACKGROUND

The Apollo Theater was originally built in 1914. The last significant renovation was done in the 1980s, with additional selected renovations done in 2009. The planned scope of the Apollo's multi-year capital project will include expanding the Apollo lobby and creating a café as well as interactive digital displays; adding elevators and code-compliant bathrooms, to be constructed in the housing development immediately to the west of the theater; renovating the Soundstage; upgrading Mainstage equipment systems; restoring architectural detailing and historic plasterwork; and updating HVAC and other key infrastructure systems.

The project scope will also include a major expansion into the Victoria Theater Redevelopment Project, where, as the designated Operator/Manager for the 25,000 sf Victoria Theater Cultural Space, the Apollo will occupy and manage new 99-seat and 199-seat theaters, production space, a small gallery, and office space. The proposed office tenants, in addition to the Apollo, would be the Classical Theater of Harlem, Jazzmobile, and Harlem Arts Alliance. As part of this designation, the Apollo would be responsible for \$2 million in capital investments to equip and fit-out the two theaters and office space. The project developers, Danforth Development Partners LLC, will be responsible for retaining and renovating certain historic aspects of the original theater, including the southern façade, original lobby, the grand staircase to the balcony level, and the façade's theater marquee and blade sign.

Fundraising for the capital campaign is still in the early stages of development. The Apollo intends to engage campaign counsel to conduct a feasibility study through the fall of 2016. Findings from that study will inform the campaign structure, scope, and fundraising plan.

PROJECT DESCRIPTION / PROJECT REQUEST

The Apollo Theater is requesting \$1.75 million in UMEZ funding for the following components. (UMEZ-funded items are underlined.)

- \$120,000 toward the renovation of the Apollo Soundstage, including removal of the cyc wall to expose the windows overlooking 125th Street, upgrade of lighting and sound equipment, and installation of a second set of windows inside the exterior ones, for acoustic and sound insulation purposes;
- \$1,020,000 toward the theatrical fit-out of the Victoria Theaters, including lighting and rigging systems, sound and A/V equipment, seating systems (one retractable and one demountable), wire mesh grids, front-of-house and support space, lifts, soft goods, and miscellaneous equipment;
- \$160,000 for a theatrical consultant who would oversee and guide the fit-out of the Victoria Theaters; and
- \$450,000 towards a discrete portion of planning and architecture fees for the Victoria Theater Cultural Space and the restoration of the Apollo Theater.

This multi-year project, spanning the period from 2016 to 2020, has been informed by the strategic planning work done by real estate consultants Jones Lang LaSalle and Beyer Blinder Belle Architects. Their work to date was partially funded by a Technical Assistance grant from UMEZ.

Board and staff positions involved in this project include the President and CEO, COO, General Manager, and the Real Estate Committee of the Board of Directors. The Executive Producer, Associate Producer, and Senior Director of Marketing will be involved in the programming and marketing of the Victoria Theaters. The Senior Director of Development and Director of Institutional Relations and Campaign and the Development Committee of the Board will be involved in the planning and execution of the associated capital fundraising campaign.

The total project cost for the project is \$3.5 million. This project is part of a larger capital campaign which is currently in the initial stages of development and will include a comprehensive renovation of the historic Apollo Theater, as well as expansion into the Victoria Theater Redevelopment Project and use of adjacent space in a housing development on 126th Street.

JOB CREATION

An estimated 72 construction jobs will be created as part of the renovation of the Victoria Theater and the Apollo. No new direct employment will be created from this grant; however, the project has the potential to create more full-time administrative positions and artists' engagement at the Apollo in future years.

PROJECTED OUTCOMES

At the conclusion of the specific projects included in this request, the Apollo would have increased performance and seating capacity in the Soundstage; added the 99-seat and 199-seat Victoria Theaters to its presenting alternatives; prepared to relocate its offices to the Victoria Cultural Space in 2020; and have completed plans for the restoration and expansion of the Apollo Theater, which would include an expanded lobby and increased patron amenities. As key components of the larger capital project, this initiative would revitalize the historic Apollo Theater and could potentially double the Apollo's programmatic activity, audiences, and income.

III. FINANCING REQUESTED

FUNDING SOURCES

Sources	Total
Federal EZ Funds	\$ 583,334
State EZ Funds	\$ 583,333
City EZ Funds	\$ 583,333
Total UMEZ Sources	\$ 1,750,000
Government	\$ 200,000
Individual, Board of Directors	\$ 1,550,000
Total Apollo Theater Sources	\$ 1,750,000
Total Project Cost	\$ 3,500,000

PROJECT BUDGET

Uses	UMEZ	Apollo	Total
Victoria Theater, Capital Items	\$ 1,020,000	\$ 820,000	\$ 1,840,000
Victoria Theater, Architect	\$ 200,000	\$ 0	\$ 200,000
Victoria Theater, Consultant	\$ 160,000	\$ 0	\$ 160,000
Apollo, Capital Acquisitions	\$ 120,000	\$ 300,000	\$ 420,000
Apollo Restoration, Architect	\$ 250,000	\$ 630,000	\$ 880,000
Total Project Cost	\$ 1,750,000	\$ 1,750,000	\$ 3,500,000

LIST ANY PRIOR UMEZ FUNDING OR PRIOR APPLICATIONS

• 2016	Creation of a strategic plan for restoration	\$50,000
• 2013	Implementation of a four-year strategic plan	\$1,000,000
• 2008	Implementation of a capacity-building plan	\$1,736,483
• 2002	Capital renovation project	\$2,500,000
• 2002	Creation real estate/development plan	\$250,000
• 2002	Grant toward the production of Harlem Song	\$250,000
• 2000	Marketing and merchandising initiatives	\$205,000

INDICATE HOW THE PROPOSAL MEETS THE EZ INVESTMENT CRITERIA

A. Impact

- Removal of the Apollo Soundstage cyc wall and the upgrade of its lighting and sound systems would not only enhance its theatrical capabilities, but also expand the seating capacity from 180 to 220, thus enlarging the earned income potential.
- The Apollo would add the two new Victoria Theaters and an improved soundstage to its presenting platform, preserving two important historical landmark buildings on 125th Street.
- Additional performance spaces would allow the Apollo to expand on its current work, and especially to grow its dance, theater, and small-scale music programs for emerging artists.
- The addition of two new performance venues would increase the Apollo's capacity to generate more admissions and rental revenue, which would help cover the increase in cost required to manage the new space.
- The expansion in the Apollo's performance capacity would further establish 125th Street as a cultural destination and economic driver.

B. Feasibility

- The recent Technical Assistant grant from UMEZ has provided the Apollo with an informed plan that allows them to proceed with this renovation and expansion in a way that best serves the organization's current and future growth.
- The Apollo has successfully completed its previous multi-year grants with UMEZ, including capital projects.
- The Apollo plans to do a feasibility study for the larger campaign over the fall of 2016.

C. Strengths

- The Apollo has a strong caliber of staff and board members, who will remain very involved in the planning and execution of the Victoria Theaters and the entire campaign project.
- The Apollo is one of America's most iconic theaters, with a well-deserved reputation of discovering some of the world's greatest musicians.
- The Apollo Theater is one of the top tourist destinations in Upper Manhattan.
- The Loew's Victoria Theatre, which opened on October 5, 1917, has an historic presence on 125th Street; its reemergence as two new venues under the auspices of the Apollo Theater should attract many more tourists and theater-goers once they open.

D. Risks

- The Apollo is waiting for the developer to provide them with the cost of occupancy (common charges) at the Victoria space. Until they have this information, they cannot generate accurate budgets, or provide potential occupants (Classical Theater of Harlem, Jazzmobile, and Harlem Arts Alliance) with accurate rental estimates.

- The Apollo currently has only a very small permanent endowment, and no immediate plans to build one as part of this campaign.

IV. FINANCIALS

See Attachment

V. RECOMMENDATION

UMEZ Grant Amount: up to \$1,750,000

Term: 5/1/16 – 6/30/20

Conditions:

- Prior to signing the funding agreement, the Apollo must provide (1) evidence of site control for the Victoria Theater Cultural Space; (2) a statement of sources and uses for the entire Victoria Theater Cultural Space project; and (3) a project time-line for the Victoria Theater Cultural Space project.

Apollo Theater Foundation, Inc.
Audited Statement of Financial Position

July 19, 2016 CIIF Grant Proposal for \$1,750,000
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\$US	Fiscal Year Ending June 30		
	FY13A	FY14A	FY15A
ASSETS			
Cash and Cash Equivalents	1,779,546	1,156,954	1,188,784
Cash restricted	169,651	4,434	0
Accounts receivable	123,053	183,672	389,763
Unconditional promises to give	5,030,747	5,079,370	2,691,164
Inventories and other current assets	232,941	194,493	238,743
Property and Equipment	42,795,628	41,884,289	40,512,214
Construction in progress	0	0	0
Portraits	577,538	577,538	577,538
TOTAL ASSETS	50,709,104	49,080,750	45,598,206
LIABILITIES & NET ASSETS			
LIABILITIES			
Accounts Payable and Accrued Expenses	1,048,076	1,136,024	1,158,365
Deferred revenue	172,352	214,529	222,879
Loan payable	728,551	517,382	153,491
Minority interest in net assets ATL, LLC	810,725	417,947	3,405
TOTAL LIABILITIES	2,759,704	2,285,882	1,538,140
NET ASSETS			
Unrestricted Net Assets			
Operating	1,807,875	1,858,819	2,312,419
Board designated reserves	3,818,000	2,100,000	1,612,417
Property and equipment	50,645,292	53,531,377	56,129,617
Add'l paid-in-capital/members' equity	(9,927,770)	(13,462,770)	(17,193,647)
Total Unrestricted	46,343,397	44,027,426	42,860,806
Temporarily Restricted Net Assets			
Operating	1,556,003	2,717,442	1,149,260
Property and equipment	0	0	0
Total Temporarily Restricted	1,556,003	2,717,442	1,149,260
Permanently Restricted Net Assets			
	50,000	50,000	50,000
TOTAL NET ASSETS	47,949,400	46,794,868	44,060,066
TOTAL LIABILITIES AND NET ASSETS	50,709,104	49,080,750	45,598,206

Apollo Theater Foundation, Inc.
Audited Statement of Activities

July 19, 2016 CIIF Grant Proposal for \$1,750,000
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\$US	Fiscal Year Ending June 30		
	FY13A	FY14A	FY15A
REVENUES AND OTHER SUPPORT			
Contributed Income			
Contributions and grants	8,588,972	3,434,437	2,379,511
Membership Income	31,797	0	0
Fundraising benefit	3,479,943	5,442,623	5,422,358
Less: Direct benefit expenses	(610,799)	(809,561)	(1,014,945)
Total Contributed Income	11,489,913	8,067,499	6,786,924
Earned Income			
Admissions	1,640,632	1,944,041	2,581,100
Facility rental income	2,165,199	2,798,290	1,951,240
Other revenue	262,751	639,037	607,353
Total Earned Income	4,068,582	5,381,368	5,139,693
TOTAL REVENUES AND OTHER SUPPORT	15,558,495	13,448,867	11,926,617
% Change in Revenue	32%	-14%	-11%
% Change in Expense	19%	13%	1%
Income Mix: Earned	26%	40%	43%
Contributed	74%	60%	57%
EXPENSES			
Program services			
Arts and Entertainment	7,415,517	8,644,301	8,077,393
Educational and outreach	1,952,735	2,167,843	2,392,435
Depreciation and Amortization	1,372,596	1,457,715	1,485,919
Total Program Services	10,740,848	12,269,859	11,955,747
Supporting Services			
Management and general	1,109,196	1,223,910	1,294,011
Fundraising	1,395,664	1,502,408	1,826,203
Total Supporting Services	2,504,860	2,726,318	3,120,214
TOTAL EXPENSES	13,245,708	14,996,177	15,075,961
Adjustments: ATL LLC, capital contributions	376,156	392,778	414,542
Change in Net Assets	2,688,943	(1,154,532)	(2,734,802)
Net Assets - Beginning of Year	45,260,457	47,949,400	46,794,868
Net Assets - End of Year	47,949,400	46,794,868	44,060,066

Apollo Theater Foundation, Inc.
Operating Income and Expense (excluding depreciation)

July 19, 2016
 CIIF Grant Proposal for \$1,750,000

FISCAL YEAR ENDING JUNE 30	FISCAL YEAR ENDING JUNE 30					
	FY13	FY14	FY15	FY16	FY17	FY18
\$US	Audit	Audit	Audit	Budget	Budget	Budget
REVENUES AND OTHER SUPPORT						
Contributed Income						
Contributions and grants	2,200,158	1,790,487	2,078,085	3,846,760	4,350,250	4,437,255
Fundraising benefits	3,479,943	5,442,623	5,422,358	5,750,000	5,405,000	5,513,100
Less: Direct benefit expenses	(610,799)	(809,561)	(1,014,945)	(1,263,000)	(1,072,500)	(1,093,950)
Net assets released from restrictions	2,529,811	1,449,410	1,869,608	0	0	0
Transfers from Designated Reserves	0	300,000	200,000	0	0	0
Total Contributed Income	7,599,113	8,172,959	8,555,106	8,333,760	8,682,750	8,856,405
Earned Income						
Membership Income	31,797	0	0	0	0	0
Admissions	1,640,632	1,944,041	2,581,100	2,557,392	2,534,279	2,584,965
Facility rental income	2,165,199	2,798,290	1,951,240	2,250,000	2,306,250	2,352,375
Other income	252,751	629,037	597,353	213,500	275,000	280,500
Total Earned Income	4,090,379	5,371,368	5,129,693	5,020,892	5,115,529	5,217,840
TOTAL REVENUES AND OTHER SUPPORT	11,689,492	13,544,327	13,684,799	13,354,652	13,798,279	14,074,245
% Change in Revenue	24%	16%	1%	-2%	3%	2%
% Change in Expense	19%	14%	0%	-2%	3%	2%
Income Mix: Earned	35%	40%	37%	38%	37%	37%
Contributed	65%	60%	63%	62%	63%	63%
EXPENSES						
Salaries	5,589,332	6,062,438	6,261,241	6,757,788	6,980,795	7,120,411
Fringe and Employee Benefits	1,403,154	1,586,236	1,640,446	1,731,307	1,788,440	1,824,209
Professional Fees	1,153,504	1,467,325	1,378,581	786,657	812,617	828,869
Artists Fees	597,422	882,581	804,833	777,186	802,833	818,890
Printing and materials	226,187	366,793	406,622	251,944	260,258	265,463
Telephone and communication	97,943	117,381	119,399	124,285	128,386	130,954
Office Supplies	130,261	110,828	92,872	107,976	111,539	113,770
Maintenance, repairs, and equip rental	421,630	434,534	411,396	488,746	504,875	514,972
Postage and Shipping	24,965	23,366	41,318	24,857	25,677	26,191
Permits and license fees	33,424	93,540	83,574	41,836	43,217	44,081
Rent	190,479	204,611	230,928	27,772	28,688	29,262
Utilities	279,440	268,685	267,611	263,960	272,671	278,124
Insurance	235,938	238,881	237,880	228,000	235,524	240,234
Travel	175,176	256,574	285,219	65,179	67,330	68,677
Food and lodging/Hospitality	310,384	453,541	379,037	216,032	223,161	227,624
Dues and fees	55,007	57,862	49,769	80,351	83,003	84,663
Awards	39,570	45,255	40,975	42,800	44,212	45,097
Promotion and advertising	567,311	605,363	575,719	702,169	725,341	739,847
Bank and credit card fees/Interest	146,297	58,231	37,374	132,495	136,867	139,605
Bad debt expense	40,090	11,114	80,200	2,000	2,066	2,107
Miscellaneous expenses	155,598	193,323	165,048	493,948	510,248	520,453
TOTAL EXPENSES	11,873,112	13,538,462	13,590,042	13,347,288	13,787,748	14,063,503
TOTAL OPERATING SURPLUS /<DEFICIT>	(183,620)	5,865	94,757	7,364	10,531	10,742

Operating Income and Expense

Expenses

Professional Fees

The decline from FY15 to FY16 reflects the Apollo's increased staff capacity, particularly in the area of marketing and PR, thus they are less reliant on outside services and consultancies for this work.

Rent

Decreased rent in FY16 and beyond is a result of the Apollo's earlier participation in a New Market Tax Credit program, which generates a non-cash rental charge based on tax market credits.

Travel

Travel was significantly higher prior to FY16 due to expenses associated with Apollo's *James Brown* tour through Europe.

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

**REGARDING APPROVAL TO FUND A
CULTURAL INDUSTRY INVESTMENT FUND PROJECT**

AT A BUSINESS MEETING HELD ON THE 30th DAY OF JUNE 2016

WHEREAS, the Cultural Industry Investment Fund Committee has reviewed the materials presented to it, a copy of which has been filed with the records of the Upper Manhattan Empowerment Zone Development Corporation (“UMEZ”), relating to a grant for a period of fifty (50) months to the Apollo Theater Foundation, Inc., for capital expenses related to the expansion and renovation of the Apollo Theater (the “Project”); and

WHEREAS, the Cultural Industry Investment Fund Committee has found it to be a desirable project, consistent with the New York Empowerment Zone’s Strategic Plan, and the investment criteria for initiatives seeking financial support.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors approves the Project and authorizes UMEZ to submit the Project to the New York Empowerment Zone Corporation for authorization to fund a grant for a period of fifty (50) months not to exceed ONE MILLION SEVEN HUNDRED FIFTY THOUSAND DOLLARS (\$1,750,000), subject to terms and conditions substantially similar to those included in the presentation materials; and be it

FURTHER RESOLVED, that the approval of the Project authorized by these resolutions shall expire nine (9) months after the adoption of these resolutions; and be it

FURTHER RESOLVED, that the President and CEO or his/her respective designees, are hereby authorized on behalf of UMEZ to make such changes to the terms and conditions of the transaction as may be appropriate, execute and deliver any and all documents and take any and all actions as they may deem necessary or proper to effectuate the foregoing resolutions.

September 21, 2016

UPPER MANHATTAN EMPOWERMENT ZONE DEVELOPMENT CORPORATION – Apollo Theater Foundation, Inc. – a \$1,750,000 grant for capital equipment for the Victoria Theater; renovation of the Apollo Soundstage; and associated consulting fees.

RESOLVED, that on the basis of the materials (the "Materials") presented to the Directors of the Corporation, a copy of which is hereby ordered filed with the records of the Corporation, relating to the Upper Manhattan Empowerment Zone Development Corporation ("UMEZ") initiative for a grant to **Apollo Theater Foundation, Inc.** (the "Initiative") for capital equipment for the Victoria Theater; renovation of the Apollo Soundstage; and associated consulting fees. The Corporation is hereby authorized to disburse funds to UMEZ an amount not to exceed **ONE MILLION SEVEN HUNDRED FIFTY THOUSAND DOLLARS** (\$1,750,000) for the purposes and on the terms and conditions described in the Materials; and in accordance with the terms, conditions and procedures set forth in the Operating Principles Memorandum of Understanding, dated as of January 19, 1996, entered into by the Corporation with the State of New York (the "State"), the City of New York (the "City") and others ("MOU"); and be it further

RESOLVED, that for the purpose of providing the funds, the Corporation is hereby authorized to accept and utilize funds for a grant an amount not to exceed **ONE MILLION SEVEN HUNDRED FIFTY THOUSAND DOLLARS** (\$1,750,000) in accordance with the MOU; and be it further

RESOLVED, that the President and Treasurer, or their respective designee(s), acting jointly are hereby authorized in the name and on behalf of the Corporation to execute and deliver any and all documents and to take any and all actions as they may deem necessary or proper to effectuate the foregoing resolutions.

FOR CONSIDERATION

September 21, 2016

TO: The Directors

FROM: Howard Zemsky

SUBJECT: New York (New York County) - Upper Manhattan Empowerment Zone
Development Corporation

REQUEST FOR: **Authorization for a Loan to the Business Resource and Investment
Service Center ("BRISC") Initiative and to Take Related Actions.**

I. Initiative Summary

Organization Name: Upper Manhattan Empowerment Zone
Development Corporation ("UMEZ")
55 West 125th Street, 11th Floor
New York, New York 10027

Contact: Kenneth Knuckles
President and CEO
(212) 410-0030

Proposed Initiative: A \$1,500,000 loan to recapitalize the BRISC business loan
fund.

Total Initiative Cost: \$1,500,000

Proposed Empowerment Zone
("EZ") Investment: \$1,500,000 (Loan)

Funding Sources:

Federal EZ SSBG Funds:	500,000
State EZ Funds:	500,000
City EZ Funds:	500,000
Total	1,500,000

Fiscal Year: 2017

II. Initiative Narrative

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

III. Conditions for Approval

Funding is subject to the Corporation's approval of UMEZ's monitoring system, which must ensure that adequate policies and procedures are adopted to safeguard against misappropriation and provide for appropriate controls with respect to each grant/loan.

The release of funds for this initiative is subject to certification by the Deputy Mayor's Office (i) that all procurement solicitation processes fulfill all applicable requirements set forth in the Operating Principles Memorandum of Understanding (the "MOU") dated as of January 19, 1996, and (ii) that each procurement selection process has been completed in accordance with those requirements.

The release of funds for this initiative is subject to UMEZ presenting to the Corporation for approval detailed written information on implementation of this initiative and the terms and conditions for the loan from UMEZ to **Business Resource and Investment Service Center**. The provision of funding for this initiative is contingent upon the Corporation receiving satisfactory evidence of all other funding sources for the initiative.

The disposition of interest and principal payments for the loan made under this initiative is further subject to the approval of New York Empowerment Zone Corporation's Board of Directors.

IV. Initiative Benchmarks

The initiative will achieve the following benchmarks:

- Provide capital and limited technical assistance to entrepreneurs & small businesses

V. Residents Benefits

This initiative will benefit EZ residents by strengthening the wealth-building opportunities for local entrepreneurs and increasing the level and quality of neighborhood services.

VI. Federal Funding Goals

This initiative will meet the following Federal funding goals:

- Achieve or maintain economic self-support, to prevent, reduce, or eliminate dependency.

This initiative will meet the following Federal programmatic options:

- Economic development services focused on disadvantaged adults and youths including skills training, transportation services and job, housing and financial management counseling.
- The needs of existing businesses in the EZ/EC, including without limiting the foregoing, expansion of such existing businesses to stimulate job creation.

VII. Additional Materials

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

FOR CONSIDERATION

To: The New York Empowerment Zone Board of Directors
From: Kenneth J. Knuckles, President and CEO
Date: September 21, 2016
Subject: \$1,500,000 Term Loan to Fund the BRISC Loan Fund

INITIATIVE SUMMARY

Organization: Business Resource and Investment Service Center ("BRISC")
Project Manager: Joseph Middleton
Contact: Blair Duncan, Executive Vice President and General Counsel
Current Address: *Current Address:*
55 West 125th Street, 11th Floor
New York, NY 10027
Phone/Fax: (212) 410-0030 / (212) 410-9616
Type of Business: Not-For-Profit / Business Service
Tax Structure: 501(C) (3)
IRS Tax ID#: 13-3925609
Date Incorporated: 1996
Financing Requested: \$1,500,000 Loan
Funding Sources:

Federal EZ funds	\$ 500,000.00	Loan
State EZ funds	\$ 500,000.00	Loan
City EZ funds	\$ 500,000.00	Loan
TOTAL	\$ 1,500,000.00	

Employment: N/A

Proposal Summary

This proposal is a request for funding to replenish the Business Resource and Investment Service Center, Inc. ("BRISC") small business loan fund via a zero percent (0%) interest term loan of \$1,500,000.

BRISC is the Upper Manhattan Empowerment Zone Development Corporation's ("UMEZ") institutional response to small business needs within the Zone. The BRISC mission is to provide capital and technical assistance to entrepreneurs and small businesses that will have a positive economic impact in the Empowerment Zone. The BRISC loan program offers affordable near-equity loans ranging from \$50,000 to \$250,000 to an "un-bankable" business clientele. These businesses have difficulties obtaining capital from traditional capital sources, such as commercial banks. Technical assistance is also a service of the BRISC program as this is a critical need for small businesses in the Empowerment Zone. Technical assistance and other non-cash resources are just as critical to the success of small businesses as is access to capital.

Because of the "un-bankability" of the typical BRISC client, the service delivery model is both arduous and lengthy. Staff receives a multitude of loan requests mostly via phone; however, some in-person time is spent screening these inquiries to determine more substantial loan requests – requests that meet the BRISC initial investment evaluation criteria and that have other characteristics attributing to further due diligence. These requests are then given further due diligence by staff and are deemed under "review" for a possible presentation to the BRISC Loan Approval Committee. Significant time is spent handling loan request inquiries and screenings, and reviewing loan requests by staff – a fraction of which make it to the presentation phase. Loan requests that do not result in a proposal to Loan Approval Committee usually still involve hours of consultation and technical assistance in regard to referrals and advisory services.

Staff seeks the approval of a zero (0%) interest term loan of \$1,500,000 to replenish the small business loan fund of BRISC.

Preliminary Terms

TERM LOAN SUMMARY	
Borrower:	BRISC (Business Resource Investment Service Center, Inc.)
Security Type:	Loan
Amount:	\$1,500,000
Purpose:	To fund a loan pool for an Upper Manhattan Empowerment Zone Small Business lending program, offering loans at affordable rates.
Maturity:	Six (6) years after closing
Repayment:	TBD
Ranking:	Senior unsecured debt
Rate:	Zero percent
Covenants:	Governing operations

Sources and Uses

SOURCES		USES	
UMEZ Term Loan	\$1,500,000	BRISC Loan Fund	\$1,500,000
Total	\$1,500,000	Total	\$1,500,000

UMEZ Staff seeks the Board of Directors approval of a zero percent (0%) interest term loan of \$1,500,000 to fund the BRISC small business loan fund.

Project Description

BRISC is UMEZ's institutional response to small business needs in the Upper Manhattan Empowerment Zone. The mission of BRISC is to provide capital and limited technical assistance to entrepreneurs and small businesses that will have a positive economic impact in the Empowerment Zone. The BRISC loan program offers affordable loans ranging from \$50,000 to \$250,000 to an "un-bankable" business clientele. These businesses have difficulties obtaining capital from traditional capital sources, such as commercial banks.

Initiative Description

The BRISC loan program focuses on small businesses that: offer valued products or services in the Upper Manhattan community; support UMEZ anchor projects; are expanding into and/or within the Empowerment Zone and will become more competitive with BRISC support. The BRISC investment strategy closely aligns with that of UMEZ and includes, but is not limited to, the following: management with proven (or comparable) experience in the specific industry; business plans reflecting a thorough understanding of the business and the requirements necessary to realize objectives; operations with sufficient and/or predictable cash flow based on historical financials and reasonable projections in the case of start-ups; and, businesses with adequate capital structures based on business type, cash flow, collateral and equity contributions.

Outreach

The BRISC utilizes a wide range of resources to identify and assist potential loan clients. BRISC has sought to coordinate its efforts with a number of existing local assets to expand its neighborhood reach in an effort to (1) augment the number of inquiries, (2) provide sustained technical assistance to those interested and qualified applicants at the neighborhood level and (3) provide additional follow-up support to pending inquiries when appropriate and applicable.

The categories of local resources currently being utilized by BRISC include the following:

1. UMEZ Community Partners – UMEZ has engaged the services of two local community based organizations, via performance based agreements, to identify and assist local businesses with their applications to BRISC and other access to capital programs. These organizations are located in Central and East Harlem. BRISC will continue to coordinate with UMEZ to work with these organizations to identify, screen and package for review loan requests from small businesses seeking loans of \$50,000 and greater.
2. Traditional lending institutions (e.g., banks and credit unions) –The un-qualified bank commercial loan client is the BRISC target client. In the past, this relationship has led to approved BRISC loans, most recently the FY14 Savann Restaurant loan. Relationships with traditional banks, which produced outcomes like the preceding, are and will be an important part of our outreach efforts going forward.
3. Micro loan organizations – The BRISC staff continues to leverage UMEZ's relationship with organizations like the Washington Heights Inwood Development Corporation and Accion to solidify its reciprocal referral system with these local micro lenders.
4. Business service organizations –These entities often serve on the front lines of entrepreneurs transiting from concept to actualization. Entities such as the City's Business Solutions Center

and the State's Entrepreneurial Training programs will be engaged in an effort to identify qualified and capable entrepreneurs in northern Manhattan. BRISC, going forward, will also encourage its existing and potential client to utilize services and programs offered the New York City Department of Small Business Services and its various service centers and the New York State's Harlem Community Development Corporation in an effort to build or improve upon their capacity.

5. Other Community Development Financial Institutions ("CDFI") and alternative small business lenders – Efforts will continue to identify and work with other CDFIs, BOC Capital Corporation and alternative lenders, such as TruFund and Valley Economic Development Corporation (Tri-State Business Opportunity Fund), to identify potential clients and ascertain best practices with regards to small business lending facilities between \$50,000 and \$250,000.

Through the efforts above, BRISC plans to (i) increase the number of the prepackaged loan applications to the BRISC; (ii) assist a higher number of those entrepreneurs and small business identified with a discrete defined baseline of technical support to generate and assemble all loan related documentation required for consideration by BRISC; and (iii) identify, with greater certainty, stronger individual applicant and an expanded pool of potential loan applicants who are seeking to borrow between \$50,000 and \$250,000. The Qualified Loan Requests (QLR") were relatively unchanged in FY 2016 when compared to FY 2015. The following table sets forth how outreach contributed to the number of QLRs for FYTD 2015.

Source	Number of Referrals	QLR*
UMEZ Community Partners	7	1
Traditional Lending Institutions	3	0
Micro Loan Organizations	0	0
Business Service Organizations	2	2
Community Development Financial Institutions	2	2

*These loans are identified as QLRs in *Attachment B* of this document.

Process

The BRISC underwriting process is rigorous. Delivery of the BRISC product involves many steps and often takes place over an extended period of time. The technical assistance that is rendered is provided in a number of ways, ranging from one-on-one consultations to referrals to other providers of resources. The oversight and monitoring of client and project capacity is often continued post loan approval and after loan proceeds are disbursed.

The BRISC underwriting and loan approval process has certain core requirements for information used in the analysis in which all lending decisions are based. Its underwriting standards are based on financial information (historical, if available, and projected), an analysis of the financial information (i.e., repayment capacity) equity verification, collateral identifications and valuation, guarantor information and an assessment of general economic and industry information.

Throughout the underwriting process, there is a great deal of technical assistance that is administered by staff to the client. This technical assistance is very comprehensive and begins in the loan request review process and continues right to the closing of the loan. In some cases, it continues throughout the post-closing period. This technical assistance includes: completing valuation analysis for acquisitions; creating reasonable business financial projections for loan requests; determining appropriate capitalization needs; requiring proper books and recordkeeping; reviewing tax, liens and judgment determinations and resolutions; verifying all taxes and documentation of all tax payment plans for taxes owed; assessing the documentation of collateral and collateral positions; verifying income, payroll and sales taxes, and the documentation of all tax payment arrangements where necessary.

There is often a significant amount of time between the initial loan request, loan approval and the loan closing. On average, this process can be as short as several months to as long as a year from start to finish. Every attempt is made to ensure that the underwriting assumptions are sound, all foreseeable risks are mitigated and the resulting approved loan will perform.

All final lending decisions are made by a BRISC Board Loan Credit Committee consisting of members of the BRISC Board of Directors. Any approval by the Loan Committee must include the vote of at least two Loan Committee members who have considerable banking and business management experience. The BRISC loan review process is comparable with that of most traditional lending institutions in terms of required and supporting documentation.

Moreover, a loan request is initiated only after an applicant has been rejected by banks. As such, BRISC applicants have higher credit risk compared to traditional borrowers, and BRISC has limited ability to diversify its loan portfolio due to the geographic catchment area BRISC serves. Its pool of clients tend to be self selected and may draw upon existing businesses, start-up or any legal industry type, thereby populating its portfolio with loans that would not be approved by any traditional lending institution.

Continued Provision of Technical Assistance

The quality of the increased loan requests range from simple referrals, such as a bank referral of a long standing customer, to a prepackaged basic loan request completed with a set of initial checklist items from UMEZ’s community partners. The chart below illustrates the proportion of time allocated for the different segments of the loan technical assistance process.

Technical Assistance Timeframe

Pre-Underwriting	Underwriting	Closing	Post Closing
6 - 24 Months		2 - 6 Months	Ongoing
60%		10%	30%

Proof of the complexities involved in the BRISC process and its clients can be seen in one of the organization’s most recent approvals – Flame Keeper’s Hat Club (“FKHC”).

FKHC was first introduced to BRISC in early FY’15 via 125th Street Office of the New York City Business Solutions Center. Technical assistance was provided to the applicant by BRISC staff and additional loan packaging assistance was provided through one of UMEZ’s community partners, the Harlem Business Alliance. This loan was underwritten and approved in October of FY’16 and closed in March of the same fiscal year. It took BRISC staff and outside resources more than 18 month to underwrite and get approval for this loan.

(See Attachment C for details relating the BRISC’s Technical Assistance Timetable.)

Product Demand

BRISC Loan Closings Calendar Years 2005 thru 2015

Year	‘05	‘06	‘07	‘08	‘09	‘10	‘11	‘12	‘13	‘14	‘15	‘16
Number of Loans	2	2	3	5	7	3	3	1	3	1	0	4
Average Loan (in \$ 000)	190	250	170	190	132	205	122	200	128	90	0	162

Since 2003, UMEZ has provided \$5,750,000, via five (5) term loans. BRISC loan approvals, for FY 2016, are as follows.

During FY 2016, BRISC staff closed four loans.

To date for FY 2016, Staff has reviewed 17 QLRs, loan requests from small business that have some probability of moving forward to proposal phase with continued diligence from the borrower while meeting other BRISC due diligence requirements. Of the 17 qualified loan requests received to date during the Fiscal Year, two (2) have been added to the BRISC pipeline to be underwritten and one (1) is still under review. (Please see *Attachment B* for a list of qualified loan requests received during FY 2016.)

Loans Closed in FY 2016

Business Name	Business Type	Amount	Closing
Angel of Harlem	Restaurant	\$200,000	February 26, 2016
Londel's (d.b.a. Green Parrot)	Restaurant	\$125,000	August 27, 2015
Melba's Restaurant	Restaurant	\$250,000	September 10, 2015
Flame Keepers Hat Club	Retail	\$75,000	March 4, 2016
Total		\$650,000	

FY16 Pipeline (to be underwritten in the next three to six months)

Business Name	Business Status	Business Type	Loan Request
Harlem Shake II	Start-up	Restaurant	\$ 250,000
Harlem Burger Inc.	Start-up	Restaurant	\$150,000
Café 178	Start-up	Restaurant	\$100,000
The Luddite Company	Start-up	Restaurant	\$150,000
Total			\$650,000

Pipeline transactions consists of loan requests in which significant due diligence is in progress or has been completed. In some cases, the loan officer may have started the underwriting process for the loan request(s).

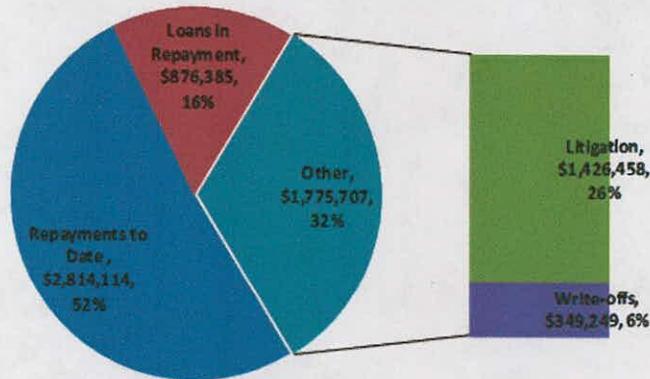
BRISC currently has \$188,824 of uncommitted loan capital remaining. It expects to obtain approval in May to fund a loan to Harlem Burger Inc. in the amount of \$150,000. Approval for a \$250,000 loan request from an expanding restaurant, Harlem Shake, will also be sought in May 2016. And one other pipeline transaction totaling \$150,000 is expected to be ready for consideration before June 30, 2016. In order to advance these projects, the BRISC Loan Capital fund has to be funded.

Portfolio Performance

Total loan advances from April 1, 2005 to April 30, 2016, were \$5,466,206 (Also, see *Attachment D* for BRISC Portfolio Two-Year Comparison). Sixty eight percent (68%) of the total loan advances have been repaid or are in repayment broken down as follows: fifty-two percent (52%) of total loans representing \$2,814,114 have been repaid, and sixteen percent (16%) of total loans representing \$876,385 are paying as per their amortization schedule or are making routine payments towards the resolution of their debts. The sum of current allowances, litigations and write-offs represents the remaining thirty-two percent (32%) of total loans approximately equal to \$1,775,707. While loans to BRISC may eventually be repaid

or recovered, it may not occur until after the respective borrower term loans mature. Those delays illustrate the need for a risk tolerant facility from the Empowerment Zone that employs more patient and flexible repayment terms to BRISC.

BRISC Loan Fund Repayment Status (as of 4/30/16)



Portfolio Management

The overall health of the BRISC II portfolio, as of April 30, 2016, is highlighted in Attachment B and the chart above. Sixty-eight percent (68%) of the portfolio's loans have been repaid or are currently in repayment. Twenty six percent (26%) of the loans underwritten are in litigation with some level of recovery expected. Six percent (6%) of the portfolio has been written off.

- The year-to-date repayments and loans repaying for the portfolio were 68% in 2016, down from 70% in 2015.
- Allowances, litigation and write-offs were 32% in 2016, slightly higher than 29% in 2015.
- Total write-offs for BRISC increased from 3% to 6% of total loan advances from FY'15 to FY'16.

Loans repaid and loans in repayment have decreased slightly from 70% to 68% of total loan advances from FY'15 to FY'16. The allowances, loans in litigation and write-offs increased from 30% to 32% of the portfolio. The preceding changes include an early pay-off of the Harlem Shake (Omni Consulting LLC) and a loan to HEC Real Estate Group being written off.

Despite a rigorous underwriting process, the fact remains that BRISC is a lender of last resort. Even after loans are approved, its loans are subject to slower than expected payment patterns and its principals have fewer personal resources than the ideal borrower. These challenges allow for the creation of a loan portfolio characterized by the need for restructurings and higher losses than traditional commercial loan institutions. A large percentage of the BRISC portfolio, in years past, required repayment restructuring. BRISC loan restructuring phases are as follows:

- Round I - Obtain financial reporting and assess realities of marketplace and business operations
 - Extend interest only period
 - Maturity date unchanged
- Round II - Match loan structure to business reality and seek to lower principal exposure
 - Extend maturity
 - Change amortization to fit business performance

- Extend interest only period
- Draw on letters of credit where appropriate

Unfortunately some clients do not respond to payment restructuring attempts and/or the business does not sustain itself to repay loan obligations. During the past year, as was the case in previous years, a great deal more staff time was spent on the collections process both internally externally.

Overall, BRISC has implemented a strategic response to these challenges which entails (i) better management of the capital structures of new loan requests, (ii) the establishment of an operating reserve account in cases of limited collateral offered by the borrower, (iii) earlier intervention and more closely monitoring of the portfolio clients including verifying rent payments, (iv) monitoring monthly financial statements, (v) obtaining proof of sales and payroll tax payments, (vi) filing for judgments sooner and (vii) encouraging a voluntary transfer of under-performing businesses. Efforts along these lines have been effective in maintaining the overall repayments to date (i.e., repayments, prepayments and litigation recoveries). In fact, year to date repayments as of April 2016 were 68%. (See *Attachment D*, the preceding percentage includes all loans that are various stages of repayment and excludes those that are in litigation or have been written off.)

In the future, BRISC will provide periodic reports on the performance of its portfolio to the staff of New York Empowerment Zone.

Exceptional Recoveries

In FY'15, BRISC was repaid on several loans when it exercised its collateral position on those delinquent and defaulted loans. BRISC staff, working with outside intermediaries and legal counsel, were able to recover full outstanding loan amounts from two past due loans from BRISC Portfolio I and one past due loan from BRISC Portfolio II totaling \$552,070. The exceptional recoveries in 2015 occurred one year after the Owens Funeral Home loan maturity date in 2014, nine years after the Mobile Woods Ambulette Service loan maturity date in 2006 and thirteen years after the Odyssey of Harlem loan maturity date in 2002.

In FY'16 BRISC was repaid almost two years ahead of its amortized schedule for its loan to Harlem Shake. This business exceeded all of its performance expectations and took advantage of the organizations "no prepayment penalty" and presented BRISC with a payment of \$109,435 to retire the loan.

Again, while loans to BRISC may eventually be repaid or recovered, they more often than not, occur after their respective term loans have matured and post the maturity dates for loans from the Empowerment Zone to BRISC. Those delays, the former of the examples above, illustrate the need for a risk tolerant facility from the Empowerment Zone that employs a more patient or flexible repayment terms to BRISC as a borrower.

(A limited report on the entire BRISC portfolio through the period ending April 30, 2015 in presented in *Attachment E* of this document.)

As illustrated through representations of other alternative financial institutions including ACCION and TruFund, managing and sustaining the existing portfolio of businesses to prevent losses have become a significant priority amongst lenders. Despite a slowly recovering economy, BRISC has continued to make proactive changes to its practices to achieve continued successes in our goals to productively service the small business community of Upper Manhattan. Future operating goals include:

- Reducing portfolio delinquencies (through early intervention and continued recovery efforts)
- Continued collaboration with other community development programs and organizations
- Continued marketing efforts of BRISC services to Washington Heights, Inwood and East Harlem

Competitive Landscape

The BRISC Loan Fund is a unique product in the lending landscape of Upper Manhattan. It is one of two lenders that provide start-up funding and serves as a lender of last resort providing loans from \$50,000 to \$250,000 in Northern Manhattan. It currently shares this space with the Tri-State Business Opportunity Fund/Valley Economic Development Corporation ("VEDC") which serves start-up and existing businesses and Tru-Fund and Carver Federal Savings Community Impact Funds which serves existing businesses only. However, VEDC has yet to make a loan to an existing or start-up business located in Northern Manhattan.

Observations and Strategic Directives

The small business community is a crucial component of the economy of Upper Manhattan. However, many of the small businesses in the Empowerment Zone have a unique profile that prevents them from obtaining capital from traditional capital sources, such as commercial banks. Borrowers require technical assistance and capacity building prior to any consideration for funding. BRISC provides these services.

For loans between \$50,000 and \$250,000, BRISC is the sole lender for most small businesses uptown, start-up or otherwise, seeking to borrow that amount. The capacity and viability of existing and start-up businesses in northern Manhattan have been extremely challenged. Because of BRISC's lender of last resort status, it has to underwrite, not only the most difficult of commercial loans, but also it has to extend itself to sustaining these businesses and coach these viable but "un-bankable" businesses to becoming "bankable" businesses.

As a lender in the Upper Manhattan alternative lending space, it has been noted that the average funding request faces many challenges. These challenges are exacerbated because the vast majority of QLRs have been from start-ups and this trend is expected to continue in the future. Our clientele face the following challenges:

Sourcing/Underwriting

- Under Capitalization/Additional strains on financial resources.
- Scarcity of "credit-worthy" applicants meeting minimal underwriting requirements.
- Insufficient collateral packages to mitigate portfolio losses.
- High Leverage – requiring "near-equity" debt.

Business Operations (as they relate to existing businesses)

- Continuation of poor financial management practices (e.g., poor books/records, non-payment/filing of taxes, delinquencies on existing indebtedness, etc.).
- Critical arrearages – sales taxes, payroll taxes, rent, vendors
- Business plan execution delays and changes.

Portfolio

- Slower than expected payment patterns.
- Limited resources to provide increasing levels of technical assistance/consulting to borrowers.
- Existing borrowers have fewer personal resources to rely on than in past years.

The challenges listed above, among other items, are attributable to a loan portfolio characterized by the need for restructurings and higher losses than traditional commercial loan institutions. A large percentage of the BRISC portfolio required repayment restructuring.

A significant amount of staff time has been and continues to be devoted to the collections process both internally and managing third party external collection agencies. (See *Attachment F*, Program Level Practices)

UMEZ Funding Approach

UMEZ staff requests authorization to fund the BRISC Loan Fund by providing (1) a zero (0%) interest term loan of \$1,500,000 to fund the BRISC small business loan fund.

The BRISC Loan Fund has been traditionally funded by UMEZ lending loan capital with a six (6) year maturity date and without interest.

Recommendation

Staff seeks the approval by the Board of Directors of a zero percent (0%) interest term loan of \$1,500,000 to fund the BRISC small business loan fund.

Attachments:

1. Attachment A – BRISC Administrative Budget
2. Attachment B – Qualified Loan Requests
3. Attachment C – Technical Assistance Support Timetable
4. Attachment D – Portfolio Two Year Comparison
5. Attachment E – BRISC Portfolio FY'05 – FY'16
6. Attachment F – Program Level Practices

Attachment A

Business Resource and Investment Service Center Proposed Annual Administrative Budget For period July 1, 2016 - June 30, 2017

		FY-2017 Budget Amount	FY-2016 Budget Amount	FY-2016 Projected Expenses
Personnel Services:				
Line #				
1	Salaries & Wages	158,153	170,244	76,153
2	Fringe Benefits	50,609	54,478	33,127
Non-Personnel Services:				
3	Office Supplies	1,000	1,000	
4	Travel	700	700	
5	Equipment Rental (telephone, mailing machine & server)	2,400	2,400	
6 *	Office Rent	76,460	69,500	70,889
7	Real Estate Taxes	3,000	2,000	
8	Equipment & Software Purchases/Repairs	2,500	2,500	
9	Telephone / Internet Access/Data Backup	3,000	3,000	
10	Utilities	6,000	6,000	
11	Postage	500	500	
12	Subscriptions / UCC Investigations	3,000	3,000	
13	Board Expenses	1,000	1,000	
14	Legal	47,500	40,000	40,439
15	Financial Audits	13,100	13,100	13,100
16	Temporary Staff & Other Consulting Services	1,000	1,000	
17	Liability Insurance	10,500	10,000	10,399
18	Alarm & Protection	1,000	1,000	
19	ADP Charges	1,000	1,000	
20	Other (Administrative fees related to above)	5,000	5,000	3,000
		387,422	387,422	247,106

* 80% of the Office Rent expense is allocated to UMEZ and 20% to BRISC.
Rent increase is effective Sept 1, 2016

Attachment B

Qualified Loan Requests for FY 2016

	Business Name	Industry	Business Status	
			Existing	Start-up
1	Eva's Pearl	Restaurant		X
2	Harlem Shake II	Restaurant		X
3	Harlem Besame	Restaurant		X
4	Chaiwali Harlem	Restaurant		X
5	Push Pedal NYC	Fitness		X
6	The Pena Group (Laundromat)	Laundromat		X
7	CHOCnyc Bakery	Bakery		X
8	Dulcet Fitness	Fitness		X
9	Kyle Restaurant	Restaurant	X	
10	Cassandra's Jazz Club	Restaurant	X	
11	Gigi Doughnuts	Restaurant	X	
12	The Luddite Company	Restaurant	X	
13	Neapolitan Pizza	Restaurant		X
14	Chez Lucienne	Restaurant		X
15	Harlem Munchies	Convenience	X	
16	Heaven's Tiny Tots, Inc.	Daycare	X	
17	Cenkali Products Inc	Restaurant	X	

Attachment C

Technical Assistance Support Timetable

Technical assistance provided by staff throughout the entire loan process with an emphasis on Post Closing.

Pre-Underwriting	Underwriting	Closing	Post Closing
<ul style="list-style-type: none"> • Business Plans • Books/Records • Business Models • Management Experience • Project Scaling 	<ul style="list-style-type: none"> • Business Analysis • Business Advisory • Books/Records • Financial Projections • Payback Analysis • Loan Structure • Collateral • Property Leasing Terms 	<ul style="list-style-type: none"> • Corporate Documents • Tax Arrearages • Insurances Documents • Equity Contributions • Books/Records • Verifications <ul style="list-style-type: none"> - rent estoppels - tax filings/payments - real estate ownership - etc. 	<ul style="list-style-type: none"> • Restructures • Distressed Situations • Business Advisory • Monitoring/Defaults • Books/Records • Payments • Collections • Litigation
6 - 24 Months		2 - 6 Months	Ongoing
60%		10%	30%

Throughout the underwriting process, there is a great deal of technical assistance that is administered by staff to the client. This technical assistance is very comprehensive and begins in the loan request review process and continues right to the closing of the loan. In some cases, it continues throughout the post-closing period. This technical assistance ranges from completing valuation analysis for acquisitions; creating reasonable business financial projections for loan requests; determining appropriate capitalization needs; assisting in obtaining additional capital; books and record keeping consulting; tax, liens and judgment determinations and resolutions; verifications and filings of all taxes and the documentation of all tax payment plans for taxes owed; and loan repayment restructurings.

Continued financial distress within the small business community has attributed to:

- Increase in funding needs of existing businesses in Upper Manhattan
- Weighted shift in the technical assistance needs within the existing portfolio resulting in:
 - Restructuring
 - Business Advisement
 - Increased collection efforts
 - Litigations

Attachment D

BRISC Portfolio Performance Two Year Comparison

	30-Apr-16		30-Apr-15	
	<u>Principal</u>	<u>%</u>	<u>Principal</u>	<u>%</u>
Repayments to date ¹	\$2,814,114	52%	\$2,527,812	51%
Loans in repayment	\$876,385	16%	\$962,624	20%
Litigation	\$1,426,458	26%	\$1,282,346	26%
Write-offs	\$349,249	6%	\$138,394	3%
Total loan advances	\$5,466,206	100%	\$4,911,176	100%

1. Includes repayments, prepayments and litigation recoveries.

Attachment E

BRISC Portfolio FY'05 – FY'16

	No.	Loan Caption	Closing Date	Total Loan Request			
Pipeline Business	38	Café 178	TBD	\$100,000			
	37	The Luddite Compy LLC	TBD	\$150,000			
	36	Harlem Shake II	TBD	\$250,000			
	35	Harlem Burger	TBD	\$135,000			
Total \$				\$635,000			

Loans Approved And Closed

	No.	Loan Caption	Closing Date	Original Loan Approved	Total Loan Advances	Balance ⁽¹⁾	Maturity	Payment Status
FY '16	34	FlameKeepers Hat Club Inc.	March 4, 2016	\$75,000	\$32,067	\$32,067	April 1, 2021	Current
	33	Angel of Harlem	February 26, 2016	\$200,000	\$180,000	\$180,000	March 1, 2021	Current
	32	In Restaurant LLC dba Melba's	September 10, 2015	\$250,000	\$241,110	\$245,498	September 1, 2020	Current
	31	Londel's Inc. dba Green Parrot	August 27, 2015	\$125,000	\$101,853	\$116,213	September 1, 2020	Current
FY '15	No Closings							
FY '14	30	GJF Café Associates dba Savann	October 23, 2013	\$90,000	\$90,000	\$65,253	November 1, 2018	Current
FY '13	29	Omniy Consulting LLC dba Harlem Shake	January 23, 2013	\$200,000	\$200,000	\$0	February 1, 2018	PAID
	28	Happy Street LLC dba Pie Pie Pizza	December 20, 2012	\$60,000	\$56,885	\$22,638	December 19, 2017	Current
	27	Pearlree Center LLC	September 17, 2012	\$125,000	\$125,000	\$95,310	August 31, 2019	Current
FY '12	26	Jado Sushi and Wine Bar	April 25, 2012	\$200,000	\$200,000	\$49,382	April 25, 2017	Current
FY '11	25	Society Coffee & Juice Inc.	October 7, 2010	\$95,000	\$94,543	\$58,627	October 7, 2015	Litigation
	24	Harlem Vintage	September 30, 2010	\$120,000	\$120,000	\$121,857	September 1, 2015	Litigation
	23	Bier International	July 26, 2010	\$150,000	\$150,000	\$110,664	July 26, 2015	Litigation
FY '10	22	Bibi Salon, Inc.	May 13, 2010	\$115,000	\$115,000	\$70,024	May 13, 2015	> 120 Days
	21	Acelero, Inc.	March 15, 2010	\$250,000	\$250,000	\$0	April 1, 2015	PAID
	20	Delish Restaurant Group LLC	August 26, 2009	\$250,000	\$250,000	\$188,950	August 1, 2014	Litigation
FY '09	19	B. Oyama, Inc.	June 26, 2009	\$100,000	\$75,000	\$71,851	June 26, 2014	Litigation
	18	Owens Funeral Home Inc.	February 26, 2009	\$250,000	\$250,000	\$0	April 1, 2014	PAID
	17	Robert's Organic Market, LLC.	February 10, 2009	\$100,000	\$100,000	\$87,747	August 1, 2012	Litigation
	16	Pollen Nation Corp.	January 27, 2009	\$145,000	\$145,000	\$144,624	January 27, 2014	Litigation
	15	Island Salad Inc.	January 13, 2009	\$181,046	\$181,046	\$131,604	February 28, 2014	Litigation
	14	Dagaz International Incorporated	August 26, 2008	\$100,000	\$100,000	\$0	October 1, 2013	Litigation-Bankruptcy
	13	East Harlem Café, LLC	August 14, 2008	\$50,000	\$50,000	\$49,747	August 14, 2013	Litigation
FY '08	12	Vida Cafe, Inc	June 17, 2008	\$188,702	\$188,702	\$4,918	June 17, 2013	Litigation
	11	Jou Jou Kuhinya, LLC dba Plum Pomidor	March 14, 2008	\$250,000	\$250,000	\$0	February 1, 2013	PAID
	10	Citicare, Inc.	March 13, 2008	\$250,000	\$250,000	\$74,736	May 1, 2014	Litigation
	9	Fishers of Men II Inc.	February 12, 2008	\$150,000	\$150,000	\$0	March 1, 2013	PAID
	8	La Pregunta Arts Café, LLC	December 5, 2007	\$130,000	\$130,000	\$117,593	December 5, 2012	Litigation
FY '07	7	Boricua Lounge, Inc.	March 23, 2007	\$160,000	\$160,000	\$113,055	March 31, 2012	Litigation
	6	Nu America Agency Inc	February 23, 2007	\$250,000	\$250,000	\$150,485	February 28, 2013	Litigation
	5	Big Apple Jazz, LLC	July 13, 2006	\$100,000	\$100,000	\$0	August 1, 2011	Litigation Recovery
	4	2110 - 2118 Restaurant Corp.	June 30, 2006	\$250,000	\$250,000	\$0	July 1, 2011	PAID
FY '06	3	The HEC Real Estate Group	May 17, 2005	\$250,000	\$250,000	\$0	May 1, 2010	Litigation-Bankruptcy
	2	Urbivore Worldwide LLC	September 22, 2005	\$250,000	\$250,000	\$0	October 1, 2008	PAID
	1	Karrot Incorporated	April 12, 2005	\$130,000	\$130,000	\$0	April 12, 2010	Litigation Recovery
Total \$				\$5,589,748	\$5,466,206	\$2,302,843		
Total %				100%	98%	42%		

(1) Includes actual funds advanced to borrowers as well as Capitalized Interest as accrued.

Attachment F

Program Level Practices

Restructuring Loans:

- Round I – Obtain financial reporting and assess realities of marketplace and business operations
 - Extend interest only period for the distressed loan
 - Maturity date unchanged
- Round II – Match loan structure to business reality and seek to lower principal exposure
 - Extend maturity of distressed loan
 - Change or adjust the amortization schedule to fit business performance
 - Extend interest only to allow for normalization of cash flows
 - Draw on letter of credit
 - Provide flexible loan repayments to match seasonal cash flows

Litigation:

- File Summons and Complaint against the borrower
- Payment Stipulations or Settlement
- Obtain and file judgment against the borrower/principal

Undertake collection strategy

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

**REGARDING APPROVAL OF BRISC FISCAL YEAR 2016-2017 BUDGET AND
LOAN CAPITALIZATION FUND**

AT A BUSINESS MEETING HELD ON THE 30th DAY OF JUNE 2016

WHEREAS, the Economic and Physical Development Committee has reviewed the materials presented to it, a copy of which has been filed with the records of Upper Manhattan Empowerment Zone Development Corporation (“UMEZ”), relating to the Business Resource and Investment Service Center, Inc. (“BRISC”), an economic development initiative, facilitated through a total investment of up to ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000) to fund the BRISC Loan Fund; and

WHEREAS, the Economic and Physical Development Committee has found it to be a desirable initiative, consistent with the New York Empowerment Zone’s Strategic Plan, and the Investment Criteria for initiatives seeking financial support.

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors authorizes UMEZ to submit the BRISC initiative to the New York Empowerment Zone Corporation for authorization to fund an investment not to exceed ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000), subject to the terms and conditions included in the presentation material; and be it

FURTHER RESOLVED, that this amended resolution rescinds and replaces the resolution adopted by the Board of Directors on May 17, 2016 relating to the BRISC Loan Fund and Administrative Budget; and be it

FURTHER RESOLVED, that the President and CEO or his/her respective designees, are hereby authorized on behalf of UMEZ to execute and deliver any and all documents and take any and all actions as they may deem necessary or proper to effectuate the foregoing resolutions.

September 21, 2016

UPPER MANHATTAN EMPOWERMENT ZONE DEVELOPMENT CORPORATION – Business Resource and Investment Service Center - A \$1,500,000 loan to recapitalize the business loan fund.

RESOLVED, that on the basis of the materials (the "Materials") presented to the Directors of the Corporation, a copy of which is hereby ordered filed with the records of the Corporation, relating to the Upper Manhattan Empowerment Zone Development Corporation ("UMEZ") initiative for a loan to Business Resource and Investment Service Center (the "Initiative") to recapitalize its business loan fund. The Corporation is hereby authorized to disburse to UMEZ an amount not to exceed **ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000)** for the purposes and on the terms and conditions described in the Materials; and in accordance with the terms, conditions and procedures set forth in the Operating Principles Memorandum of Understanding, dated as of January 19, 1996, entered into by the Corporation with the State of New York (the "State"), the City of New York (the "City") and others ("MOU"); and be it further

RESOLVED, that for the purpose of providing grant/loan for under the new Initiative, UMEZ shall require the Corporation's Board of Director's approval on each individual project; and be it further

RESOLVED, that for the purpose of providing the funds, the Corporation is hereby authorized to accept and utilize funds for a loan in an amount not to exceed **ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000)** in accordance with the MOU; and be it further

RESOLVED, that the President and Treasurer, or their respective designee(s), acting jointly are hereby authorized in the name and on behalf of the Corporation to execute and deliver any and all documents and to take any and all actions as they may deem necessary or proper to effectuate the foregoing resolutions.

FOR CONSIDERATION

September 21, 2016

TO: The Directors

FROM: Howard Zemsky

SUBJECT: New York (New York County) - Upper Manhattan Empowerment Zone Development Corporation

REQUEST FOR: **Authorization for Grant to Studio Museum in Harlem and to Take Related Actions.**

I. Initiative Summary

Organization Name: Upper Manhattan Empowerment Zone Development Corporation ("UMEZ")
55 West 125th Street, 11th Floor
New York, New York 10027

Contact: Kenneth J. Knuckles
President and CEO
(212) 410-0030

Proposed Initiative: A \$1,000,000 grant for building capacity in development, marketing/communications and earned revenue.

Total Initiative Cost: \$4,576,344

Proposed Empowerment Zone ("EZ") Investment: \$1,000,000 (Grant)

Funding Sources:

Federal EZ SSBG Funds:	\$	333,334.00
State EZ Funds:	\$	333,333.00
City EZ Funds:	\$	333,333.00
Other Sources:	\$	3,576,344.00
TOTAL	\$	4,576,344.00

Fiscal Year: 2017

II. Initiative Narrative

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

III. Conditions for Approval

Funding is subject to the Corporation's approval of UMEZ's monitoring system which must ensure that adequate policies and procedures are adopted to safeguard against misappropriation and provide for appropriate controls with respect to each grant.

The release of funds for this initiative is subject to certification by the Deputy Mayor's Office (i) that all procurement solicitation processes fulfill all applicable requirements set forth in the Operating Principles Memorandum of Understanding (the "MOU") dated as of January 19, 1996, and (ii) that each procurement selection process has been completed in accordance with those requirements.

The release of funds for this initiative is subject to UMEZ presenting to the Corporation for approval detailed written information on implementation of this initiative and the terms and conditions for the grant from UMEZ to **Studio Museum in Harlem**. The provision of funding for this initiative is contingent upon the Corporation receiving satisfactory evidence of all other funding sources for the initiative.

The disposition of recovered grants is subject to the approval of New York Empowerment Zone Corporation's Board of Directors.

IV. Initiative Benchmarks

The initiative will achieve the following benchmarks:

- Create 4 full time positions and 6 consultants
- Strengthen the capacity of the museum

This initiative will benefit EZ residents:

- Create 4 full time jobs
- Same as above

V. Federal Funding Goals

This initiative will meet the following Federal funding goals:

- Achieve or maintain economic self-support, to prevent, reduce, or eliminate dependency.
- Permanent job creation, including without limiting the foregoing, promotion, encouragement and creation of opportunities for small, medium and large business development in the EZ/EC that will create permanent jobs for the Enterprise Zone.
- Increasing the number of permanent –job creating new businesses in the EZ/EC.
- Leveraging of Federal, State, and City EZ/EC funding and not-for-profit funding with private capital.

VII. Additional Materials

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

FOR CONSIDERATION

TO: NEW YORK EMPOWERMENT ZONE BOARD OF DIRECTORS

FROM: KENNETH J. KNUCKLES, PRESIDENT AND CEO
UPPER MANHATTAN EMPOWERMENT ZONE DEVELOPMENT CORPORATION

DATE: SEPTEMBER 21, 2016

SUBJECT: STUDIO MUSEUM IN HARLEM

REQUEST FOR: GRANT AWARD OF UP TO \$1,000,000

PROPOSAL SUMMARY

CIIF PROJECT MANAGER: Cheryl Anhava

COMPANY: Studio Museum in Harlem, Inc.

CONTACT: Hallie S. Hobson, Director of Institutional Advancement

ADDRESS: 144 West 125th Street, New York, NY 10027

TELEPHONE/E-MAIL: (212) 864-4500 x272 / hhobson@studiomuseum.org

TYPE OF BUSINESS: Museum

TAX STRUCTURE: 501(c)(3) Nonprofit organization

IRS TAX ID#: 13-2590805

DATE INCORPORATED: MARCH 31, 1967

TOTAL PROJECT COST: \$4,576,344

FINANCING REQUESTED: \$1,000,000

TIME FRAME: 7/1/16 – 6/30/19

FUNDING SOURCES:

Federal SBG EZ Funds:	\$	333,334
State EZ Funds:	\$	333,333
City EZ Funds:	\$	333,333
Other:	\$	<u>3,576,344</u>
Total	\$	4,576,344

EMPLOYMENT:

Projection:	EZ	UM	Others	Total
Full time	4	0	0	4
Part time	0	0	0	0
Consultant	0	0	6	6
Total	4	0	6	10

I. SUMMARY OF INITIATIVE

The Studio Museum in Harlem has launched a campaign in tandem with their 50th anniversary in 2018, to fund the design and development of an expanded facility at its current home on 125th Street in Harlem. The Museum will vacate their building in the spring of 2017; the new facility is scheduled to reopen in the spring of 2020, with a larger space and budget to match. UMEZ funding is requested to help the Museum build new capacity in Development, Marketing/Communications, and Earned Revenue, while the Museum is displaced and in preparation for their grand reopening.

Sources		Uses	
UMEZ	\$ 1,000,000	Salaries	\$ 2,437,100
Committed Funds		Benefits	\$ 810,899
Government	\$ 173,000	Consultants	\$ 797,500
Foundation	\$ 100,000	Non-personnel	\$ 530,845
Individual	\$ 250,000		
Uncommitted	\$ 3,053,344		
Total Project Cost	\$ 4,576,344		\$ 4,576,344

II. DESCRIPTION OF INITIATIVE

DESCRIPTION OF BUSINESS/ORGANIZATION

The Studio Museum in Harlem was founded in 1968 by a diverse group of artists, community activists and philanthropists who envisioned a new kind of museum that not only exhibits works of art, but also supports artists and arts education. The Museum was originally located in a rented loft at 2055 Fifth Avenue, just north of 125th Street. In 1979, the New York Bank for Savings gave the Museum the building located at 144 West 125th Street. Renowned architect J. Max Bond, Jr. led a renovation that adapted the building into a two-level exhibition space with administrative offices, as well as space for rental tenants. In 1985, the Museum began excavation of an adjacent vacant lot at 142 West 125th Street, leased from the City of New York. Over the following two decades, the Museum, in partnership with the City, completed additional renovations to the building and the adjacent lot, and added gallery and lobby space, a theater, and a flexible outdoor area.

The Museum is internationally known for its catalytic role in promoting the works of artists of African descent. The *Artist-in-Residence* program, which gives the Museum the "Studio" in its name, has supported more than one hundred emerging artists of African or Latino descent, many of whom who have gone on to establish highly regarded careers. Alumni include Chakaia Booker, David Hammons, Kerry James Marshall, Julie Mehretu, Wangechi Mutu, Mickalene Thomas and Kehinde Wiley.

Each year, in addition to presenting an average of 12 exhibitions, the Museum offers over 200 free public and family programs. In FY15, nearly 100,000 individuals visited the Museum, with approximately 26,000 visitors taking advantage of the Museum's diverse Public Programs. That same year, their growing online and social media platforms attracted 884,971 website page views and 185,955 unique visits. The Museum's popular bi-annual publication, *Studio* magazine, extends its offerings and scholarship to a global audience, with a print circulation of 19,000.

These achievements are accomplished with an annual organization budget of \$7,270,000 (FY16) and a staff of 55 full-time and 4 part-time employees, many of whom reside in the Harlem community.

The Museum has had a 28% increase in staff size over the past three years. The Board is composed of 21 members comprised of 52% percent male and 48% female, with 91% of members identifying as Black/African-American. Thelma Golden is the Director and Chief Curator of the Museum. Golden joined the Museum as Deputy Director for Exhibitions and Programs in 2000 before succeeding Dr. Lowery Stokes Sims, the Museum's former Director and President, in 2005.

The Studio Museum's ambition has always been to remain at the center of the dialogue of black culture; in today's changing landscape, it is more important than ever that they are able to provide access to their holdings and become a beacon for Harlem, its history, and black culture.

CAMPAIGN OVERVIEW

Adopted by the Board in February 2013, the Campaign Plan is designed to realize the Museum's vision for its next five decades. The Campaign will fund new facility construction, endowment, and an existing annual fund base. The Campaign is conceived as a multi-year initiative to allow the necessary time to identify and cultivate a broader base of support for the Museum than currently exists; its completion will thus coincide with the opening of its new building in the spring of 2020.

In July 2015, The Studio Museum in Harlem announced that it would build a new museum on its current site on 125th Street designed by David Adjaye of Adjaye Associates, in collaboration with executive architect Cooper Robertson. Currently in its silent phase, the capital campaign will culminate in the Museum's new facility – envisioned as a 71,000-square-foot building – physically embodying the Museum's mission and vital programming. The Museum has thus far raised \$63.3 million toward the planned \$122 million allocated for construction expenses.

In the fall of 2013, the Studio Museum was awarded a \$3 million grant from the Ford Foundation, providing the seed money to launch the Campaign and supporting the leadership's vision for the Museum's 50th Anniversary. The grant focused on five key priorities: Campaign Planning; Staff Development; Fundraising; Pre-Design Planning; and Design. The funds allowed the Museum to undertake a formal first step that would inform and ready the institution for a campaign the size and scope of which had yet to be attempted.

During the time the new facility is undergoing construction, the Museum plan on engaging the local community through continuous off-site programming, called *inHarlem*. Through partnerships with a variety of organizations, including the Marcus Garvey Park Alliance, Historic Harlem Parks Coalition, the NYC Parks Department, Harlem branches of the NYPL, and nearby colleges and universities, the Museum will create new activities and build upon existing Education Programs, while cultivating current and new audiences, and serving local residents.

Once in the new facility, the Museum anticipates an increased annual operating budget of between \$8,000,000 to \$10,000,000. To ensure that the Museum can manage this growth, they are expanding their institutional advancement efforts to increase both annual earned and contributed income. They are preparing to increase their income by approximately \$1.5 million over the current levels, from all sources, in the first year of the Museum's reopening.

PROJECT REQUEST

The Studio Museum in Harlem respectfully requests a \$1,000,000, three-year Capstone grant from the Upper Manhattan Empowerment Zone (UMEZ) for capacity building in Development, Marketing/Communications and Earned Revenue. The Museum will provide a \$3,600,000 match in leveraged funds.

CAMPAIGN GOALS AND STRATEGIES, WITH UMEZ SUPPORT

The Campaign is guided by two overarching fundraising goals: to secure the necessary resources to support the Museum's immediate capital and operational needs, and to cultivate a donor, member and visitor base that possesses the capacity and passion to support the Museum's work well past the Campaign's conclusion.

Development Department: Staffing & Capacity

Under the leadership of the Museum's Director of Institutional Advancement, the development department has accelerated the rate of growth in contributed income with a specific focus on major gifts and high-level institutional grants for campaign and annual operating support. In tandem with the Museum's campaign consultant, the team has doubled the pace at which it is raising campaign funds over the previous two-year period. However, to achieve campaign goals while also positioning the Museum for financial sustainability post-campaign, this growth needs to continue at an even greater rate, with clear touchpoints and goals along the way to ensure maximum efficiency and impact.

Crucial to this development framework is the need to hire key individuals to assist in charting and implementing a plan for increased individual giving from membership, direct mail annual appeal and major gifts. With UMEZ funding, the Museum plans to hire a **Major Gifts Officer** and **Development Assistant** to support the Museum's increased fundraising efforts.

With UMEZ support, the Museum also plans to hire a **Membership Consultant** and retain its current **Fundraising Consultant (Institutional Giving)**, who will support their 12-person Development team in creating and monitoring a membership plan, and in strategizing and preparing funding proposals to support the capital campaign. In order to keep more detailed records of all Development activities and donor response, the Museum will retain their current **Donor Database Consultant**.

A **Capital Campaign Strategist** has been under contract since May 2015, and would be retained through the opening of the new Museum in 2020. This role will advise the Museum in all strategic planning and fundraising as related to the capital campaign; develop overall donor strategies; and prepare Director and Board Members for donor solicitation.

Communications Department: Staffing & Capacity

Without a permanent home from spring 2017 through spring 2020, the Museum will be especially reliant on a dynamic and flexible website, technology portal, and appropriate staffing to engage audience members and supporters with updated programming information, opportunities and events. To date, the Museum has not invested in strategic and focused advertising and marketing, thus this will be a key area of growth with the potential for significant impact on Museum visitorship, membership, corporate sponsorship and bottom-line financial sustainability.

Funding from UMEZ would help to expand the Communications Department capacity and staffing in FY17–FY19, including hiring a **Digital Media Coordinator** and a **consultant focused on Website strategy** and development. The department would also hire a **Marketing Associate** to assist the organization in strengthening its profile in the larger marketplace.

Earned Income & Organizational Capacity

Funding from UMEZ would help support the hiring of an **Earned Income consultant**, specializing in e-commerce and earned income development. The consultant will work with the Museum on

devising a plan for sales, food and facility rentals. The consultant will also explore the future potential of the Museum Store, and all other retail and e-commerce opportunities during the Museum's temporary displacement.

Once the Museum re-opens, it anticipates significant increases in income from growth in attendance, in-store and online sales, membership, fees for education and public program services, and facility rentals.

Summary

In charting the course for its next 50 years, the Museum aspires to fully embody its level of excellence on par with the world's great museums while simultaneously continuing to activate the Harlem community through deep cultural and economic engagement. To accomplish this, the Museum has launched a campaign in tandem with their 50th Anniversary in 2018.

Ultimately, the successful implementation of this grant, and the overall Museum campaign, will be the realization of The Studio Museum in Harlem's new and financially sustainable building, with a larger staff and budget to accommodate a larger space and audience.

JOB CREATION

The project will create a total of four full-time positions and six consultancies.

PROJECTED OUTCOMES

As a result of this grant, the Studio Museum would have the additional resources required to help reach its campaign fundraising goal, sustain the Museum's annual operations during its closure, and to support its increased annual budget once it reopens. Increased communications will allow the Museum to reach new supporters, maintain relationships with current donors, and market its new space. Building its current team will help to ensure that the Museum opens its new doors in 2020 at full strength, allowing the new Museum to thrive and to fulfill its mission.

III. FINANCING REQUESTED

FUNDING SOURCES

Sources	Total
Federal EZ Funds	\$ 333,334
State EZ Funds	\$ 333,333
City EZ Funds	\$ 333,333
Total UMEZ Sources	\$ 1,000,000
Government	\$ 543,000
Foundation	\$ 745,000
Corporate	\$ 110,000
Individual	\$ 678,344
Membership	\$ 45,000
Special Events	\$ 1,300,000
Store Sales	\$ 95,000
Interest/Investment Income	\$ 60,000
Total Studio Museum Sources	\$ 3,576,344
Total Project Cost	\$ 4,576,344

PROJECT BUDGET

Uses	UMEZ	SMH	Total
Salaries	\$ 225,000	\$ 2,212,100	\$ 2,437,100
Fringe Benefits	\$ 24,705	\$ 786,194	\$ 810,899
Consultant Fees	\$ 507,270	\$ 290,230	\$ 797,500
Non-personnel Expenses	\$ 243,025	\$ 287,820	\$ 530,845
Total Project Cost	\$ 1,000,000	\$ 3,576,344	\$ 4,576,344

LIST ANY PRIOR UMEZ FUNDING OR PRIOR APPLICATIONS

- In 2007, the Museum received a Capacity Building grant of \$1,741,235.
- In 1997, the Museum received an Implementation grant of \$150,000.

INDICATE HOW THE PROPOSAL MEETS THE EZ INVESTMENT CRITERIA**A. Impact**

- Increased staffing and consultants across Development, Communications and Earned Income areas would allow the Museum to increase and diversify all sources of revenue.
- A new advertising program would increase the Museum's visibility while it is closed and would lead to increased admissions, individual and corporate membership, and overall visitorship when it reopens.
- Increased website and social media engagement during the Museum's temporary relocation would support the *inHarlem* program implementation and allow the Museum to build on-line sales, program attendance and overall communications.
- Strengthened major gifts programming and a continually maximized pace of cultivation and solicitation should lead to increased individual donor support that can be sustained long-term.
- The successful realization of The Studio Museum in Harlem's new building, will increase the Museum's brand nationally and internationally, and thus will attract more visitors to Harlem and contribute to economic activity in the community.

B. Feasibility

- The Museum received a \$3 million grant from the Ford Foundation, providing seed money to launch the Campaign.
- The Museum's Board of Directors strongly supports the campaign and has committed to 100% participation in the Campaign. Board giving to date totals \$6 million of the total raised.
- A seven-member Campaign Committee is leading a major initiative to solicit gifts and grants from individuals and institutions most closely associated with the Museum.
- There has been a steady increase in revenue over the last few years in shop sales, annual support, and major gifts. The Museum's annual fundraising events total has remained consistent.

C. Strengths

- The Museum has a strong identity, and is increasingly recognized by the arts community as a leader amongst museums in modern and contemporary art by artists of African descent.
- Thelma Golden is a well recognized and respected leader in the art world, with a strong history of organizing many notable exhibitions and supporting emerging artists. Golden joined the Museum in 2000 and became Executive Director and Chief Curator in 2005.

- The Board of Trustees is comprised of diverse professionals, philanthropists, and respected leaders in a variety of industries who are committed to the continued growth and success of the Museum.
- The Museum has an important and growing permanent collection of over 2,000 objects, representing key figures in African-American and global African art.
- The Studio Museum is committed to creating a more diverse cadre of visual arts professionals including a new generation of curators, researchers, critics and administrators.

D. Risks

- The Museum has raised \$63.3 million of its \$122 million goal for capital. They must raise the remaining balance while maintaining support for their current annual operating budget, preparing for a significant growth in their operating budget, and building their endowment.
- The Museum is scheduled to reopen in the spring of 2020, but many construction projects fall behind schedule, due to unexpected costs and/or unforeseen construction glitches.

IV. FINANCIALS

See Attachment

V. RECOMMENDATION

UMEZ Grant Amount: up to \$1,000,000
Term: 7/1/16 – 6/30/19
Conditions: N/A

Studio Museum in Harlem
Audited Statement of Financial Position

July 19, 2016
CIIF Grant Proposal for \$1,000,000

\$US	Fiscal Year Ending June 30		
	FY13A	FY14A	FY15A
ASSETS			
Cash and Cash Equivalents	155,500	837,175	633,253
Investments	4,512,740	4,880,179	5,456,386
Contributions and Grants receivable	3,294,816	6,625,886	4,642,257
Accounts and other receivables, net	36,202	1,810	0
Museum Store inventory, at cost	78,508	100,264	82,467
Prepaid Expenses	154,337	216,605	184,443
Property and equipment, net	3,775,699	4,321,471	6,086,165
Cash restricted for tenant security deposits	8,326	8,326	0
TOTAL ASSETS	12,016,128	16,991,716	17,084,971
LIABILITIES & NET ASSETS			
CURRENT LIABILITIES			
Accounts Payable and Accrued Expenses	671,165	829,667	695,980
Loan Payable	906,451	1,550,105	1,460,105
TOTAL CURRENT LIABILITIES	1,577,616	2,379,772	2,156,085
LONG-TERM LIABILITIES			
Tenant Security Deposits	8,326	8,326	0
TOTAL LONG-TERM LIABILITIES	8,326	8,326	0
TOTAL LIABILITIES	1,585,942	2,388,098	2,156,085
NET ASSETS			
Unrestricted Net Assets			
Operating	1,806,556	5,054,016	2,402,280
Property and equipment, net	3,775,699	4,321,471	6,086,165
Temporarily Restricted Net Assets	2,645,935	6,811,423	5,893,925
Less Temp Restricted receivable	(2,268,715)	(6,085,109)	(3,973,851)
Permanently Restricted Net Assets	4,950,000	4,950,000	4,968,550
Less endowment receivable	(479,289)	(448,183)	(448,183)
TOTAL NET ASSETS	10,430,186	14,603,618	14,928,886
TOTAL LIABILITIES AND NET ASSETS	12,016,128	16,991,716	17,084,971

Studio Museum in Harlem
Audited Statement of Activities

July 19, 2016
CIIF Grant Proposal for \$1,000,000

Fiscal Year Ending June 30	Fiscal Year Ending June 30		
	FY13A	FY14A	FY15A
REVENUES AND OTHER SUPPORT			
Earned Income			
Fundraising Events	1,838,189	1,818,239	1,979,765
Less: Direct costs of events	(474,117)	(466,749)	(528,537)
Net Revenue from Events	1,364,072	1,351,490	1,451,228
Membership Fees	90,361	81,514	94,637
Rental Income	470,046	458,667	479,242
Museum Sales	152,853	188,031	195,957
Investment Income	261,525	473,241	18,997
Loan Fees	0	0	136,317
Other income	160,088	150,997	126,536
Total Earned Income	2,498,945	2,703,940	2,502,914
Contributed Income			
City of NY Dept. of Cultural Affairs	871,160	856,885	853,456
Other Government grants	251,220	336,460	337,454
Contributions	3,444,339	6,334,471	3,392,466
Total Contributed Income	4,566,719	7,527,816	4,583,376
TOTAL REVENUES AND OTHER SUPPORT	7,065,664	10,231,756	7,086,290
% Change in Revenue	43%	45%	-31%
% Change in Expense	4%	7%	12%
Income Mix: Earned	35%	26%	35%
Contributed	65%	74%	65%
EXPENSES			
Program Services			
Curatorial	976,882	1,071,481	1,256,143
Exhibitions	1,572,076	1,574,854	1,640,751
Education	1,530,618	1,454,580	1,460,902
Total Program Services	4,079,576	4,100,915	4,357,796
Supporting Services			
Management and General	394,736	539,801	800,142
Development	964,757	1,196,289	1,344,293
Building Operations	236,814	221,319	258,791
Total Supporting Services	1,596,307	1,957,409	2,403,226
TOTAL EXPENSES	5,675,883	6,058,324	6,761,022
Change in Net Assets	1,389,781	4,173,432	325,268
Net Assets - Beginning of Year	9,040,405	10,430,186	14,603,618
Prior Period Adjustment	0	0	0
Net Assets - End of Year	10,430,186	14,603,618	14,928,886

Studio Museum in Harlem
Operating Income and Expense, Actual and Projected Budgets

July 19, 2016
CIIF Grant Proposal for \$1,000,000

\$US	Fiscal Year Ending June 30							
	FY14 Actual	FY15 Actual	FY16 Projected	FY17 Projected	FY18 Projected	FY19 Projected	FY20 Projected (Operating)	FY20 Projected (Opening)
REVENUES AND OTHER SUPPORT								
Earned Income								
Tenant Rental Income	435,817	462,242	496,103	0	0	0	0	-
Event Space Rental	22,850	17,000	20,000	0	0	0	0	-
Admission	55,232	59,625	45,000	56,500	0	0	175,000	-
Fees for Services	72,123	174,695	55,000	67,000	67,000	67,000	100,000	-
Store Sales	188,031	195,957	175,000	400,459	75,000	75,000	400,000	-
Interest/Investment Income	243,715	203,510	150,000	100,000	125,000	125,000	200,000	-
Other income	24,643	28,533	15,000	11,500	11,500	11,500	11,500	-
Total Earned Income	1,042,411	1,141,562	956,103	635,459	278,500	278,500	886,500	-
Contributed Income								
Government	1,061,195	1,114,060	1,190,000	1,169,240	1,169,240	1,169,240	1,239,731	60,000
Foundation	1,590,954	3,049,972	2,275,000	2,374,069	2,301,067	2,375,000	2,550,000	150,000
Corporate	230,800	283,911	150,000	141,500	125,000	150,000	300,000	150,000
UMEZ	0	0	0	415,470	466,511	118,020	0	0
Individual	708,135	849,867	925,000	905,400	950,091	1,000,024	1,350,000	1,500,000
Membership	81,514	94,637	95,000	93,250	90,000	90,000	200,000	-
Special Events, Net Revenue	1,351,490	1,450,052	1,700,000	1,525,000	2,000,000	2,000,000	2,025,000	-
Total Contributed Income	5,024,088	6,842,499	6,335,000	6,623,929	7,101,909	6,902,284	7,664,731	1,860,000
TOTAL REVENUES AND OTHER SUPPORT	6,066,499	7,984,061	7,291,103	7,259,388	7,380,409	7,180,784	8,551,231	1,860,000
% Change in Revenue		36%	-7%	5%	7%	-3%	11%	-76%
% Change in Expense		12%	7%	0%	0%	-1%	20%	-78%
Income Mix: Earned		14%	13%	9%	4%	4%	10%	0%
Contributed		86%	87%	91%	96%	96%	90%	100%
EXPENSES								
Salaries	2,488,634	2,653,094	3,185,465	3,173,851	2,962,328	2,896,575	3,841,217	-
Fringe Benefits	739,731	757,170	982,397	983,894	947,945	955,870	1,306,014	-
Honorariums	77,806	50,085	55,000	55,000	55,000	47,500	65,000	25,000
Teachers	23,727	1,980	0	0	0	0	0	-
Exhibition Tour Guides	11,329	42,500	0	0	0	0	0	100,000
Public Program Performers	8,400	7,290	5,500	6,500	10,000	6,500	14,000	25,000
Guest Exhibition Curator	4,000	0	0	0	0	0	0	-
Other Program Services	12,080	204	7,500	78,500	285,000	265,000	265,000	400,000
Technology Contracted Services	11,224	4,357	6,500	35,500	35,000	35,000	35,000	50,000
Other Technical Services	0	0	15,000	75,000	15,000	15,000	115,000	-
Graphic Designer	83,743	94,636	125,000	125,000	175,000	125,000	125,000	150,000
Development Consultant	124,334	184,500	450,000	450,000	450,000	450,000	150,000	-
Other Admin Services	107,718	253,277	50,000	50,000	50,000	50,000	50,000	-
Temporary & Employment Firms	26,939	97,429	5,000	5,000	5,000	5,000	5,000	-
Audit Services	44,700	38,500	40,000	40,000	50,000	75,000	75,000	-
Other Professional Services		0	42,500	35,000	35,000	35,000	35,000	100,000
AlR Stipends	60,000	60,000	60,000	60,000	60,000	120,000	120,000	-
Wein Prize Stipend	50,000	50,000	50,000	50,000	50,000	50,000	50,000	-
Art Costs	467,889	615,940	415,000	550,000	645,000	640,000	640,000	-
Supplies	158,378	133,994	100,000	100,000	75,000	75,000	75,000	-
Travel	57,145	124,335	35,000	35,000	35,000	35,000	35,000	-
Special Events - Other	58,440	56,842	50,000	35,000	50,000	75,000	35,000	450,000
Meetings & Staff Development	22,930	18,136	35,000	30,000	30,000	100,000	200,000	-
Printing & Duplication	133,385	128,071	200,000	165,000	195,000	175,000	225,000	100,000
Postage, Shipping & Messenger	36,553	34,109	50,000	40,000	50,000	35,000	35,000	10,000
Advertising	5,909	4,978	10,000	5,000	15,000	15,000	15,000	250,000
Insurance	80,848	77,669	65,000	65,000	65,000	65,000	65,000	-
Equipment Costs (Non-Capital)	96,317	153,031	150,000	75,000	60,000	50,000	50,000	-
Space Costs	443,190	506,666	552,218	400,000	275,000	275,000	400,000	-
Communication Costs	56,778	24,371	25,000	25,000	50,000	65,000	75,000	200,000
Bank, Payroll & Misc Fees	148,063	168,910	125,000	150,000	215,000	250,000	250,000	-
Cost of Sales	51,399	88,518	50,000	40,000	40,000	40,000	125,000	-
Depreciation	346,735	330,430	325,000	315,000	275,000	125,000	75,000	-
TOTAL EXPENSES	6,038,324	6,761,022	7,267,080	7,253,245	7,260,273	7,151,444	8,551,231	1,860,000
TOTAL OPERATING SURPLUS /<DEFICIT>	28,175	1,223,039	24,023	6,143	120,136	29,340	0	0

The Studio Museum in Harlem
 Project Budget
 Proposed Grant Period: 07/01/16 - 06/30/19

July 19, 2016
 CIIF Grant Proposal for \$1,000,000

SUS	Year 1 7/1/16 - 6/30/17			Project Funds Committed To Date	Year 2 7/1/17 - 6/30/18			Year 3 7/1/18 - 6/30/19			TOTAL PROJECT		
	UMEZ Funds	Org Funds	Total		UMEZ Funds	Org Funds	Total	UMEZ Funds	Org Funds	Total	Total UMEZ Funds	Total Org Funds	Total Project
REVENUES AND OTHER SUPPORT													
UMEZ Support	415,470	0	415,470		466,510	0	466,510	118,020	0	118,020	1,000,000	0	1,000,000
Government	0	188,000	188,000	173,000	0	180,000	180,000	0	175,000	175,000	0	543,000	543,000
Foundation	0	230,000	230,000	100,000	0	250,000	250,000	0	265,000	265,000	0	745,000	745,000
Corporate	0	50,000	50,000		0	30,000	30,000	0	30,000	30,000	0	110,000	110,000
Individual	0	248,154	248,154	250,000	0	249,214	249,214	0	180,976	180,976	0	678,344	678,344
Membership	0	25,000	25,000		0	10,000	10,000	0	10,000	10,000	0	45,000	45,000
Special Events - Net Revenue	0	300,000	300,000		0	500,000	500,000	0	500,000	500,000	0	1,300,000	1,300,000
Store Sales	0	75,000	75,000		0	10,000	10,000	0	10,000	10,000	0	95,000	95,000
Interest/Investment Income	0	20,000	20,000		0	20,000	20,000	0	20,000	20,000	0	60,000	60,000
TOTAL REVENUES AND OTHER SUPPORT	415,470	1,136,154	1,551,624	523,000	466,510	1,249,214	1,715,724	118,020	1,190,976	1,308,996	1,000,000	3,576,344	4,576,344
EXPENSES													
Personnel													
Digital Media Coordinator	50,000	10,000	60,000		25,000	35,000	60,000	0	60,000	60,000	75,000	105,000	180,000
Marketing Associate	35,000	15,000	50,000		25,000	25,000	50,000	0	50,000	50,000	60,000	90,000	150,000
Major Gifts Officer	35,000	15,000	50,000		22,500	27,500	50,000	0	50,000	50,000	57,500	92,500	150,000
Development Assistant	32,500	7,500	40,000		0	40,000	40,000	0	40,000	40,000	32,500	87,500	120,000
Director, Institutional Advancement	0	180,000	180,000		0	180,000	180,000	0	180,000	180,000	0	540,000	540,000
Dev Operations Manager	0	65,000	65,000		0	65,000	65,000	0	65,000	65,000	0	195,000	195,000
Assoc Director, Development	0	71,500	71,500		0	71,500	71,500	0	71,500	71,500	0	214,500	214,500
Communications Director	0	70,000	70,000		0	70,000	70,000	0	70,000	70,000	0	210,000	210,000
Communications Associate	0	42,000	42,000		0	42,000	42,000	0	42,000	42,000	0	126,000	126,000
Campaign Manager	0	60,000	60,000		0	60,000	60,000	0	60,000	60,000	0	180,000	180,000
Sr. Manager, Database	0	65,000	65,000		0	65,000	65,000	0	65,000	65,000	0	195,000	195,000
Communications Assistant	0	40,000	40,000		0	40,000	40,000	0	0	0	0	80,000	80,000
Security & Visitors Services Manager @ 15%	0	10,500	10,500		0	0	0	0	10,500	10,500	0	21,000	21,000
Director of Techonology @ 15%	0	14,250	14,250		0	14,250	14,250	0	0	0	0	28,500	28,500
Deputy Director, Finance & Operations @ 15%	0	23,550	23,550		0	23,550	23,550	0	0	0	0	47,100	47,100
Personnel - Payroll Salaries	152,500	689,300	841,800		72,500	758,800	831,300	0	764,000	764,000	225,000	2,212,100	2,437,100
Fringe													
FICA @ 7.65%	11,666	52,731	64,397		5,545	59,960	65,505	0	60,358	60,358	17,211	173,049	190,260
Commuter Payroll Tax @ 0.004%	0	37	37		0	36	36	0	32	32	0	105	105
SUI @ 2.05%	3,127	14,131	17,258		1,486	16,068	17,554	0	16,175	16,175	4,613	46,374	50,987
STD @ 0.10%	153	689	842		73	784	857	0	789	789	226	2,262	2,488
Workmen's Compensation @ 1.18%	1,799	8,134	9,933		856	9,249	10,105	0	9,310	9,310	2,655	26,693	29,348
LTD @ 0.33%	0	2,778	2,778		0	2,826	2,826	0	2,604	2,604	0	8,208	8,208
Health Ins - Medical, Dental & Vision @ 11.70%	0	98,491	98,491		0	100,187	100,187	0	92,313	92,313	0	290,991	290,991
Life Insurance @ 0.30%	0	2,525	2,525		0	2,569	2,569	0	2,367	2,367	0	7,461	7,461
Pension Plan @ 9.29%	0	78,203	78,203		0	79,550	79,550	0	73,298	73,298	0	231,051	231,051
Payroll Taxes and Employee Benefits	16,745	257,719	274,464		7,960	271,229	279,189	0	257,246	257,246	24,705	786,194	810,899
OTPS													
Membership Consultant	25,000	0	25,000		25,000	0	25,000	0	0	0	50,000	0	50,000
Earned Income Consultant (Retail, Rentals, etc)	50,000	0	50,000		0	0	0	0	0	0	50,000	0	50,000
Fundraising Consultant - Institutional Giving	25,000	25,000	50,000		25,000	25,000	50,000	30,000	25,000	55,000	80,000	75,000	155,000
Capital Campaign Strategist	50,000	50,000	100,000		50,000	50,000	100,000	17,270	15,230	32,500	117,270	115,230	232,500
Website Development	25,000	25,000	50,000		75,000	50,000	125,000	45,000	0	45,000	145,000	75,000	220,000
Donor Database	15,000	25,000	40,000		25,000	0	25,000	25,000	0	25,000	65,000	25,000	90,000
Outside Professional Fees	190,000	125,000	315,000		200,000	125,000	325,000	117,270	40,230	157,500	507,270	290,230	797,500
Direct Mail Campaign	40,000	25,000	65,000		50,000	50,000	100,000	0	50,000	50,000	90,000	125,000	215,000
Merchandise - Product Dev. and Licensing	0	27,500	27,500		0	27,500	27,500	0	27,500	27,500	0	82,500	82,500
Marketing Material Development	15,000	10,000	25,000		135,000	15,000	150,000	0	50,000	50,000	150,000	75,000	225,000
Supplies	750	750	1,500		750	750	1,500	750	750	1,500	2,250	2,250	4,500
Travel	150	100	250		100	150	250	0	250	250	250	500	750
Communication Costs	325	785	1,110		200	785	985	0	1,000	1,000	525	2,570	3,095
Non-personnel Expenses	56,225	64,135	120,360		186,050	94,185	280,235	750	129,500	130,250	243,025	287,820	530,845
TOTAL EXPENSES	415,470	1,136,154	1,551,624		466,510	1,249,214	1,715,724	118,020	1,190,976	1,308,996	1,000,000	3,576,344	4,576,344
SURPLUS /<DEFICIT>	0	0	0		0	0	0	0	0	0	0	0	0

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

**REGARDING APPROVAL TO FUND A
CULTURAL INDUSTRY INVESTMENT FUND PROJECT**

AT A BUSINESS MEETING HELD ON THE 30th DAY OF JUNE 2016

WHEREAS, the Cultural Industry Investment Fund Committee has reviewed the materials presented to it, a copy of which has been filed with the records of the Upper Manhattan Empowerment Zone Development Corporation (“UMEZ”), relating to a grant for a period of thirty-six (36) months to the Studio Museum in Harlem, Inc., for capacity-building (the “Project”); and

WHEREAS, the Cultural Industry Investment Fund Committee has found it to be a desirable project, consistent with the New York Empowerment Zone’s Strategic Plan, and the investment criteria for initiatives seeking financial support.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors approves the Project and authorizes UMEZ to submit the Project to the New York Empowerment Zone Corporation for authorization to fund a grant for a period of thirty-six (36) months not to exceed ONE MILLION DOLLARS (\$1,000,000), subject to terms and conditions substantially similar to those included in the presentation materials; and be it

FURTHER RESOLVED, that the approval of the Project authorized by these resolutions shall expire nine (9) months after the adoption of these resolutions; and be it

FURTHER RESOLVED, that the President and CEO or his/her respective designees, are hereby authorized on behalf of UMEZ to make such changes to the terms and conditions of the transaction as may be appropriate, execute and deliver any and all documents and take any and all actions as they may deem necessary or proper to effectuate the foregoing resolutions.

September 21, 2016

UPPER MANHATTAN EMPOWERMENT ZONE DEVELOPMENT CORPORATION – Studio Museum in Harlem – A \$1,000,000 grant for building capacity in development, marketing/communications and earned revenue.

RESOLVED, that on the basis of the materials (the "Materials") presented to the Directors of the Corporation, a copy of which is hereby ordered filed with the records of the Corporation, relating to the Upper Manhattan Empowerment Zone Development Corporation ("UMEZ") initiative for a grant to Studio Museum in Harlem (the "Initiative") for building capacity in development, marketing/communications and earned revenue. The Corporation is hereby authorized to disburse to UMEZ an amount not to exceed ONE MILLION DOLLARS (\$1,000,000) for the purposes and on the terms and conditions described in the Materials; and in accordance with the terms, conditions and procedures set forth in the Operating Principles Memorandum of Understanding, dated as of January 19, 1996, entered into by the Corporation with the State of New York (the "State"), the City of New York (the "City") and others ("MOU"); and be it further

RESOLVED, that for the purpose of providing the funds, the Corporation is hereby authorized to accept and utilize funds for a grant an amount not to exceed ONE MILLION DOLLARS (\$1,000,000) in accordance with the MOU; and be it further

RESOLVED, that the President and Treasurer, or their respective designee(s), acting jointly are hereby authorized in the name and on behalf of the Corporation to execute and deliver any and all documents and to take any and all actions as they may deem necessary or proper to effectuate the foregoing resolutions.

FOR CONSIDERATION

September 21, 2016

TO: The Directors

FROM: Howard Zemsky

SUBJECT: New York (New York County) - Upper Manhattan Empowerment Zone Development Corporation

REQUEST FOR: **Authorization for a Grant to Morris-Jumel Mansion and to Take Related Actions.**

I. Initiative Summary

Organization Name: Upper Manhattan Empowerment Zone Development Corporation ("UMEZ")
55 West 125th Street, 11th Floor
New York, New York 10027

Contact: Kenneth J. Knuckles
President and CEO
(212) 410-0030

Proposed Initiative: A \$156,000 grant for the implementation of its strategic plan and revision of its business model.

Total Initiative Cost: \$321,270

Proposed Empowerment Zone ("EZ") Investment: \$156,000 (Grant)

Funding Sources:

Federal EZ SSBG Funds:	\$	52,000.00
State EZ Funds:	\$	52,000.00
City EZ Funds:	\$	52,000.00
Other Sources:	\$	165,270.00
TOTAL	\$	321,270.00

Fiscal Year: 2017

II. Initiative Narrative

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

III. Conditions for Approval

Funding is subject to the Corporation's approval of UMEZ's monitoring system which must ensure that adequate policies and procedures are adopted to safeguard against misappropriation and provide for appropriate controls with respect to each grant.

The release of funds for this initiative is subject to certification by the Deputy Mayor's Office (i) that all procurement solicitation processes fulfill all applicable requirements set forth in the Operating Principles Memorandum of Understanding (the "MOU") dated as of January 19, 1996, and (ii) that each procurement selection process has been completed in accordance with those requirements.

The release of funds for this initiative is subject to UMEZ presenting to the Corporation for approval detailed written information on implementation of this initiative and the terms and conditions for the grant from UMEZ to **Morris-Jumel Mansion**. The provision of funding for this initiative is contingent upon the Corporation receiving satisfactory evidence of all other funding sources for the initiative.

The disposition of recovered grants is subject to the approval of New York Empowerment Zone Corporation's Board of Directors.

IV. Initiative Benchmarks

The initiative will achieve the following benchmarks:

- Create 1 full time job
- Create 2 part-time jobs
- Create 1 Consultancy

This initiative will benefit EZ residents:

- Create 4 jobs

V. Federal Funding Goals

This initiative will meet the following Federal funding goals:

- Achieve or maintain economic self-support, to prevent, reduce, or eliminate dependency.
- Permanent job creation, including without limiting the foregoing, promotion, encouragement and creation of opportunities for small, medium and large business development in the EZ/EC that will create permanent jobs for the Enterprise Zone.
- Increasing the number of permanent –job creating new businesses in the EZ/EC.
- Leveraging of Federal, State, and City EZ/EC funding and not-for-profit funding with private capital.

VII. Additional Materials

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

FOR CONSIDERATION

TO: NEW YORK EMPOWERMENT ZONE BOARD OF DIRECTORS

FROM: KENNETH J. KNUCKLES, PRESIDENT AND CEO
UPPER MANHATTAN EMPOWERMENT ZONE DEVELOPMENT CORPORATION

DATE: SEPTEMBER 21, 2016

SUBJECT: MORRIS-JUMEL MANSION

REQUEST FOR: GRANT AWARD OF UP TO \$156,000

PROPOSAL SUMMARY

CIIF PROJECT MANAGER: Grace Asenjo

COMPANY: Morris-Jumel Mansion, Inc.

CONTACT: Carol S. Ward, Executive Director

ADDRESS: 65 Jumel Terrace, New York, NY 10032

TELEPHONE/E-MAIL (212) 923-8008 / director@morrisjumel.org

TYPE OF BUSINESS: Historic House Museum

TAX STRUCTURE: 501(c)(3) Nonprofit organization

IRS TAX ID#: 13-2800646

DATE INCORPORATED: 1973

TOTAL PROJECT COST: \$321,270

FINANCING REQUESTED: \$156,000

TIME FRAME: 6/1/16 – 7/31/19

FUNDING SOURCES:

Federal SBG EZ Funds:	\$ 52,000
State EZ Funds:	\$ 52,000
City EZ Funds:	\$ 52,000
Other:	\$ 165,270
Total	\$ 321,270

EMPLOYMENT:

Projection:	EZ	UM	Others	Total
Full time	0	1	0	1
Part time	2	0	0	2
Consultant	0	0	1	1
Total	2	1	1	4

I. SUMMARY OF INITIATIVE

The Morris-Jumel Mansion (MJM or the Mansion) reached major milestones this past year with the celebration of its 250th anniversary, a critically-acclaimed exhibition by an international artist, and a record-breaking number of visitors. Building on these accomplishments, MJM has articulated a vision for the Mansion as a site where contemporary arts and culture are woven into the historic facility. This undertaking is anchored by a five-year plan that includes critical capital renovations, the restructuring of its collection, and expanded programming. These objectives are augmented by operating strategies that will increase visibility, visitorship, and earned revenues. UMEZ funding is requested to support the new part-time staff positions, a consultancy, and marketing and outreach materials required to successfully implement the plan. Ultimately, MJM will reposition itself as a distinctive space where "Contemporary meets Colonial," thus drawing larger numbers of local, national, and international visitors to Upper Manhattan.

Sources		Uses	
UMEZ	\$ 156,000	Salaries & Fringe	\$ 261,797
Committed Funds		Consultants	\$ 14,155
Foundations	\$ 5,000	OTPS	\$ 45,318
Board	\$ 10,000		
Individuals	\$ 2,000		
Uncommitted	\$ 148,270		
Total Project Cost	\$ 321,270		\$ 321,270

II. DESCRIPTION OF INITIATIVE

DESCRIPTION OF BUSINESS/ORGANIZATION

Built in 1765, the Morris-Jumel Mansion is the only remaining pre-Revolutionary War home in Manhattan. It is most famous for its role in the Revolutionary War as George Washington's headquarters in 1776. After 1810, it served as the country home for the wealthy French emigrant Stephen Jumel and his wife Eliza, who lived in the Mansion until her death at the age of 90 in 1865. At the end of the century, the City of New York purchased the house to serve as a monument to the nation's history, managed by an entity comprised of four chapters of the Daughters of the American Revolution. When the DAR ended its involvement with the property, the museum was recertified as Morris-Jumel Mansion, Inc. MJM currently operates with a full-time staff of five and a part-time staff of four, and is governed by an 11-member of Board of Trustees. The organization's operating budget was \$359,045 in FY14.

MJM's mission is to present American life from the Colonial era to the present by preserving, collecting, and interpreting history, culture and the arts to engage and inspire diverse audiences. MJM carries out its mission by opening the Mansion's doors to visitors, who can tour its eleven period rooms, peruse a wide-ranging collection of art objects, and explore the surrounding grounds. Educational tours around the Revolutionary War or life in the eighteenth and nineteenth centuries can be tailored to younger or older students. Recently, the Mansion has taken significant strides in appealing to broader, more diverse audiences through public and family programs that touch on themes of immigration, urban development and the changing face of New York. Partnerships with local artists and organizations such as the Northern Manhattan Arts Alliance and the People's Theater Project have provided new opportunities for visitors to engage in contemporary art, drawn from Upper Manhattan's thriving community of artists as well as international figures.

Carol Ward, as Director of Education and Programs from 2008 to 2012, made concerted efforts to reach new audiences, steadily increasing visitorship over that time; she was subsequently named Executive Director in 2013. One of her early initiatives was to re-catalog 17th and 18th century manuscripts stored in file cabinets that had been left untouched for decades. That summer, intern archivist Emily Gruchow made a remarkable discovery: a draft letter that revealed the unknown author of the letter from the Second Continental Congress to the people of Great Britain one year before American independence was declared. After an extensive clearance process with the American Alliance of Museums, the document, which was estimated to sell at auction for \$100,000 to \$400,000, was sold for nearly \$1 million (including commission). The fortuitous incident greatly increased the Mansion's visibility through publications such as *Smithsonian Magazine*, *The New York Times*, and *Art Daily*.

MJM used this heightened awareness to build anticipation for its upcoming 250th anniversary, bolstered by two major activities:

- MJM had provided Tony Award-winner Lin-Manuel Miranda with access to the Mansion as he developed a new musical based on the life of Alexander Hamilton. In February 2015, MJM held a major benefit performance at the Public Theater's sold-out run of *Hamilton*, well before its Broadway debut. MJM continues to garner considerable attention, as Mr. Miranda credits the Mansion as a site where he wrote portions of the hit musical.
- Citing the Newark Museum's exhibition of British-Nigerian artist Yinka Shonibare as inspiration for its greater focus on contemporary art as it relates to the Colonial period, the Mansion secured Mr. Shonibare for a site-specific exhibition entitled "Colonial Arrangements." Held from May through August 2015, the exhibition attracted over 3,000 more visitors compared to the same period in the previous year. "Colonial Arrangements" also received coverage in major outlets such as *The New York Times*, *Forbes*, *The New Yorker*, and *The Wall Street Journal*.

The Mansion set a record of 22,000 visitors in 2015 (a 32% increase over the previous year) with these and other well-received anniversary events, furthering its reputation throughout the arts and culture world. Based on these exceptional achievements, MJM leadership strengthened its resolve to redefine the Mansion as a prominent historic setting for contemporary arts and culture.

DESCRIPTION OF THE PROJECT

BACKGROUND

The sale of the historic document discovered in the Mansion's archives provided an opportunity for MJM to augment its plans for the facility, and to conduct conservation and acquisition of objects in a more robust and holistic fashion. On September 10, 2015, the Board approved a Five-Year Collections Plan that encompasses proposals for the collection, renovations to the Mansion's historic exterior, reinterpretation of the interiors, addition of digital technologies, and expanded programmatic offerings. To date, a \$1.5 million grant from the NYC Department of Cultural Affairs is supporting the capital renovations; and funding for the digital kiosks has been provided by the Lily Auchincloss Foundation. Work on interior renovations and collection items began in January 2016 and are scheduled to be completed by May 2016. The RPF for the exterior work was processed through the NYC Parks Department at the end of January 2016.

PROJECT REQUEST

The Mansion's leadership has expanded the Collections Plan into a strategic plan which lays the framework for the artistic and curatorial activities while detailing operating goals for increased visitorship, visibility, and earned income. In order to successfully implement these goals, MJM's plans outline strategies that include staff expansion, the retention of a consultant, and heightened marketing and outreach efforts.

OPERATING GOALS AND STRATEGIES

Increase Visitorship through Expanded Programs and Exhibitions

The Mansion has seen a steady increase in attendance over the past few years, with a record number of visitors in 2015. Building on this momentum, the Mansion has planned an extensive programmatic schedule with new additions to adult and school tours, lectures, annual events, and the introduction of a new category – Members Only Trips. Examples include:

- *Curator's 'Behind the Ropes' Tour* – Curator-led tour for a limited audience where visitors will be taken into the period rooms for close inspection of furniture and decorative pieces.
- *New York History Tour* – Students will examine the Mansion's place within a timeline of significant events and periods in New York History.
- *Artist Salons* – A series where a limited number of guests will have a meal and conversation with a curator and selected contemporary artist.
- *Member Weekend Trips* – Weekend getaways where members get behind-the-scenes tours of historic sites and enjoy accommodations at a historic inn/bed and breakfast.

MJM's planned exhibitions highlight its new "Contemporary meets Colonial" theme with exhibits such as:

- Harlem Needle Arts collaboration, as part of a series of *Contemporary Arts Partnerships* where local artists, primarily men and women of color, create a site-specific installation in various textile arts;
- *Movies at the Mansion*, where glamour of early cinema will meet the elegance of the Morris-Jumel Mansion, featuring film stills, clips and drawings; and
- *Getting the Mrs. Out of the House: The Big Lives of Small Museums*, which tells the story of three employees and trustees from MJM's past and their wider influence on 20th century American culture.

At its current size, MJM's staff is too small to accommodate the projected influx of guests due to the increased number of programs and exhibitions. In order to effectively serve all visitors, the Mansion plans to hire two part-time front-of-house **Visitor Services Associates**. These employees will have previous retail experience and customer service skills; preference will be given to Spanish-speaking candidates who are best able to serve the largely bi-lingual local community. They would be scheduled to work on weekends (MJM's busiest times) and would welcome guests, answer inquiries, take reservations and sell memberships.

Increase Visibility through Concentrated Community Engagement and Robust Marketing Efforts

In order to extend the visibility attained through its 250th anniversary, the Mansion has devised a multilayered community outreach effort designed to reintroduce MJM to local residents, secure partnerships with various local entities, and build its awareness in the greater New York area.

The Mansion plans to hire a new full-time **Community Outreach Manager** to deepen Mansion's connection to a broad range of local stakeholders, with the goal of producing in-kind and financial support. **Community outreach** activities would include the following examples:

- The Community Outreach Manager would define and target individuals to secure donations or funds to underwrite programs.
- He or she would reach out to local entities such as restaurants, hospitals, and nonprofits that could sponsor events at the Mansion.
- He or she would promote the Mansion to sectors of the tourism industry such as hotel concierges in an effort to incorporate MJM into planned itineraries.

The Community Outreach Manager's activities would be reinforced by MJM's plans to increase public awareness through an expanded marketing campaign.

- MJM plans to hire a **Branding and Design Consultant** to design newly branded, cohesive **marketing materials** including brochures, rack cards, posters, and banners that would highlight the community-oriented and contemporary programming described above.
- The newly branded and bi-lingual marketing materials will be distributed throughout the local area as well as in tourist kiosks throughout Manhattan.
- The Mansion will expand its reach into the digital sphere through **Social Media Marketing** efforts.

Increase Earned Revenues Through Branded and Exclusive Gift Shop Offerings

The Executive Director and Director of Visitor Services have used their retail backgrounds to develop strategies for increasing earned revenues through the gift shop. As a result, the shop's revenues have increased steadily over the past few years, from just over \$10,000 in FY12 to over \$20,000 projected for FY15. Noting that the most popular items were smaller scale and portable, MJM will use the services of the aforementioned design consultant to design a line of new branded merchandise for the shop. The consultant will develop two levels of merchandise: affordable educational items that would appeal to school groups or local families, and higher-end items for tourists and adult groups looking for special occasion gifts. Some suggestions include educational coloring books designed by local artists such as Felipe Galindo and Andrea Arroyo, and a jewelry line inspired by decorative motifs found in the Mansion.

Not only will sales increase through increased visitorship, but MJM will also boost the gift shop's revenue potential by making items available online through its website. UMEZ funding would provide support for the costs associated with the integration of the gift shop into its **website**.

Summary

Through the successful implementation of its strategic plan, the Morris-Jumel Mansion will deepen its relationship with local stakeholders, increase its visibility in the greater New York area, expand its visitorship, and build its capacity to generate earned income. Ultimately, this plan allows MJM to retool its business model in a way that supports its programmatic goal of weaving contemporary art and culture into its historic setting. As a result, The Mansion will capture a greater and more diverse market, and elevate its status as a cultural anchor in Upper Manhattan.

To this end, MJM seeks a grant of \$156,000 from UMEZ to support the implementation of its strategic plan and the revision of its business model. UMEZ funding will support the salaries of three new hires in the areas of outreach and visitor services. It will also support one marketing consultancy, and funding for marketing and outreach materials as well as website enhancement.

With a total project cost of \$321,270 MJM will leverage \$165,270 in matching support. MJM has thus far secured \$17,000 towards the project.

JOB CREATION

The project would create a one full-time position, two part-time positions and one consultancy.

PROJECTED OUTCOMES

As a result of this initiative, the Morris-Jumel Mansion will have the additional human resources needed to achieve the goals presented in its strategic plan. The implementation of the strategic plan will support the organization's efforts to transform its business model and execute operating strategies necessary for the Mansion's long-term sustainability.

III. FINANCING REQUESTED

FUNDING SOURCES

Sources	Total
Federal EZ Funds	\$ 52,000
State EZ Funds	\$ 52,000
City EZ Funds	\$ 52,000
Total UMEZ Sources	\$ 156,000
Corporate	\$ 2,150
Foundation	\$ 18,500
Board of Directors	\$ 36,400
Individual	\$ 6,620
Earned Income	\$ 101,600
Total Morris-Jumel Mansion Sources	\$ 165,270
Total Project Cost	\$ 321,270

PROJECT BUDGET

Uses	UMEZ	MJM	Total
Salaries & Fringe	\$ 127,414	\$ 134,383	\$ 261,797
Graphic Design Consultant	\$ 7,126	\$ 7,029	\$ 14,155
OTPS (Marketing Expenses, Outreach Expenses, Website Development)	\$ 21,460	\$ 23,858	\$ 45,318
Total Project Cost	\$ 156,000	\$ 165,270	\$ 321,270

LIST ANY PRIOR UMEZ FUNDING OR PRIOR APPLICATIONS

- In 2006, MJM received a technical assistance award of \$50,000.
- In 2008, MJM received an implementation grant of \$85,855.

INDICATE HOW THE PROPOSAL MEETS THE EZ INVESTMENT CRITERIA

A. Impact

- The new full-time Community Outreach Manager would implement plans that would enhance MJM's relationships with local residents, businesses and organizations.
- The two new part-time visitor services positions would build MJM's capacity to handle the anticipated increase in visitorship due to programmatic expansion.
- Potential gift shop revenues, a key area of earned income for the Mansion, would increase.
- Implementation of the plan would increase MJM's visibility throughout the greater New York area, thus attracting more visitors to Upper Manhattan, and contributing to economic activity in the community.

B. Feasibility

- The Mansion recently conducted a variety of programs and events for its 250th anniversary celebration, which resulted in a record-breaking number of visitors; its *Hamilton* gala netted nearly \$30,000 in income, a 30% increase over its previous fundraising event in 2009.
- Carol Ward, appointed Executive Director in 2013, has been with the museum since 2008, when she was the Director of Education and Public Programs. During her tenure, the Mansion's visitorship has steadily increased; its earned revenues from programs, merchandise and rentals have grown from 20% to 37% of annual expenses; and the Mansion's visibility has greatly increased as a result of consistent media coverage.
- The 11-member Board is actively committed to executing its new vision for the Mansion, having already committed \$10,000 to the project.
- The critically-acclaimed Yinka Shonibare exhibition in 2015 has increased the Mansion's visibility and reinforced the Mansion's approach as a space for contemporary art.
- A \$1.4 million bequest from a former board member, in addition to the sale of the historic document found in the archives, has provided a significant pool of new capital for the Museum; the Board of Trustees has allocated a total of \$920,000 from these funds towards its endowment, thus increasing MJM's ongoing operating income base.

C. Strengths

- MJM has taken great strides to become an integral community resource through partnerships with local arts entities that collaborate on or host events at the Mansion.
- MJM has received a cumulative \$1.5 million grant from the Mayor's Office, Borough President Gale Brewer, and Council Member Ydanis Rodriguez towards the exterior restoration of the Mansion, signaling a growing recognition of the Mansion's importance to the neighborhood and City.
- The 2008 strategic plan yielded positive results, including renovations to the gift shop and Octagon Room, which boosted the Mansion's ability to increase its earned revenues through space rentals and gift shop sales.

D. Risks

- MJM's small operating budget may make it difficult to retain new hires after UMEZ's grant ends if projected revenue increases are not met.
- MJM must aggressively market new programs in order to secure the expected substantial increase in admissions.

IV. FINANCIALS

See Attachment

V. RECOMMENDATION

UMEZ Grant Amount: up to \$156,000
Term: 6/1/16 – 7/31/19
Conditions: N/A

Statement of Financial Position

Assets

Accounts Receivable

During FY14, a historical artifact was discovered by an employee of the Mansion. The item was auctioned in FY14, and the organization recorded net proceeds in the amount of \$719,076. As of May 31, 2014, \$252,333 of the total proceeds for the sale was still receivable.

Net Assets

Unrestricted Net Assets

Board Designated Endowment

The Board of Trustees has dedicated certain past gifts as endowments. At May 31, 2014, the Board-designated endowment net assets account was \$335,850.

Statement of Activities

Revenues and Other Support

Earned Income

Gain from sale of collection

During FY14, the organization recognized \$719,076 in net proceeds from the auction of an historical artifact. The Board has dedicated \$500,000 towards the endowment and the balance for conservation, restoration and collections projects. This income represents a non-recurring event.

Operating Income and Expense – Actual and Budget

Revenues and Other Support

Earned Income

Merchandise/Desk Sales

Steady increases from FY12 reflect the results of a UMEZ grant to renovate the gift shop. Increases in FY15 are due to the hire of new staff with sales experience, revisions to the gift shop product lines, and improved displays.

Space Rental

Significant increases in FY13 and FY14 reflect word of mouth and focused marketing efforts that have helped increase space rental income. Increases in FY15 and subsequent years reflect an increase in rental fees as well as continued marketing efforts to attract additional rentals.

250th Anniversary Event Income

The Mansion celebrated its 250th anniversary in FY15. A total of \$116,982 in earned and contributed income was recorded as anniversary income, with expenses recorded as \$88,094 for the year (netting \$28,888).

Contributed Income

Government Grants

The increase in FY13 reflects the full receipt of a funding from a previously unsolicited source. The increases in FY15 and subsequent years reflect funding from five sources projected to return with some portion of funding each year. This also reflects the Executive Director's focus on three development areas – government, foundations, and major donors – and

redirecting community-based fundraising efforts to the newly-hired Community Outreach Manager.

Corporate Contributions

The decrease in FY14 and FY15 due to a number of grants written specifically for the 250th anniversary, therefore recorded as 250th Anniversary Event income. Projected increases in FY17 and subsequent years are due to the Executive Director handling major corporate fundraising and the new Community Outreach Manager responsible for local corporate fundraising.

Foundation Grants

FY12 was an exceptional year, as MJM received a major UMEZ funds matched by the Harlem Community Development Corporation. Projected increases in FY16 and subsequent years are due to targeted fund raising efforts for the 5-year reinterpretation plan.

Board Contributions

The decrease in FY15 is due to the reduction of the board from 20 members to 12; and to having some contributions recorded as 250th Anniversary Income. The increase in FY16 and subsequent years reflects the systematic plan for board development based on an October 2015 board retreat, including the addition of new board members beginning FY17.

Individuals (Other)

Decreases in FY14 and FY15 are due to a large portion of individual donations being recorded as 250th Anniversary income. The projected increase in Individual Contributions for FY17 and subsequent years reflect anticipated public response to the launch of the 5-year reinterpretation plan, and hiring of a part-time Community Manager charged with soliciting funds from the community.

Benefit income

The \$30,000 in FY15 is due to the *Hamilton* benefit gala; FY16's jazz-themed gala is currently underway. The Museum plans to continue an annual fundraising initiative of similar scale.

Unidentified Contributions

This line reflects the remaining balance between the identified unrestricted contributions listed above and the audit's Total Unrestricted Contributions for each year.

Expenses

Salaries and employee benefits

FY12 includes positions added under a UMEZ grant; those positions were phased out in FY13 and FY14. Increases in FY14 and FY15 were due to the new Executive Director hiring new staff members, and higher-than-average staff hours due to anniversary events. Increases in FY17 through FY19 reflect the addition of three part-time employees as part of this proposed grant.

Office and Administrative Expenses

The increase in FY14 includes expenses related to preparations for the 250th Anniversary in FY15.

Programs and Exhibit/Curatorial Supplies

Increase in FY14 and subsequent years is due to an increase in the number of programs, as well as a reallocation of educators fees from the consultant expense line.

Acquisition and Restoration

FY14 includes a \$45,500 exterior restoration project; FY16 and following reflect ordinary acquisition and restoration expenses.

Telephone/Communications/Website

The increase in FY14 is due to the switch to a website provider than can be updated in-house. Increases beginning FY17 are due to the development and maintenance of the website's revenue-generating functions.

Promotional and Advertising

The increase in FY14 is due to the costs associated with the 250th Anniversary. The decrease in FY16 is due to use of in-kind marketing. The increase in FY17 reflects the execution of a large marketing campaign with new materials and the costs associated with digital advertising.

Sales Desk Purchases

The increase in FY14 reflects the purchase of better-quality and higher-cost merchandise. The increase in FY17 and decreases in FY18 and FY19 reflect a pattern of buying a bulk of new branded items upfront, and replenishing only when necessary.

Consultants

The increase in FY17 and subsequent years represents the hiring of a Graphic Design Consultant to work on marketing materials and branded merchandise for the gift shop.

Morris-Jumel Mansion, Inc.
Statement of Financial Position
Historical

July 19, 2016 CIIF Grant Proposal for \$156,000
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\$US	Fiscal Year ending May 31		
	FY12A	FY13A	FY14A
ASSETS			
Cash and Cash Equivalents	31,916	61,418	499,857
Investments	573,659	600,641	566,835
Pledges receivable	0	0	8,569
Accounts Receivable	0	0	252,333
Unconditional promises to give	10,000	2,919	0
Prepaid Expenses	925	0	1,328
Furniture and equipment, net	15,329	32,373	27,507
Intangible asset, net (website)	13,667	6,834	0
TOTAL ASSETS	645,496	704,185	1,356,429
LIABILITIES & NET ASSETS			
LIABILITIES			
Accounts Payable and Accrued Expenses	25,537	17,647	28,110
TOTAL LIABILITIES	25,537	17,647	28,110
NET ASSETS			
Unrestricted Net Assets			
Board Designated	46,841	46,841	46,841
Board Designated Endowment	335,850	335,850	335,850
Capitalized assets	28,996	39,207	0
Other unrestricted	(175,918)	(119,550)	(123,184)
Total Unrestricted	235,769	302,348	259,507
Temporarily Restricted Net Assets	126,861	126,861	811,483
Permanently Restricted Net Assets	257,329	257,329	257,329
TOTAL NET ASSETS	619,959	686,538	1,328,319
TOTAL LIABILITIES AND NET ASSETS	645,496	704,185	1,356,429

Morris-Jumel Mansion, Inc.
Statement of Activities
Historical

July 19, 2016
CIIF Grant Proposal for \$156,000

\$US	Fiscal Year ending May 31		
	FY12A	FY13A	FY14A
REVENUES AND OTHER SUPPORT			
Earned Income			
Admissions	46,206	48,454	57,913
Merchandise Sales	10,207	12,355	14,733
Space Rental Fees	5,360	17,764	23,430
Net realized/unrealized gain on investments	(25,270)	44,212	48,830
Interest and dividends	16,267	12,219	11,440
Gain from sale of collection	0	0	719,076 *
Total Earned Income	52,770	135,004	875,422
Contributed Income			
Contributions	157,368	198,279	125,404
Total Contributed Income	157,368	198,279	125,404
TOTAL REVENUES AND OTHER SUPPORT	210,138	333,283	1,000,826
% Change in Revenue	-13%	59%	200% *
% Change in Expense	4%	-2%	35%
Income Mix: Earned	25%	41%	87%
Contributed	75%	59%	13%
EXPENSES			
Program Services			
Admissions	61,374	64,415	65,192
Education	130,756	125,346	128,893
Restoration	14,865	13,813	98,023
Total Program Services	206,995	203,574	292,108
Supporting Services			
Management and general	56,383	49,884	51,135
Fund-raising	8,347	13,246	15,802
Total Supporting Services	64,730	63,130	66,937
TOTAL EXPENSES	271,725	266,704	359,045
Change in Net Assets	(61,587)	66,579	641,781
Net Assets - Beginning of Year	681,546	619,959	686,538
Prior Period Adjustment	0	0	0
Net Assets - End of Year	619,959	686,538	1,328,319

* Gain from sale of collection in FY14 was a one-time event and is not representative of ongoing operating activities

Morris-Jumel Mansion, Inc.
Operating Income and Expense - Actuals and Budget

July 19, 2016
CIIF Grant Proposal for \$156,000

\$US	Fiscal Year ending May 31								
	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Projected	FY16 Budget	FY17 Budget	FY18 Budget	FY19 Budget	FY20 Budget
REVENUES AND OTHER SUPPORT									
Earned Income									
Interest and Dividends	16,267	12,219	11,440	24,760	27,236	25,000	25,000	25,000	25,000
Net realized/unrealized gain investments	(25,270)	44,212	48,830	34,826	34,826	30,000	30,000	30,000	30,000
Programs/Admissions/Membership	46,206	48,454	57,913	59,686	61,477	63,321	65,221	67,829	71,221
Merchandise/Desk Sales	10,207	12,355	14,733	20,276	23,317	29,017	34,877	40,934	49,121
Space Rental	5,360	17,764	23,430	46,235	69,000	71,070	73,202	76,130	79,937
250th Anniversary Events Income*	0	0	0	116,982	0	0	0	0	0
Total Earned Income	52,770	135,004	156,346	302,765	215,856	218,408	228,300	239,894	255,278
Contributed Income									
UMEZ	10,235	8,586	0	0	0	71,060	52,780	32,160	0
Government Grants	8,136	38,728	11,258	12,634	12,634	13,266	13,929	14,625	15,356
Corporation contributions	2,500	3,000	2,156	850	850	1,275	1,913	2,295	2,754
Foundation Grants	107,184	59,551	34,610	24,535	30,000	36,000	45,000	54,000	64,800
Board Contributions	12,275	19,100	18,475	10,740	22,500	27,000	32,400	38,880	46,656
Individuals (Other) Contributions	15,161	14,992	9,857	8,606	8,606	9,467	10,413	11,455	12,601
Benefit income (net of direct expenses)	0	0	0	30,000	50,000	30,000	30,000	30,000	30,000
Unidentified contributions	877	54,322	31,659	0	0	0	0	0	0
Total Contributed Income	156,368	198,279	108,015	87,365	124,590	188,068	186,435	183,415	172,167
TOTAL REVENUES AND OTHER SUPPORT	209,138	333,283	264,361	390,130	340,446	406,476	414,735	423,309	427,445
% Change in Revenue	5%	59%	-21%	48%	-13%	19%	2%	2%	1%
% Change in Expense	4%	-3%	28%	28%	-24%	21%	3%	4%	2%
Income Mix: Earned	22%	41%	59%	78%	63%	54%	55%	57%	60%
Contributed	78%	59%	41%	22%	37%	46%	45%	43%	40%
EXPENSES									
Payroll Salaries	181,960	158,929	135,076	198,410	181,994	224,304	229,994	236,387	243,479
Fringe Benefits	29,659	32,364	20,194	37,217	35,502	38,425	39,526	40,128	40,931
Office and Administrative Expenses	19,652	18,910	42,830	40,974	40,858	40,948	41,993	44,271	45,599
Programs and Exhibit/Curatorial Supplies	13,454	16,651	25,204	28,000	28,000	30,800	33,880	37,268	40,995
Acquisition and Restoration	0	0	57,653	0	5,000	5,000	5,000	5,000	5,000
Telephone/Communications/Website	3,614	4,420	8,464	4,170	4,079	5,201	5,857	6,033	6,214
Promotional and Advertising	0	2,320	4,054	2,445	1,500	13,300	12,416	13,146	13,540
Sales Desk Purchases	2,937	8,314	15,508	12,957	12,957	16,472	15,225	15,682	15,682
Consultants	2,800	2,000	1,500	1,795	0	5,126	5,201	5,305	0
Miscellaneous	10,499	9,340	10,650	15,292	14,729	13,875	14,291	14,720	15,162
250th Anniversary Event Expenses	0	0	0	88,094	0	0	0	0	0
TOTAL EXPENSES BEFORE DEPRECIATION	264,575	253,248	321,133	429,354	324,619	393,451	403,383	417,940	426,601
OPERATING SURPLUS /<DEFICIT> BEFORE DEP.	(55,437)	80,035	(56,772)	(39,224)	15,827	13,025	11,352	5,369	844
Depreciation	7,150	9,700	15,438						
TOTAL EXPENSES	271,725	262,948	336,571	429,354	324,619	393,451	403,383	417,940	426,601

*250th Anniversary Income includes \$53,757 in earned revenue and \$63,225 in contributed revenue; the corresponding expenses for these activities totalled \$88,094

Morris-Jumel Mansion, Inc.
Project Budget
Proposed Grant Period: 6/1/16 - 5/31/19

July 19, 2016
CIIF Grant Proposal for \$156,000

\$US	Year 1: 6/1/16 - 5/31/17			Project Funds Committed To Date	Year 2 : 6/1/17 - 5/31/18			Year 3: 6/1/18 - 5/31/19			TOTAL PROJECT		
	UMEZ Funds	Org Funds	Total		UMEZ Funds	Org Funds	Total	UMEZ Funds	Org Funds	Total	UMEZ Funds	Org Funds	Total Project
REVENUES AND OTHER SUPPORT													
Contributed Income													
UMEZ (OPERATING)	71,060	0	71,060		52,780	0	52,780	32,160	0	32,160	156,000	0	156,000
Corporate Support	0	500	500	5,000	0	750	750	0	900	900	0	2,150	2,150
Foundation Support	0	5,000	5,000	10,000	0	6,000	6,000	0	7,500	7,500	0	18,500	18,500
Individuals - Board of Directors	0	10,000	10,000	2,000	0	12,000	12,000	0	14,400	14,400	0	36,400	36,400
Individuals - Others	0	2,000	2,000		0	2,200	2,200	0	2,420	2,420	0	6,620	6,620
Earned Income													
Gift Shop Sales	0	10,000	10,000		0	15,800	15,800	0	21,800	21,800	0	47,600	47,600
Admissions	0	12,000	12,000		0	18,000	18,000	0	24,000	24,000	0	54,000	54,000
TOTAL REVENUES & OTHER SUPPORT	71,060	39,500	88,560	17,000	52,780	54,750	107,530	32,160	71,020	103,180	156,000	165,270	321,270
OPERATING EXPENSES													
Personnel													
Executive Director, Carol Ward @20%	0	12,000	12,000		0	12,000	12,000	0	12,000	12,000	0	36,000	36,000
Director of Visitor Services, @20%	0	9,000	9,000		0	9,000	9,000	0	9,000	9,000	0	27,000	27,000
Community Outreach Manager	28,000	7,000	35,000		24,500	10,500	35,000	17,500	17,500	35,000	70,000	35,000	105,000
Visitor Services Associate 1	8,736	2,184	10,920		7,644	3,276	10,920	5,460	5,460	10,920	21,840	10,920	32,760
Visitor Services Associate 2	8,736	2,184	10,920		7,644	3,276	10,920	5,460	5,460	10,920	21,840	10,920	32,760
Total Personnel	45,472	32,368	77,840		39,788	38,052	77,840	28,420	49,420	77,840	113,680	119,840	233,520
Employee Benefits													
FICA (7.65%)	3,479	2,476	5,955		3,044	2,911	5,955	1,339	2,945	4,284	7,862	8,332	16,194
SUTA (4.5%)	2,045	1,457	3,502		1,790	1,713	3,503	1,278	2,224	3,502	5,113	5,394	10,507
Workers comp (.45%)	205	146	351		179	171	350	79	173	252	463	490	953
Disability (.3%)	133	97	230		119	114	233	44	116	160	296	327	623
Total Fringe and Benefits	5,862	4,176	10,038		5,132	4,909	10,041	2,740	5,458	8,198	13,734	14,543	28,277
Consultants													
Branding and Design Consultant	5,126	0	5,126		2,000	3,200	5,200	0	3,829	3,829	7,126	7,029	14,155
Total Consultant Fees	5,126	0	5,126		2,000	3,200	5,200	0	3,829	3,829	7,126	7,029	14,155
OTPS Expenses													
Marketing Materials	5,800	1,700	7,500		2,700	6,056	8,756	1,000	7,474	8,474	9,500	15,230	24,730
Social Media Marketing	4,000	0	4,000		1,500	0	1,500	0	1,000	1,000	5,500	1,000	6,500
Community Outreach Expenses	4,000	1,000	5,000		1,660	2,000	3,660	0	3,620	3,620	5,660	6,620	12,280
Website	800	256	1,056		0	533	533	0	219	219	800	1,008	1,808
Total OTPS Expenses	14,600	2,956	17,556		5,860	8,589	14,449	1,000	12,313	13,313	21,460	23,858	45,318
TOTAL PROJECT BUDGET	71,060	39,500	110,560	17,000	52,780	54,750	107,530	32,160	71,020	103,180	156,000	165,270	321,270
SURPLUS / <DEFICIT>	0	0	0		0	0	0	0	0	0	0	0	0

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

**REGARDING APPROVAL TO FUND A
CULTURAL INDUSTRY INVESTMENT FUND PROJECT**

AT A BUSINESS MEETING HELD ON THE 17th DAY OF MAY 2016

WHEREAS, the Cultural Industry Investment Fund Committee has reviewed the materials presented to it, a copy of which has been filed with the records of the Upper Manhattan Empowerment Zone Development Corporation (“UMEZ”), relating to a grant for a period of thirty-seven (37) months to Morris-Jumel Mansion, Inc., to build organizational and outreach capacity (the “Project”); and

WHEREAS, the Cultural Industry Investment Fund Committee has found it to be a desirable project, consistent with the New York Empowerment Zone’s Strategic Plan, and the investment criteria for initiatives seeking financial support.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors approves the Project and authorizes UMEZ to submit the Project to the New York Empowerment Zone Corporation for authorization to fund a grant for a period of thirty-seven (37) months not to exceed ONE HUNDRED FIFTY-SIX THOUSAND DOLLARS (\$156,000), subject to terms and conditions substantially similar to those included in the presentation materials; and be it

FURTHER RESOLVED, that the approval of the Project authorized by these resolutions shall expire nine (9) months after the adoption of these resolutions; and be it

FURTHER RESOLVED, that the President and CEO or his/her respective designees, are hereby authorized on behalf of UMEZ to make such changes to the terms and conditions of the transaction as may be appropriate, execute and deliver any and all documents and take any and all actions as they may deem necessary or proper to effectuate the foregoing resolutions.

September 21, 2016

UPPER MANHATTAN EMPOWERMENT ZONE DEVELOPMENT CORPORATION – Morris-Jumel Mansion – A \$156,000 grant for the implementation of its strategic plan and revision of its business model.

RESOLVED, that on the basis of the materials (the "Materials") presented to the Directors of the Corporation, a copy of which is hereby ordered filed with the records of the Corporation, relating to the Upper Manhattan Empowerment Zone Development Corporation ("UMEZ") initiative for a grant to Morris-Jumel Mansion (the "Initiative") for the implementation of its strategic plan and revision of its business model. The Corporation is hereby authorized to disburse to UMEZ an amount not to exceed **ONE HUNDRED FIFTY SIX THOUSAND DOLLARS (\$156,000)** for the purposes and on the terms and conditions described in the Materials; and in accordance with the terms, conditions and procedures set forth in the Operating Principles Memorandum of Understanding, dated as of January 19, 1996, entered into by the Corporation with the State of New York (the "State"), the City of New York (the "City") and others ("MOU"); and be it further

RESOLVED, that for the purpose of providing the funds, the Corporation is hereby authorized to accept and utilize funds for a grant an amount not to exceed **ONE HUNDRED FIFTY SIX THOUSAND DOLLARS (\$156,000)** accordance with the MOU; and be it further

RESOLVED, that the President and Treasurer, or their respective designee(s), acting jointly are hereby authorized in the name and on behalf of the Corporation to execute and deliver any and all documents and to take any and all actions as they may deem necessary or proper to effectuate the foregoing resolutions.

FOR CONSIDERATION

September 21, 2016

TO: The Directors

FROM: Howard Zemsky

SUBJECT: New York (New York County) - Upper Manhattan Empowerment Zone Development Corporation

REQUEST FOR: **Authorization for a Grant to Hispanic Federation and to Take Related Actions.**

I. Initiative Summary

Organization Name: Upper Manhattan Empowerment Zone Development Corporation ("UMEZ")
55 West 125th Street, 11th Floor
New York, New York 10027

Contact: Kenneth J. Knuckles
President and CEO
(212) 410-0030

Proposed Initiative: A \$100,000 grant for capacity building support to Julia de Burgos Performance and Arts Center ("JdBPAAC").

Total Initiative Cost: \$302,000

Proposed Empowerment Zone ("EZ") Investment: \$100,000 (Grant)

Funding Sources:

Federal EZ SSBG Funds:	33,334.00
State EZ funds:	33,333.00
City EZ Funds:	33,333.00
Others:	202,000.00
TOTAL	302,000.00

Fiscal Year: 2017

II. Initiative Narrative

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

III. Conditions for Approval

Funding is subject to the Corporation's approval of UMEZ's monitoring system which must ensure that adequate policies and procedures are adopted to safeguard against misappropriation and provide for appropriate controls with respect to each grant.

The release of funds for this initiative is subject to certification by the Deputy Mayor's Office (i) that all procurement solicitation processes fulfill all applicable requirements set forth in the Operating Principles Memorandum of Understanding (the "MOU") dated as of January 19, 1996, and (ii) that each procurement selection process has been completed in accordance with those requirements.

The release of funds for this initiative is subject to UMEZ presenting to the Corporation for approval detailed written information on implementation of this initiative and the terms and conditions for the grant from UMEZ to **Hispanic Federation**. The provision of funding for this initiative is contingent upon the Corporation receiving satisfactory evidence of all other funding sources for the initiative.

The disposition of recovered grants is subject to the approval of New York Empowerment Zone Corporation's Board of Directors.

IV. Initiative Benchmarks

The initiative will achieve the following benchmarks:

- Strengthen JdBPAAC's current rental revenue
- Create and implement a fundraising and marketing plan for JdBPAAC
- Help identify new managing agent for JdBPAAC

This initiative will benefit EZ residents:

- Create one job

V. Federal Funding Goals

This initiative will meet the following Federal funding goals:

- Achieve or maintain economic self-support, to prevent, reduce, or eliminate dependency.
- Achieve or maintain self-sufficiency by reducing or preventing social dependency.

This initiative will meet the following Federal programmatic options:

- New physical infrastructure development, which is feasible, attainable in the current economic environment and sustainable.
- Permanent job creation, including without limiting the foregoing, promotion, encouragement and creation of opportunities for small, medium and large business development in the EZ/EC that will create permanent jobs for the Enterprise Zone.
- Increasing the number of permanent –job creating new businesses in the EZ/EC.
- Leveraging of Federal, State, and City EZ/EC funding and not-for-profit funding with private capital.

VII. Additional Materials

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

FOR CONSIDERATION

TO: NEW YORK EMPOWERMENT ZONE BOARD OF DIRECTORS

FROM: KENNETH J. KNUCKLES, PRESIDENT AND CEO
UPPER MANHATTAN EMPOWERMENT ZONE DEVELOPMENT CORPORATION

DATE: SEPTEMBER 21, 2016

SUBJECT: HISPANIC FEDERATION, JULIA DE BURGOS PERFORMANCE AND ARTS CENTER

REQUEST FOR: GRANT AWARD OF UP TO \$100,000

PROPOSAL SUMMARY

CIIF PROJECT MANAGER: Cheryl Anhava

COMPANY: Hispanic Federation, Inc.

CONTACT: Jaslyn Jimenez-Pena, Vice President for Programs

ADDRESS: 55 Exchange Place, Suite 501, New York, NY 10005

TELEPHONE/E-MAIL: (212) 233-8955 x126 / jjimenez@hispanicfederation.org

TYPE OF BUSINESS: Service Organization

TAX STRUCTURE: 501(c)(3) Nonprofit organization

IRS TAX ID#: 13-3573852

DATE INCORPORATED: 1990

TOTAL PROJECT COST: \$302,000

FINANCING REQUESTED: \$100,000

TIME FRAME: 7/1/16 – 6/30/17

FUNDING SOURCES:

Federal SBG EZ Funds:	\$	33,334
State EZ Funds:	\$	33,333
City EZ Funds:	\$	33,333
Other:	\$	<u>202,000</u>
Total	\$	302,000

EMPLOYMENT:

Projection:	EZ	UM	Others	Total
Full time	0	0	2	2
Part time	1	0	0	1
Consultant	<u>3</u>	<u>0</u>	<u>2</u>	<u>5</u>
Total	4	0	4	8

I. SUMMARY OF INITIATIVE

The Hispanic Federation (HF) has been tasked with the revitalization and restructuring of the Julia de Burgos Performance and Arts Center (JdBPAAC). With the support from a previous UMEZ grant, HF has successfully created a low-cost rental program and a robust program calendar, turning this previously underutilized space into a cultural hub for local artists and residents. HF must now work to strengthen JdBPAAC's current rental revenue, create and implement a fundraising and marketing plan, and identify a new managing agent to take on the management of JdBPAAC when HF's lease expires on September 31, 2018.

Of primary interest for UMEZ in this proposed grant will be the progress made toward a working business model, detailing operating goals for increased rental revenue, program sponsorship, and visibility; and the progress in identifying and engaging organizations who would be interested in managing the space when it is spun off by the Federation.

Sources		Uses	
UMEZ	\$ 100,000	Salaries	\$ 105,000
		Payroll Taxes & Benefits	\$ 16,650
		Consultants	\$ 21,150
		Space Rental	\$ 66,000
		Sub-Contract Expenses	\$ 30,000
		Non-Personnel Expenses	\$ 63,200
Uncommitted	\$ 202,000		
Total Project Cost	\$ 302,000		\$ 302,000

II. DESCRIPTION OF INITIATIVE

DESCRIPTION OF BUSINESS/ORGANIZATION

The Julia de Burgos Performance & Arts Center (JdBPAAC) is a Latino artistic, cultural, educational and civic space that seeks to promote and enhance the quality of life in East Harlem through exhibitions, performances, film screenings, special events, community engagement, facility rentals and educational programs. JdBPAAC is a part of the Julia de Burgos Latino Cultural Center and incorporates four spaces: a 164 seat Theater, a Multi-purpose Pavilion that holds up to 200 people, and two Studio/classrooms.

Approximately three years ago, the Hispanic Federation (HF) was selected by the NYC Economic Development Corporation to revive the public spaces at Julia de Burgos Latino Cultural Center, located at 1680 Lexington Avenue in East Harlem, as an artistic cultural center for the community. Through a grant from UMEZ to develop a rental program and provide capacity building technical assistance to the Cultural Center, HF laid the groundwork for a cultural center in East Harlem, now called the Julia de Burgos Performance and Arts Center (JdBPAAC) to serve Latino youth and their families through programs and activities designed to foster cultural pride, self-esteem, and art appreciation.

Central to the revitalization of JdBPAAC was the development of a comprehensive restructuring plan focusing on the following key areas: an affordable rental structure, creation of JdBPAAC signature programming activities, and initiation of JdBPAAC fundraising and marketing efforts. The restructuring

efforts by HF resulted in several management milestones, and significant programming and service growth, as listed below:

- Created and implemented a new community-focused “Presenta” series of eleven signature programs encompassing a variety of events that are free and open to the public.
- Developed and operationalized a program rental plan and policies for renting the Multipurpose room, Studios and Theater spaces.
- Hired a full-time rental manager to oversee and manage the program and space rentals.
- Developed and launched a brand-new JdBPAC website (<http://www.jdbpacnyc.org/>).
- Developed and launched a marketing and outreach plan to publicize JdBAC to the community.

When HF assumed management control over the JdBPAC rental spaces, it encountered a number of deficiencies, including soundproofing issues and the need for basic equipment to make the theater spaces operational. Since then HF has overseen the following upgrades:

- Soundproofing – JdBPAC soundproofing took longer than expected but has since been completed.
- Equipment upgrades – HF oversaw the upgrading of the theater spaces in order to run a bona fide theater venue. HF’s efforts included buying and installing audio/visual equipment and new furniture, tables and chairs, which allowed flexible seating (proscenium or thrust stage) arrangements.

In addition, through NYC capital funding, Speaker Melissa Mark-Viverito’s office has allocated \$900,000 in FY2016-2017 to the Julia de Burgos Cultural Center (the part of the building currently operated and managed by the New York City Economic Development Corporation). These funds will help create a state-of-the art theater in East Harlem by upgrading its audio visual system, re-hauling and creating comfortable retractable seating to allow different uses for the space and adding two portable billboards on each corner of the building between 105th and 106th streets on Lexington Avenue. Contractors have already assessed the spaces and are expected to start work during the last quarter of the year.

PROJECT REQUEST

The Hispanic Federation requests a \$100,000 grant from the Upper Manhattan Empowerment Zone to provide further capacity building support to the Julia de Burgos Performance and Arts Center for a period of one year, July 1, 2016 to June 30, 2017.

PROJECT GOALS AND STRATEGIES

The Hispanic Federation spent the last two years reactivating four underutilized spaces in JdBPAC, by creating a rental program that offered affordable and free rental spaces to artists, nonprofit arts and service organizations, for-profit institutions and residents in the community. During this time, HF also created a variety of arts and education programs. The crucial next steps in transforming JdBPAC into a sustainable, vibrant cultural tourism hub in East Harlem are to increase rental revenue and identify sponsors to fund the current programs.

HF is committed to supporting JdBPAC until the end of its lease, on September 31, 2018. In order to ensure the Center thrives well beyond this period, another organization should be selected to begin the transition into the role of managing agent next year. Thus, it is HF’s goal to identify this new agent during the course of this grant.

JdBPAC Space Rentals

HF has initiated outreach to new prospective markets. Cultivating new audiences and expanding facility space rentals are efforts that take time and resources. The current JdBPAC **Rental Manager**, partially funded by UMEZ, is the only full-time staff member in charge of all operational activities and accordingly, and has been unable to work on expanding JdBPAC work to include evening and weekend rentals, which would increase the universe of potential paying JdBPAC users. Through UMEZ funding, HF plans to hire an additional **Rental Manager** on a part-time basis to work evening and weekend rentals.

Funding from UMEZ would help to expand the support and staff, including a **Technical Director** to manage audio-visuals for JdBPAC programs and rental clients, and a **Space Maintenance Consultant** to assist with space maintenance, small renovations, and basic housekeeping of the space before and after events and rentals. HF's current **Assistant Vice President for Communications and Special Events** will dedicate 50% of his time to overseeing programming, external marketing, and overall management. Through UMEZ funding, HF will also purchase **Rental Management Software** to record rental activity and revenue, and produce detailed and accurate reporting.

Program Sponsorship

Another effort to bolster the rental program will be the incorporation of event sponsorships from community and external businesses. During the life of this grant, HF will submit proposals to a targeted list of corporate and private foundations, and cultivate potential event sponsors for JdBPAC's "Signature" series programming.

Potential corporate and private foundation partnerships may include the following:

- National Endowment for the Arts
- Charles Hayden Foundation
- Rose M. Badgeley Residuary Charitable Trust
- Time Warner
- Bank of America
- Heineken

Additional fundraising initiatives will include the following:

- Update JdBPAC donor database and prepare for fall fundraising campaign
- Launch JdBPAC fall fundraising campaign
- Send Holiday greetings to all donors and end-of-year appeal
- Launch JdBPAC Spring fundraising campaign
- Host Thank-You donor reception

Marketing

Through UMEZ funding, HF will retain **PR Consultant** Aurora Communications, Inc., a public relations and marketing firm based in El Barrio/East Harlem. Headed by Aurora Flores, a life-long resident of El Barrio and media expert, Aurora Communications will expand JdBPAC's marketing and outreach plan to promote JdBPAC's signature programs and rental spaces. HF will begin to focus more attention on promoting rental spaces.

Funding from UMEZ will also help support the hiring of an additional **PR Consultant**, specializing in marketing through social media. Together, these consultants will work with HF to execute the recently created marketing campaign, which includes:

- E-blasts and distribution of flyers/other promotional materials to a list of elected officials, non-profit and community based organizations, former event attendees, and select media, totaling over 50,000 names.
- Branding of JdBPAC, using logo development and graphic design to better communicate their space as a viable and low-cost rental and event space open to the community.
- With public funding from NYC Council Speaker Melissa Mark-Viverito, HF will place outdoor billboards advertising JdBPAC's events and rentals, as funds are made available.
- A web-page is now dedicated to rental reservations, and includes links to more detail about the available spaces, which includes a 164-seat Theater, and the Multi-Purpose Pavilion that holds up to 200 people, and two studio/classrooms. It also has an events calendar, prices and policies, and an online rental application form.

Funding from UMEZ will help to expand the Marketing capacity and staffing further in 2016, including hiring a **Digital Media Consultant** to provide technical/back-end support for the Center's website and other media and technical needs, such as updating social media, and connecting with other media outlets.

Managing Agent

It is the intention of the Hispanic Federation to transition out its role as the "managing agent" to another entity after the conclusion of its five-year lease agreement. The entity selected to assume the managing agent role will be expected to implement all of the marketing and space rental functions, maintenance/repairs as well as compliance with the space use/rental policies and obligations of the lease with the city.

The new managing agent would also supervise the technical staff and handle the budgeting and accounting functions, including the collection of rental fees and the payment of bills. The ideal entity will have experience managing arts venues and/or other properties, and a commitment to the arts and community development.

Following is the estimated timeline to identify and begin the transition of a new managing agent:

July - September 2016

- Identify list of managing agents
- Contact via phone and e-mail to explore interest
- Mail letters/e-mails to schedule in-person meetings regarding JdBPAC
- Conduct exploratory meetings with a potential pool of candidates

October - December 2016

- Draft RFP for selection of new managing agent
- Vet RFP with internal and external stakeholders to align selection criteria
- Finalize RFP
- Issue RFP to pre-selected organizations (by invitation only)
- Deadline for RFP (Date TBD)
- Review proposals (an ad-hoc review committee will be established)
- Interview finalists

January - March 2017

- Select finalist
- Notify all interested parties of final selection (i.e. UMEZ, City, etc.)
- Send announcement letter to selected managing agent

April - June 2017

- Orientation with new managing agent
- Schedule meetings with Rental Manager, Community Groups, and other key stakeholders
- Draft transition timeline

SUMMARY

HF has reignited JdBPAAC through the creation of a rentals program and a variety of new programming. In order for JdBPAAC to become a self-sustainable entity, HF will focus on increasing rental revenue, implementing a more aggressive marketing plan, and fundraising specifically for the current programs happening at the Center. HF will simultaneously focus on the identification and transition of a new managing agent and the co-creation of a business model that will sustain the Center well beyond HF's departure.

JOB CREATION

UMEZ funding will be used to create one new part-time position and two full-time positions, one of which was created and funded by UMEZ during the previous grant cycle. UMEZ will also support three new and two renewed consultancies.

PROJECTED OUTCOMES

As a result of this grant, HF will increase JdBPAAC's rental revenue, and begin working with the next managing agent to create a working business model that will sustain JdBPAAC's future financial and programmatic viability.

III. FINANCING REQUESTED

FUNDING SOURCES

Sources	Total
Federal EZ Funds	\$ 33,334
State EZ Funds	\$ 33,333
City EZ Funds	\$ 33,333
Total UMEZ Sources	\$ 100,000
Government	\$ 66,000
Foundation	\$ 35,000
Corporate	\$ 25,000
Individual	\$ 1,000
Facility Rental Income	\$ 75,000
Total HF Sources	\$ 202,000
Total Project Cost	\$ 302,000

PROJECT BUDGET

Uses	UMEZ	HF	Total
Salaries	\$ 43,260	\$ 61,740	\$ 105,000
Fringe Benefits	\$ 6,740	\$ 9,910	\$ 16,650
Consultant Fees	\$ 21,150	\$ 0	\$ 21,150
Non-personnel Expenses	\$ 28,850	\$ 130,350	\$ 159,200
Total Project Cost	\$ 100,000	\$ 202,000	\$ 302,000

LIST ANY PRIOR UMEZ FUNDING OR PRIOR APPLICATIONS

- In 2006, 2008, and 2010, HF received a grant to support the incubation of the Northern Manhattan Arts Alliance totaling \$1,250,000.
- In 2013, HF received a \$100,000 grant to develop a rental program at JdBPAC.

INDICATE HOW THE PROPOSAL MEETS THE EZ INVESTMENT CRITERIA**A. Impact**

- HF will identify and begin the transition of a new managing agent for JdBPAC.
- HF will create a working business model to plan for the future financial stability of JdBPAC.
- JdBPAC will continue to grow its rental and marketing program, and increase rental revenue.
- Increased sponsorship, leading to increased corporate support that can be sustained long-term.
- Increased marketing, website and social media engagement to attract greater program attendance and rental activity.
- JdBPAC will further solidify its presence in El Barrio, amongst a local community that was losing confidence in its reactivation.

B. Feasibility

- Over the past two years, HF has created a rental market for JdBPAC, increasing rental income from \$30,000 to \$70,000 from FY14 to FY15.
- JdBPAC is currently under the HF umbrella, and receives funding through HF's unrestricted Corporate and Foundation sources.

C. Strengths

- JdBPAC now has a variety of signature programs, engaging more than 41,000 individuals and families since 2014.
- JdBPAC's rental operation is well established, with a full-time Rental Manager firmly in place.
- HF has relationships with an extensive list of prospective funders that they can cultivate for JdBPAC's programs.

D. Risks

- Rental income appears to be increasing each year, but not yet enough to support an independent organization's budget. In many cases, community members and non-profit partners use the "space free of charge or at a significantly subsidized rate," further reducing projected rental income.
- There is currently no fundraising activity to support the current programming, relying solely on HF staff and in-kind support, and UMEZ funds.

- While the current programs are successful and well attended, no-one is on deck to maintain them once HF leaves.
- HF must identify a successor who is capable of supporting and operating JdBPAAC's rental, marketing and events program, and general operations.
- HF plans to transition out of its role as the managing agent once its lease ends on September 31, 2018.
- HF assumes that UMEZ will provide them with an additional \$100,000 upon the completion of this grant.

IV. FINANCIALS

See Attachment

V. RECOMMENDATION

UMEZ Grant Amount: up to \$100,000
Term: 7/1/16 – 6/30/17
Conditions: N/A

**Hispanic Federation (Julia de Burgos Performance & Arts Center)
Audited Statement of Financial Position**

July 19, 2016
CIIF Grant Proposal for \$100,000

\$US	Fiscal Year Ending December 31		
	FY13A	FY14A	FY15A
ASSETS			
Cash and Cash Equivalents	1,482,559	1,724,737	2,282,735
Grants, appropriations, and contracts receivable	1,334,656	2,350,301	1,336,946
Prepaid expenses	47,316	55,735	87,771
Property and equipment, net	5,339,849	5,175,878	4,996,541
Deferred financing/Loan fees, net of amortization	9,277	8,274	7,271
TOTAL ASSETS	8,213,657	9,314,925	8,711,264
LIABILITIES & NET ASSETS			
LIABILITIES			
Accounts Payable and Accrued Expenses	411,633	533,935	159,319
Grants and donations payable	388,079	887,031	406,297
Security deposits	1,550	14,907	2,600
Refundable advances	37,500	37,500	50,000
Current maturities of long-term debt	65,783	68,287	70,708
Long-term debt, less current maturities	1,763,627	1,695,340	1,624,410
TOTAL LIABILITIES	2,668,172	3,237,000	2,313,334
NET ASSETS			
Unrestricted Net Assets			
Operating	205,636	722,047	1,160,546
Property and equipment, net	5,339,849	5,175,878	4,996,541
Temporarily Restricted Net Assets	0	180,000	240,843
TOTAL NET ASSETS	5,545,485	6,077,925	6,397,930
TOTAL LIABILITIES AND NET ASSETS	8,213,657	9,314,925	8,711,264

Hispanic Federation (Julia de Burgos Performance & Arts Center)
Audited Statement of Activities

July 19, 2016
CIIF Grant Proposal for \$100,000

\$US	Fiscal Year Ending December 31		
	FY13A	FY14A	FY15A
REVENUES AND OTHER SUPPORT			
Earned Income			
Special events revenue	1,034,216	1,206,190	1,561,513
Interest income	1,003	797	397
Rental income	47,374	139,300	150,317
Total Earned Income	1,082,593	1,346,287	1,712,227
Contributed Income			
Grants, contracts, and contributions	4,474,727	5,955,991	5,918,326
Contribution Received in donation of CAUSA, Inc.	114,253	0	0
Donations-in-kind	941,563	1,413,187	1,934,038
Total Contributed Income	5,530,543	7,369,178	7,852,364
TOTAL REVENUES AND OTHER SUPPORT	6,613,136	8,715,465	9,564,591
% Change in Revenue	20%	32%	10%
% Change in Expense	19%	29%	13%
Income Mix: Earned	16%	15%	18%
Contributed	84%	85%	82%
EXPENSES			
Program Services			
Advocacy	956,787	1,108,308	1,173,802
Community Assistance	2,838,996	3,603,162	3,955,134
Grant making	402,861	558,326	660,651
Technical Assistance	1,020,371	1,788,227	2,004,475
Total Program Services	5,219,015	7,058,023	7,794,062
Management and general	420,961	471,515	588,485
Cost of direct benefit to donors	148,169	160,201	202,768
Fundraising			
Gala	191,070	155,079	186,023
General	347,840	338,207	473,248
Total Fundraising	538,910	493,286	659,271
TOTAL EXPENSES	6,327,055	8,183,025	9,244,586
Change in Net Assets	286,081	532,440	320,005
Net Assets - Beginning of Year	5,259,404	5,545,485	6,077,925
Prior Period Adjustment	0	0	0
Net Assets - End of Year	5,545,485	6,077,925	6,397,930
Check	0	0	0

**Hispanic Federation (Julia de Burgos Performance & Arts Center)
Operating Income and Expense**

July 19, 2016
CIIF Grant Proposal for \$100,000

\$US	Fiscal Year Ending December 31		
	FY13A	FY14A	FY15A
REVENUES AND OTHER SUPPORT			
Earned Income			
Special Events Revenue	1,034,216	1,206,190	1,561,513
Interest income	1,003	797	397
Rental income	47,374	139,300	150,317
Total Earned Income	1,082,593	1,346,287	1,712,227
Contributed Income			
Grants, contracts, and contributions	4,474,727	5,775,991	5,584,993
Donations-in-kind	941,563	1,413,187	1,934,038
Net assets released from restrictions	0	0	272,490
Total Contributed Income	5,416,290	7,189,178	7,791,521
TOTAL REVENUES AND OTHER SUPPORT	6,498,883	8,535,465	9,503,748
% Change in Revenue	20%	31%	11%
% Change in Expense	19%	30%	13%
Income Mix: Earned	17%	16%	18%
Contributed	83%	84%	82%
EXPENSES			
Salaries and Wages	1,514,560	1,751,437	2,116,961
Payroll taxes and fringe benefits	266,175	345,485	583,091
Contributions and grants	360,832	1,034,813	1,303,404
Contributions and grants-in-kind	80,940	198,780	139,732
Consultants	491,665	552,109	634,713
Subcontract expenses	1,332,295	1,501,838	987,115
Public relations and advertising	53,214	12,057	19,373
Public relations and advertising in-kind	860,623	1,214,407	1,794,306
Catering	187,567	233,572	294,953
Rent	30,892	52,789	48,801
Printing	29,370	47,092	30,880
Legal and accounting	53,025	65,444	75,224
Telephone	34,426	41,524	42,962
Travel, lodging, and transportation	49,147	84,461	98,125
Gala entertainment	56,094	70,605	92,052
Conference and meetings	125,709	106,895	60,113
Office supplies	41,416	45,827	70,618
Scholarships	47,320	56,212	68,705
Equipment	24,397	32,288	34,312
Utilities	20,962	29,734	33,586
Postage	12,308	13,448	14,417
Internships and stipends/Scholarships	23,338	18,275	29,996
Insurance	32,272	34,720	42,603
Interest	86,525	67,319	64,595
Repairs and maintenance	218,154	206,531	192,946
Other expenses	54,431	62,605	79,621
Bad debt expense	0	60,258	45,950
Disaster assistance	40,750	40,418	39,325
TOTAL EXPENSES	6,128,407	7,980,943	9,038,479
TOTAL OPERATING SURPLUS /<DEFICIT>	370,476	554,522	465,269

Julia de Burgos Performance & Arts Center
Operating Income and Expense

July 19, 2016
CIIF Grant Proposal for \$100,000

§US	Fiscal Year Ending December 31				
	FY14 Actuals	FY15 Actuals	FY16 Budget	FY17 Budget	FY18* Budget
REVENUES AND OTHER SUPPORT					
Earned Income					
Facility rental income	30,630	70,912	77,000	90,000	97,975
Total Earned Income	30,630	70,912	77,000	90,000	97,975
Contributed Income					
UMEZ	83,833	12,751	50,000	50,000	0
HF General Operating Support	85,124	95,672	0	0	0
Government	40,420	78,769	75,000	80,000	70,000
Corporate	0	0	25,000	39,000	50,000
Foundation	0	0	35,000	37,000	35,000
Individual	322	0	2,000	3,000	2,000
Total Contributed Income	209,699	187,192	187,000	209,000	157,000
TOTAL REVENUES AND OTHER SUPPORT	240,329	258,104	264,000	299,000	254,975
% Change in Revenue					
		7%	2%	13%	-15%
% Change in Expense					
		7%	2%	13%	-15%
Income Mix: Earned					
	13%	27%	29%	30%	38%
Contributed					
	87%	73%	71%	70%	62%
EXPENSES					
Salaries (Payroll Taxes and Fringe Benefits)	97,000	70,800	103,000	109,000	81,750
Payroll Taxes and Fringe Benefits	15,399	13,285	16,000	16,000	12,000
Space Rental	31,445	58,638	66,000	68,000	52,500
Utilities	5,000	11,584	15,000	16,000	12,750
Catering and Meals	0	1,338	2,000	2,000	2,000
Equipment Leasing and Rental	33,440	0	0	0	0
Equipment Software Purchase	0	5,543	7,000	4,000	5,000
Reserve	0	0	7,000	10,000	15,650
Insurance	7,000	7,000	3,668	5,000	5,250
Maintenance Contracts	677	675	700	700	525
Non-staff Travel	0	1,389	1,500	1,200	1,200
Office Supplies	4,584	11,060	8,000	12,000	12,000
Postage	31	224	600	600	600
Printing	0	72	4,000	5,000	5,000
Advertising/Promotional Items	1,550	0	0	0	0
Professional Service (Audit)	4,000	0	4,000	5,000	5,000
Filing/Legal Fees	10,000	0	0	0	0
Staff Travel, Local	0	740	1,000	500	500
Telephone	4,500	2,151	3,000	3,000	2,250
Technology	4,000	0	0	0	0
Consultant	21,471	67,961	11,200	20,000	20,000
Sub-contract Expenses (Program Subsidies)	0	5,300	10,332	21,000	21,000
Misc.	232	344	0	0	0
TOTAL EXPENSES	240,329	258,104	264,000	299,000	254,975
TOTAL OPERATING SURPLUS /<DEFICIT>	0	0	0	0	0

*FY18 Budget is through September 30, 2018, when HF's lease with the City expires

Hispanic Federation (Julia de Burgos Performance & Arts Center)

Project Budget

Proposed Grant Period: July 1, 2016 - June 30, 2017

July 19, 2016
CIIF Grant Proposal for \$100,000

\$US REVENUES AND OTHER SUPPORT	July 1, 2016 - June 30, 2017			Project Funds Committed To Date
	UMEZ Funds	Org Funds	Total	
UMEZ Support	100,000	0	100,000	
Government	0	66,000	66,000	
Corporate	0	25,000	25,000	
Foundation	0	35,000	35,000	
Individual	0	1,000	1,000	
Facility Rental Income	0	75,000	75,000	
TOTAL REVENUES AND OTHER SUPPORT	100,000	202,000	302,000	0
EXPENSES				
Salaries				
AVP for Communications and Special Events	14,700	21,300	36,000	
Rental Manager	17,640	25,360	43,000	
Rental Manager part-time	10,920	15,080	26,000	
Payroll Taxes, Fringe Benefits	6,740	9,910	16,650	
Consultants				
PR Consultants	10,000	0	10,000	
Technical Director	5,000	0	5,000	
Space Maintenance Consultant	3,500	0	3,500	
Digital/Media Consultant	2,650	0	2,650	
Professional Services (Audit)	0	5,000	5,000	
Space Rental	25,000	41,000	66,000	
Utilities	0	15,550	15,550	
Catering and Meals	0	2,000	2,000	
Equipment Software Purchase	3,850	2,150	6,000	
Reserve	0	8,500	8,500	
Insurance	0	5,000	5,000	
Maintenance Contracts	0	700	700	
Non Staff Travel	0	1,350	1,350	
Office Supplies	0	10,000	10,000	
Postage	0	600	600	
Printing	0	4,500	4,500	
Staff Travel-Local	0	1,000	1,000	
Telephone	0	3,000	3,000	
Sub-Contract Expenses (Program Subsidies)	0	30,000	30,000	
TOTAL EXPENSES	100,000	202,000	302,000	0
SURPLUS /<DEFICIT>	0	0	0	0

**Hispanic Federation (HF)
Julia de Burgos Performance and Arts Center (JdBPAC)
Notes to the Financials**

July 19, 2016
CIIF Grant Proposal for \$100,000

HF Statement of Financial Position, Audit Statement of Activities, and Operating Income and Expense

The first three pages are drawn from the audited financials for HF's entire organization. JdBPAC is currently being incubated by HF, thus it functions as a program within HF and does not have independently audited statements.

JdBPAC: Operating Income and Expense (Actuals and Budgets)

Earned Income

Facility Rental Income

Growth is consistent with the creation and cultivation of the rental program.

Contributed Income

HF General Operating Support (GOS)

FY14 and 15 consists of funds from institutional sources awarded to HF for GOS. These sources are itemized among Government, Corporate, and Foundation support in FY16 through FY18.

Government

HF has allocated funding received from the NYC Department of Youth and Community Development (DYCD) to support its signature programs and other activities at JdBPAC.

Corporate, Foundation, and, Individual

Increased support is attributed to the implementation of a fundraising plan.

Expenses

FY18

HF's lease with the City expires in September of 2018, and is represented by the decreased in expenses for FY18.

Salaries

The increased in Salaries from FY15 to FY16 reflects the hiring of new part-time Rental Manager, supported by UMEZ under this proposed grant.

Equipment Software Purchase

With the proposed UMEZ funding, HF will purchase Rental Management Software in FY16 to record rental activity and revenue, and produce detailed and accurate reporting.

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

**REGARDING APPROVAL TO FUND A
CULTURAL INDUSTRY INVESTMENT FUND PROJECT**

AT A BUSINESS MEETING HELD ON THE 30th DAY OF JUNE 2016

WHEREAS, the Cultural Industry Investment Fund Committee has reviewed the materials presented to it, a copy of which has been filed with the records of the Upper Manhattan Empowerment Zone Development Corporation (“UMEZ”), relating to a grant for a period of twelve (12) months to the Hispanic Federation, Inc., for capacity-building in connection with the Julia de Burgos Performance and Arts Center (the “Project”); and

WHEREAS, the Cultural Industry Investment Fund Committee has found it to be a desirable project, consistent with the New York Empowerment Zone’s Strategic Plan, and the investment criteria for initiatives seeking financial support.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors approves the Project and authorizes UMEZ to submit the Project to the New York Empowerment Zone Corporation for authorization to fund a grant for a period of twelve (12) months not to exceed ONE HUNDRED THOUSAND DOLLARS (\$100,000), subject to terms and conditions substantially similar to those included in the presentation materials; and be it

FURTHER RESOLVED, that the approval of the Project authorized by these resolutions shall expire nine (9) months after the adoption of these resolutions; and be it

FURTHER RESOLVED, that the President and CEO or his/her respective designees, are hereby authorized on behalf of UMEZ to make such changes to the terms and conditions of the transaction as may be appropriate, execute and deliver any and all documents and take any and all actions as they may deem necessary or proper to effectuate the foregoing resolutions.

September 21, 2016

UPPER MANHATTAN EMPOWERMENT ZONE DEVELOPMENT CORPORATION Hispanic Federation – A \$100,000 grant for capacity building support to Julia de Burgos Performance and Arts Center.

RESOLVED, that on the basis of the materials (the "Materials") presented to the Directors of the Corporation, a copy of which is hereby ordered filed with the records of the Corporation, relating to the Upper Manhattan Empowerment Zone Development Corporation ("UMEZ") initiative for a grant to **Hispanic Federation** (the "Initiative"), for capacity building support to Julia de Burgos Performance and Arts Center. The Corporation is hereby authorized to disburse to UMEZ an amount not to exceed **ONE HUNDRED THOUSAND DOLLARS (\$100,000)** for the purposes and on the terms and conditions described in the Materials; and in accordance with the terms, conditions and procedures set forth in the Operating Principles Memorandum of Understanding, dated as of January 19, 1996, entered into by the Corporation with the State of New York (the "State"), the City of New York (the "City") and others ("MOU"); and be it further

RESOLVED, that for the purpose of providing the funds, the Corporation is hereby authorized to accept and utilize funds for a grant an amount not to exceed **ONE HUNDRED THOUSAND DOLLARS (\$100,000)** in accordance with the MOU; and be it further

RESOLVED, that the President and Treasurer, or their respective designee(s), acting jointly are hereby authorized in the name and on behalf of the Corporation to execute and deliver any and all documents and to take any and all actions as they may deem necessary or proper to effectuate the foregoing resolutions.

FOR CONSIDERATION
September 21, 2016

TO: The New York Empowerment Zone Corporation Board of Directors
 FROM: Howard Zemsky
 SUBJECT: New York (New York County) - Upper Manhattan Empowerment Zone Development Corporation
 REQUEST FOR: **Authorization for Upper Manhattan Empowerment Zone Development Corporation's Administrative Budget Fiscal Year 2017 and to Take Related Action.**

The Directors are requested to approve an operating budget for fiscal year 2017 for the Upper Manhattan Empowerment Zone Development Corporation ("UMEZ"). The Operating Principles Memorandum of Understanding, dated January 19, 1996, (the "MOU") authorizes each Local Development Corporation to use up to 15% of its proportional share of the Zone Funds aggregate for the entire period of designation for costs and expenses of administration. UMEZ's proposed administrative budget fiscal year 2017 is THREE MILLION SEVEN HUNDRED SEVENTY FOUR THOUSAND FIVE HUNDRED TWENTY TWO DOLLARS (\$3,774,522.00).

**Upper Manhattan Empowerment Zone Development Corporation
 Annual Administrative Operating Fund Statement
 For the period July 1, 2016 to June 30, 2017**

	Total funding Request from Loan Repayment
Personnel	
Salaries & Wages	\$ 2,160,131.00
Fringe Benefits	706,992.00
Non-Personnel	
Office Supplies	12,500.00
Travel	7,500.00
Training/Conference:	
Training & Conference Fees	4,000.00
Lodging	2,000.00
Meals	10,000.00
Equipment Rental	25,000.00
Office Rent	382,299.00
Office Rental Income	-
Real Estate Taxes	15,000.00
Equipment & Software Purchase	5,000.00
Maintenance & Repairs	16,000.00
Telephone/Communications	20,000.00
Internet Access/Data Backup	33,000.00
Utilities	12,000.00
Postage, Messenger & Courier Service	
Postage	2,000.00
Messenger	1,500.00
Courier Services	1,500.00
Printing & Reproduction	2,500.00
Publications/Outreach	2,000.00
Subscriptions	20,000.00
Consultants:	
Legal	77,500.00
Financial Audits	54,100.00
Temp. Staff/Other Consulting	100,000.00
Fellows/Internships	5,000.00
Liability Insurance	62,000.00
Board Expenses	8,000.00
Alarm & Protection	5,000.00
Miscellaneous	
ADP Charges	7,000.00
Other Miscellaneous Expenses	15,000.00
Total	\$ 3,774,522.00

To: The New York Empowerment Zone Board of Directors
From: Kenneth J. Knuckles, President & CEO
 Upper Manhattan Empowerment Zone Development Corp.
Date: Wednesday, September 21, 2016
Subject: UMEZ & BRISC Consolidated FY 2017 Budget

		FY-2017 Budget Amount
Personnel Services:		
Line #		
1	Salaries & Wages	2,160,131
2	Fringe Benefits	706,992
Total Personnel Services		2,867,123
Non-Personnel Services:		
3	Office Supplies	12,500
4	Travel	7,500
5	Training / Conference:	
6	Training & Conference Fees	4,000
7	Lodging	2,000
8	Meals	10,000
9	Equipment Rental (mailing machine, cooler & copier)	25,000
10	Occupancy Cost:	
11	Office Rent	382,299
12	Office Rental Income	
13	Real Estate Taxes	15,000
14	Equipment & Software Purchases	5,000
15	Maintenance & Repairs	16,000
16	Telephone/Communications	20,000
17	Internet Access/Data Backup	33,000
18	Utilities	12,000
19	Postage, messenger, & Courier services:	
20	US Postage	2,000
21	Messenger Services	1,500
22	Courier Services	1,500
23	Printing & Reproduction	2,500
24	Publication	2,000
25	Subscriptions/Memberships	20,000
26	Consultants:	
27	Legal	77,500
28	Financial Audits	54,100
29	Temporary Staff & Other Consulting Services	100,000
30	Fellows/Internships	5,000
31	Liability Insurance	62,000
32	Board Expenses	8,000
33	Alarm & Protection	5,000
34	Miscellaneous	
35	ADP Charges	7,000
36	Other (Administrative fees related to above)	15,000
Total Non-Personnel Services		907,399
Total		3,774,522

To: The New York Empowerment Zone Board of Directors
From: Kenneth J. Knuckles, President & CEO
 Upper Manhattan Empowerment Zone Development Corp.
Date: Wednesday, September 21, 2016
Subject: UMEZ & BRISC Consolidated FY 2017 Budget

		FY-2017 Budget Amount	FY-2016 Budget Amount	FY-2016 Projected Amount
Personnel Services:				
Line #				
1	Salaries & Wages	2,160,131	2,202,971	1,682,337
2	Fringe Benefits	706,992	704,951	549,652
	Total Personnel Services	2,867,123	2,907,922	2,231,989
Non-Personnel Services:				
3	Office Supplies	12,500	10,000	12,568
4	Travel	7,500	7,500	4,540
5	Training / Conference:			
6	Training & Conference Fees	4,000	8,000	1,004
7	Lodging	2,000	2,000	-
8	Meals	10,000	6,000	10,723
9	Equipment Rental (mailing machine, cooler & copier)	25,000	25,000	19,445
10	Occupancy Cost:			
11	Office Rent	382,299	347,550	348,938
12	Office Rental Income			
13	Real Estate Taxes	15,000	15,000	14,824
14	Equipment & Software Purchases	5,000	5,000	338
15	Maintenance & Repairs	16,000	15,000	18,324
16	Telephone/Communications	20,000	20,000	16,225
17	Internet Access/Data Backup	33,000	35,000	31,699
18	Utilities	12,000	15,000	8,658
19	Postage, messenger, & Courier services:			
20	US Postage	2,000	2,000	2,000
21	Messenger Services	1,500	1,500	354
22	Courier Services	1,500	1,500	1,336
23	Printing & Reproduction	2,500	2,500	-
24	Publication	2,000	2,000	940
25	Subscriptions/Memberships	20,000	20,000	18,433
26	Consultants:			
27	Legal	77,500	70,000	59,569
28	Financial Audits	54,100	54,100	52,650
29	Temporary Staff & Other Consulting Services	100,000	80,000	144,142
30	Fellows/Internships	5,000	5,000	-
31	Liability Insurance	62,000	61,500	51,992
32	Board Expenses	8,000	8,000	9,764
33	Alarm & Protection	5,000	5,000	4,921
34	Miscellaneous			
35	ADP Charges	7,000	7,000	4,256
36	Other (Administrative fees related to above)	15,000	10,000	12,373
	Total Non-Personnel Services	907,399	841,150	850,016
	Total	3,774,522	3,749,072	3,082,005

** FY 2016 Projected Amount include unreimbursed Mart 125 expenditures of approx \$50K and costs for a National Urban Fellow of approx \$20K

September 21, 2016

UPPER MANHATTAN EMPOWERMENT ZONE DEVELOPMENT CORPORATION – Authorization of \$3,774,522 administrative budget for fiscal year 2017.

RESOLVED, that on the basis of the materials (the "Materials") presented to the Directors of the Corporation, a copy of which is hereby ordered filed with the records of the Corporation, relating to the Upper Manhattan Empowerment Zone Development Corporation ("UMEZ"), the Directors hereby authorize an administrative budget of **THREE MILLION SEVEN HUNDRED SEVENTY FOUR THOUSAND FIVE HUNDRED TWENTY TWO DOLLARS (\$3,774,522.00)** for the fiscal year 2017, pursuant to the purposes described in the Materials; and in accordance with the terms, conditions and procedures set forth in the Operating Principles Memorandum of Understanding, dated as of January 19, 1996, entered into by the Corporation with the State of New York (the "State"), the City of New York (the "City") and others ("MOU"); and be it further

RESOLVED, the President and Treasurer, or their respective designee(s), acting jointly are hereby authorized in the name and on behalf of the Corporation to approve expenditures, execute and deliver any and all documents and to take any and all actions as they may deem necessary or proper to effectuate the foregoing resolutions.

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

REGARDING APPROVAL OF FISCAL YEAR 2016-2017 BUDGET

AT A REGULAR MEETING HELD ON THE 30th DAY OF JUNE 2016

WHEREAS, the Upper Manhattan Empowerment Zone Development Corporation (UMEZ) and the Business Resource and Investment Service Center, Inc. (BRISC), whose sole member is UMEZ, have maintained in past years separate administrative budgets;

WHEREAS, UMEZ and BRISC have determined that it is in the best interest of each corporation to modify the UMEZ administrative budget to include administrative expenses borne by BRISC and to eliminate the separate grant to BRISC from UMEZ to fund BRISC administrative expenses; and

WHEREAS, UMEZ has amended its resolution adopted on May 17, 2016 to fund BRISC administrative expenses and loan capital by eliminating the portion of the proposal and resolution relating to funding BRISC administrative expenses.

NOW, THEREFORE, BE IT RESOLVED, that on the basis of the material presented to the Board of Directors of the Upper Manhattan Empowerment Zone Development Corporation ("UMEZ"), a copy of which has been filed with the records of UMEZ, relating to the fiscal year 2016-2017 budget, the Directors authorize an administrative budget for fiscal year 2016-2017 in the amount of THREE MILLION SEVEN HUNDRED SEVENTY-FOUR THOUSAND FIVE HUNDRED TWENTY-TWO DOLLARS (\$3,774,522), for administrative, operational and related expenses of the Upper Manhattan Empowerment Zone Development Corporation;

BE IT FURTHER RESOLVED, that the President and CEO or his or her successor or respective designees, are hereby authorized on behalf of UMEZ to approve expenditures, execute and deliver any and all documents and take any and all actions as they may deem necessary or proper to effectuate the foregoing resolutions.