

EMPIRE STATE NEW MARKET CORPORATION

at the offices of the
New York State Urban Development Corporation
d/b/a Empire State Development Corporation
633 Third Avenue
New York, New York 10017

Meeting of the Directors

Tuesday

June 19, 2012 – 3:00 p.m.

PROPOSED AGENDA

CORPORATE ACTIONS

1. Approval of the Minutes of the June 24, 2011 Directors' Meeting
2. Officers of Empire State New Market Corporation – Appointment of Officers

FOR CONSIDERATION

3. Brooklyn (New York City Region - Kings County) – Brooklyn Navy Yard Development Corporation Capital – New Markets Tax Credit Allocation - Authorization to Adopt the Proposed General Project Plan; Authorization to Allocate New Markets Tax Credits and to Take Related Actions

EMPIRE STATE NEW MARKET CORPORATION

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

June 24, 2011

MINUTES

In Attendance

Directors:

Kenneth Adams – Acting Chairman
Leecia Eve
Kenneth A. Schoetz (via telephone conference)
Susan Shaffer
Frances A. Walton

ESNMC Staff:

Deborah Royce, Corporate Secretary

ESD Staff:

Jonathan Beyer – Senior Counsel
Thomas Brennan – Senior V.P., Internal Audit
Helen Daniels – Director, Affirmative Action
Robert Godley – Treasurer
Elizabeth Mitchell – Director of Public Affairs
Kathleen Mize – Controller
Carlos Otero – V.P., Contracts Admin. & ESD Subsidiary Finance
Natasha Pallan – Director, Subsidiary Finance
Sheila Robinson – Deputy to the Chief Financial Officer
Rudy Rosefort – VP, MIS & Administrative Services
Renzo Sosa – Manager, Procurement & Administrative Services

The meeting of the Empire State New Market Corporation (“ESNMC”) was called to order at 2:09 p.m. Kenneth Adams noted for the record that the meeting was being webcast and that he would be the Acting Chairman for today’s meeting. Further, he stated that the

Directors had received the relevant written materials in advance of the meeting and noted for the record the Corporation’s policy, which welcomes public comments on the items on the current Agenda.

The first order of business was the approval of the Minutes of the May 12, 2011 meeting of the Directors. Noting no corrections and upon motion duly made and seconded, the following resolution was unanimously adopted:

24. APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE MAY 12, 2011 MEETING OF THE DIRECTORS OF THE EMPIRE STATE NEW MARKET CORPORATION

RESOLVED, that the Minutes of the meeting of the Corporation held on May 12, 2011 as presented to this meeting, are hereby approved and all actions taken by the Directors present at such meeting as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Corporation.

* * *

Jonathan Beyer then requested authorization for the Corporation to, among other things, allocate New Market Tax Credits for the Agro Farma, Inc. Project.

Mr. Beyer explained to the Directors that Argo Farma acquired an abandoned Kraft plant in December 2005. Prior to acquisition, the Kraft plant employed 55 people. Agro Farma kept five of the former employees and to date their number of employees has grown to 306. The company’s current manufacturing location includes approximately 70,000 square feet of production space.

In 2007, Agro Farma launched the Chobani brand Greek style yogurt, and in order to meet consumer demand has requested financial assistance from Empire State Development (“ESD”) to invest in new machinery and equipment. ESD responded to Agro Farma’s request with a proposal of up to \$18 million in New Market tax credits. ESNMC will work with other New Markets organizations to determine the exact amount needed from ESNMC to complete the transaction.

The tax credits will be used by Argo Farma to purchase new machinery and equipment at the company’s New Berlin facility. This machinery and equipment expansion, which is a direct result of consumer market demand, will allow Agro Farma to substantially increase production.

Mr. Beyer informed the Directors that once the allocation of tax credits has been approved by ESNMC, the project will also be presented to ESD’s Directors for approval.

Following Mr. Beyer’s presentation, Frances Walton expressed how exciting it is to move forward with this tax credit program and that this is a great success story and a great opportunity for Agro Farma.

Following additional comments by the Directors, a motion was duly made and seconded and the following resolution was unanimously adopted:

25. EMPIRE STATE NEW MARKET CORPORATION - New Berlin (Chenango County) – Agro Farma Incorporated – New Markets Tax Credit Allocation – Authorization to Adopt the Proposed General Project Plan; Authorization to Allocate New Markets Tax Credits and to Take Related Actions
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RESOLVED, that the Corporation does hereby adopt, subject to the requirements of Section 16(2) of the Act, the proposed General Project Plan (the “Plan”) for the Project submitted to this meeting, together with such changes therein as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, a copy of which Plan, together with such changes, is hereby ordered filed with the records of the Corporation; and be it further

RESOLVED, that upon written finding of the President and Chief Executive Officer of the Corporation or his designee(s) that no substantive negative testimony or comment has been received at the public hearing held on the Plan, such Plan shall be effective at the conclusion of such hearing, and that upon such written finding being made, the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to cause the Corporation to make to Agro Farma, Inc., an allocation for a total amount of up to \$18,000,000 from the New Markets Tax Credit Program, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, and be it further

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

RESOLVED, that the President and Chief Executive Officer or his designee(s) be, and each of them hereby is, authorized in the name and on behalf of the Corporation to execute and deliver any and all documents and to take all actions as he or she may in his or her sole discretion consider to be necessary or proper to effectuate the foregoing resolutions.

* * *

There being no further business, the meeting was adjourned at 2:16 p.m.

Respectfully submitted,

Deborah Royce
Corporate Secretary

FOR CONSIDERATION

June 19, 2012

TO: The Directors

FROM: Kevin I. McLaughlin

SUBJECT: Officers of Empire State New Market Corporation (the "Corporation")

REQUEST FOR: Appointment of Officers

BACKGROUND

The office of Senior Vice President-Legal and General Counsel to Empire State New Market Corporation (the "Corporation" or "ESNMC") is vacant as a result of the promotion of Leecia Eve who was also Executive Vice President – Legal and General Counsel to the New York State Urban Development Corporation, doing business as Empire State Development ("ESD"). Historically, ESD's General Counsel is also appointed General Counsel to its subsidiaries.

Maria Cassidy is the Deputy General Counsel to ESD, and has served as such since January 1, 1996 when she was appointed to that position at a meeting of its directors. In order to provide ESD subsidiaries with a legal officer while the ESD General Counsel position is vacant, ESD's subsidiaries are appointing a Deputy General Counsel for the subsidiary. Similar to the General Counsel position, that subsidiary Deputy General Counsel should be the ESD Deputy General Counsel and the appointment should be ex-officio.

In addition, at this time it is recommended that ESMNC appoint the ESD General Counsel, which is currently vacant, as its ex-officio General Counsel. In this way, future staff changes will not result in the need for additional board actions simply to substitute individuals and ensuring that these officer positions will not need to be revisited in the future.

REQUESTED ACTION

The Directors are requested to: 1) approve the appointment of Maria Cassidy to the office Deputy General Counsel, ex-officio, to the Corporation and to confirm that she is an officer of the Corporation within the meaning of the provisions of the Corporation's bylaws, including the indemnification provisions thereof; and 2) approve the title of ESD General Counsel as an ex-officio appointment as General Counsel to the Corporation and to confirm that this position is an officer of the Corporation within the meaning of the provisions of the Corporation's bylaws, including the indemnification provisions thereof.

RECOMMENDATION

Based upon the foregoing, I recommend approval of the requested actions.

ATTACHMENT

Resolutions

June 19, 2012

EMPIRE STATE NEW MARKET CORPORATION – Officers of the Corporation - Appointment of Officers

RESOLVED, that the following individual be, and hereby is, appointed to the office which appears opposite her name, until her earlier resignation or removal, her appointment being effective as of the date indicated in the attached materials, a copy of which is hereby ordered to be filed with the records of the Corporation:

<u>Name</u>	<u>Office</u>
Maria Cassidy	Deputy General Counsel, ex-officio

and be it further

RESOLVED, that in accordance with and for all purposes of the Corporations' By-Laws, including but not limited to the indemnification provisions thereof, the above-referenced individual is an "officer" of the Corporation;

and be it further

RESOLVED, that the title of ESD General Counsel is an ex-officio appointment as General Counsel to the Corporation and confirms that this position is an "officer" of the Corporation within the meaning of the provisions of the Corporation's bylaws, including the indemnification provisions thereof.

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FOR CONSIDERATION

June 19, 2012

TO: The Directors

FROM: Kevin I. McLaughlin

SUBJECT: Brooklyn (New York City Region - Kings County) – Brooklyn Navy Yard Development Corporation Capital – New Markets Tax Credit Allocation

REQUEST FOR: Authorization to Adopt the Proposed General Project Plan; Authorization to Allocate New Markets Tax Credits and to Take Related Actions

General Project Plan

I. Project Summary

Project Sponsor: Brooklyn Navy Yard Development Corporation (“BNYDC”)

ESNMC* Request: Approval to authorize an allocation of up to \$12,000,000 in federal New Markets Tax Credits (“NMTCs”) to be used for a portion of the cost associated with vacant building rehabilitation.

* The Empire State New Market Corporation, a subsidiary of the New York State Urban Development Corporation doing business as the Empire State Development (“ESD”)

Project Location: 63 Flushing Avenue - Buildings 28, 123, and 128
Brooklyn Navy Yard, Brooklyn, Kings County

Proposed Project: Redevelopment of Brooklyn Navy Yard's Buildings 28, 123, and 128 into a 215,000 square-foot multi-tenanted manufacturing facility. (the “Project”)

Project Type: Facility rehabilitation involving job creation.

Regional Council: The New York City Regional Council has been made aware of this item and the Project is consistent with the Regional Plan.

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Demolition	\$1,500,000
Environmental Remediation	1,200,000
Hard costs, including contingency	42,900,000
Soft costs	<u>800,000</u>
Total Project Costs	<u>\$46,400,000</u>

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>	<u>Rate/Term/Lien</u>
ESD - Grant (W932)	\$1,000,000	2.1%	
ESD - Grants (X771)**	5,000,000	10.8%	
U.S. Economic Development Administration - Grant	2,500,000	5.4%	
NYC Regional Center - Loan	30,600,000	66.0%	3%/5 yrs./rent roll
Company Equity	4,900,000	10.5%	
NMTC Financing*	<u>2,400,000</u>	<u>5.2%</u>	
Total Project Financing	<u>\$46,400,000</u>	<u>100.0%</u>	

* Based on Net Present Value of total NMTCs to be provided from ESNMC (\$12,000,000 in NMTCs, which yields \$2,400,000 in loans on favorable terms) and other New Market organizations

** To be presented to the ESD Board at a later date

III. Project Description

A. Sponsor

Industry: Brooklyn Navy Yard Development Corporation manages the Brooklyn Navy Yard's (the "Navy Yard") industrial park and is responsible for leasing space, developing the underutilized areas, and overseeing the ongoing modernization of the Navy Yard's infrastructure. The Navy Yard has 4.5 million square-feet of leasable space over 40 buildings, with 275 tenants employing 6,000 employees. Current tenants include such diverse businesses as movie studios, furniture manufacturers, ship repairers, architectural designers, electronics distributors, and jewelers.

History: The Navy Yard was established in 1801 and was once the site of one of the nation's most storied U.S. Navy ship building facilities through World War II. The federal government closed the location as a ship manufacturer in 1966 and the site was sold to the City of New York.

Ownership: The Brooklyn Navy Yard Development Corporation is a not-for-profit corporation under a 99-year lease with the City of New York and is

administered by a 27-member Board of Directors with a chairman and vice-chairman structure, composed of leaders of the economic development community in Brooklyn.

Size: The Navy Yard is approximately 300 acres and is an industrial park containing more than 250 industrial businesses employing 5,800 individuals.

Market: Over the past two decades, the Navy Yard has emerged as a hub for the establishment and growth of small industrial businesses. The Navy Yard's four million square feet of leasable space has been at full capacity for more than five years. As a result of this track record and continuing strong demand for industrial space, BNYDC has launched the Navy Yard's largest building expansion since World War II. BNYDC is in the midst of an eight-building redevelopment that will generate over 1.5 million square feet of new industrial space. In addition, plans to develop an additional 40 acres are also underway.

ESD Involvement: BNYDC sought assistance in financing the project from ESD, which responded with a proposed allocation of up to \$12,000,000 in NMTC's. ESNMC will work with other New Markets organizations, including Community Development Entities (CDE) and Qualified Active Low-Income Community Businesses (QALICB), to determine the exact amount of allocation needed from ESNMC to complete the transaction. ESD is expected to approve this allocation at the June 26, 2012 board meeting. In an effort to close the project funding gap, an additional grant of \$5,000,000 (X771) is anticipated to be funded via ESD and the Port Authority and presented to the ESD Board at a later date.

Past ESD Support: In 2009, BNYDC approached ESD for assistance for the Project through the Downstate Revitalization Fund. The incentive proposal was accepted by BNYDC in December 2009, and in March 2011, ESD approved the \$1,000,000 capital grant (W932) to assist with a portion of the construction costs at the Navy Yards. The grant disbursement agreement was fully executed in January 2012.

B. The Project

Completion: May 2014

Activity: The Project involves the redevelopment of Brooklyn Navy Yard Buildings 28, 123, and 128 into a 215,000-square-foot, multi-tenanted industrial facility. BNYDC plans to adaptively reuse the steel frames and concrete foundations of these buildings, which are three separately constructed yet connected turn-of-the-century former U.S. Navy machine shops. As

part of BNYDC's commitment to sustainable growth, BNYDC aims to achieve a LEED Silver certification from the U.S. Green Building Council for this Project.

BNYDC has substantially completed designs for the project and anticipates that construction will begin in July 2012. This Project will facilitate BNYDC's efforts to create additional industrial space which will support the growth of the industrial business sector. Upon completion of the Project, it is anticipated that up to 300 people will be employed by the tenants that occupy the new space. BNYDC has identified two possible tenants for the building: Crye American, a body armor and military apparel company; and Macro Sea, a design and manufacturing company.

Following the ESNMC approval of the allocation of credits, the Project will be presented to the ESD Board of Directors for approval.

Results: The Project is anticipated to create 300 new full-time permanent jobs at the location.

Sponsor Contact: Richard Drucker, Senior Vice President, External Affairs
63 Flushing Avenue, Unit 300, Building 292
Brooklyn, NY 11205
Phone: (718) 907-5908 Fax: (718) 643-9296

ESD Project No.: X893

Project Team:	Origination	Kevin McLaughlin
	Project Management	Robin Alpaugh
	Contractor & Supplier Diversity	Vikas Gera
	Finance	Jonevan Hornsby
	Environmental	Soo Kang

Statutory Basis
And Findings: Section 45 D of the Internal Revenue Code, Section 10 (g) and Section 12 of the UDC Act. The New markets Tax Credit Program, enacted in 2000, offers a non-refundable tax credit intended to encourage private capital investment in low-income communities. The Project will comply with all applicable program requirements. ESNMC is making certain findings and taking certain actions on behalf of ESD. ESD will also make specific findings related to prioritization and approval.

IV. Non-Discrimination and Contractor & Supplier Diversity

ESD's Non-Discrimination and Contractor & Supplier Diversity policy will apply to this Project. The Recipient shall be required to (i) solicit and utilize certified Minority and Women Business

Enterprises (“M/WBEs”) for any contractual opportunities generated in connection with the Project and (ii) to use Good Faith Efforts to achieve an overall M/WBE Participation Goal of 32%. The overall M/WBE participation goal shall include a Minority Business Enterprise (“MBE”) Participation Goal of 22% and a Women Business Enterprise (“WBE”) Participation Goal of 10%, related to the total value of ESD’s funding.

V. Environmental Review

Pursuant to the State Environmental Quality Review Act (“SEQRA”), Article 8 of the Environmental Conservation Law and its implementing regulations (6 NYCRR Part 617), and in connection with the approval of funding for the proposed project, the ESD Directors on behalf of the ESNMC made a Determination of No Significant Effect on the Environment at their meeting of March 23, 2011. This determination addressed all aspects of the proposed project. The present request for New Market Tax Credits does not constitute an action beyond those actions already considered and does not require additional environmental review under SEQRA. Therefore, no further environmental review is required in connection with this action.

Due to the site’s eligibility for inclusion in the New York State and National Registers of Historic Places, ESD has confirmed that the project sponsor consulted with the New York State Office of Parks, Recreation and Historic Preservation (“OPRHP”) pursuant to the requirements of Section 14.09 of the New York State Parks, Recreation and Historic Preservation Law. ESD will ensure that the project sponsor continues consultation with OPRHP.

VI. Additional Submissions to Directors

Resolutions

New York State Map

Project Finance Memorandum

Brooklyn Navy Yard Development Corporation Project Description

June 19, 2012

EMPIRE STATE NEW MARKET CORPORATION – Brooklyn (New York City Region - Kings County) – Brooklyn Navy Yard Development Corporation Capital – New Markets Tax Credit Allocation – Authorization to Adopt the Proposed General Project Plan; Authorization to Allocate New Markets Tax Credits and to Take Related Actions

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

RESOLVED, that upon written finding of the President of the Corporation or his designee(s) that no substantive negative testimony or comment has been received at the public hearing held on the Plan, such Plan shall be effective at the conclusion of such hearing, and that upon such written finding being made, the President of the Corporation or his designee(s) be, and each of them hereby is, authorized to cause the Corporation to make to Brooklyn Navy Yard Development Corporation, an allocation for a total amount of up to Twelve Million Dollars (\$12,000,000) from the New Markets Tax Credit Program, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President of the Corporation or his designee(s) may deem appropriate, and be it further

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

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

RESOLVED, that the President or his designee(s) be, and each of them hereby is, authorized in the name and on behalf of the Corporation to execute and deliver any and all documents and to take all actions as he or she may in his or her sole discretion consider to be necessary or proper to effectuate the foregoing resolutions. Any actions previously taken by the Corporation in furtherance of the Plan are hereby ratified and approved.

* * *

FINANCE MEMORANDUM

TO: Frances Walton
CC: Robert Kwon
FROM: Jonevan Hornsby
DATE: June 11, 2012
RE: Brooklyn Navy Yard Development Corporation

Grantee

- Name: Brooklyn Navy Yard Development Corporation (“BNYDC”)
- Corporate Location: Brooklyn, NY
- Corporate Form: Not-For-Profit Corporation
- Ownership: Privately-held
- Nature of Business: Manages the Brooklyn Navy Yard (the “Navy Yard”) under a contract with the Navy Yard’s owner, the City of New York. Under the contract BNYDC leases out space in the Navy Yard, promotes local economic development, develops underutilized areas, and oversees modernization of the Navy Yard’s infrastructure. The Navy Yard consists of an approximately 300-acre industrial park containing more than 240 industrial businesses and 5,000 jobs.
 - Major Customers: Current tenants include movie studios, furniture manufacturers, ship repairers, architectural designers, electronics distributors, and jewelers.

Financial Information

- Industry: Nonresidential Property Managers
- NAICS Code: 531312
- ESD Finance Rating (Score): Very Good (5)
 - Profitability:
 - Sales: Increasing over 3 year historical period
 - Profit Margin: Above the industry median in most recent year
 - EBITDA: Positive but decreasing over 3 year historical period
 - Net Income: Increasing over 3 year historical period
 - Liquidity:
 - Current ratio: Above the industry median and above 1.0 in most recent full year of operations
 - Solvency:
 - Total debt/total assets: Below the industry median and less than 65%
 - EBITDA/Debt Service: Strong
 - Other:
 - Audit status: All financials are audited.

Brooklyn Navy Yard Development Corporation

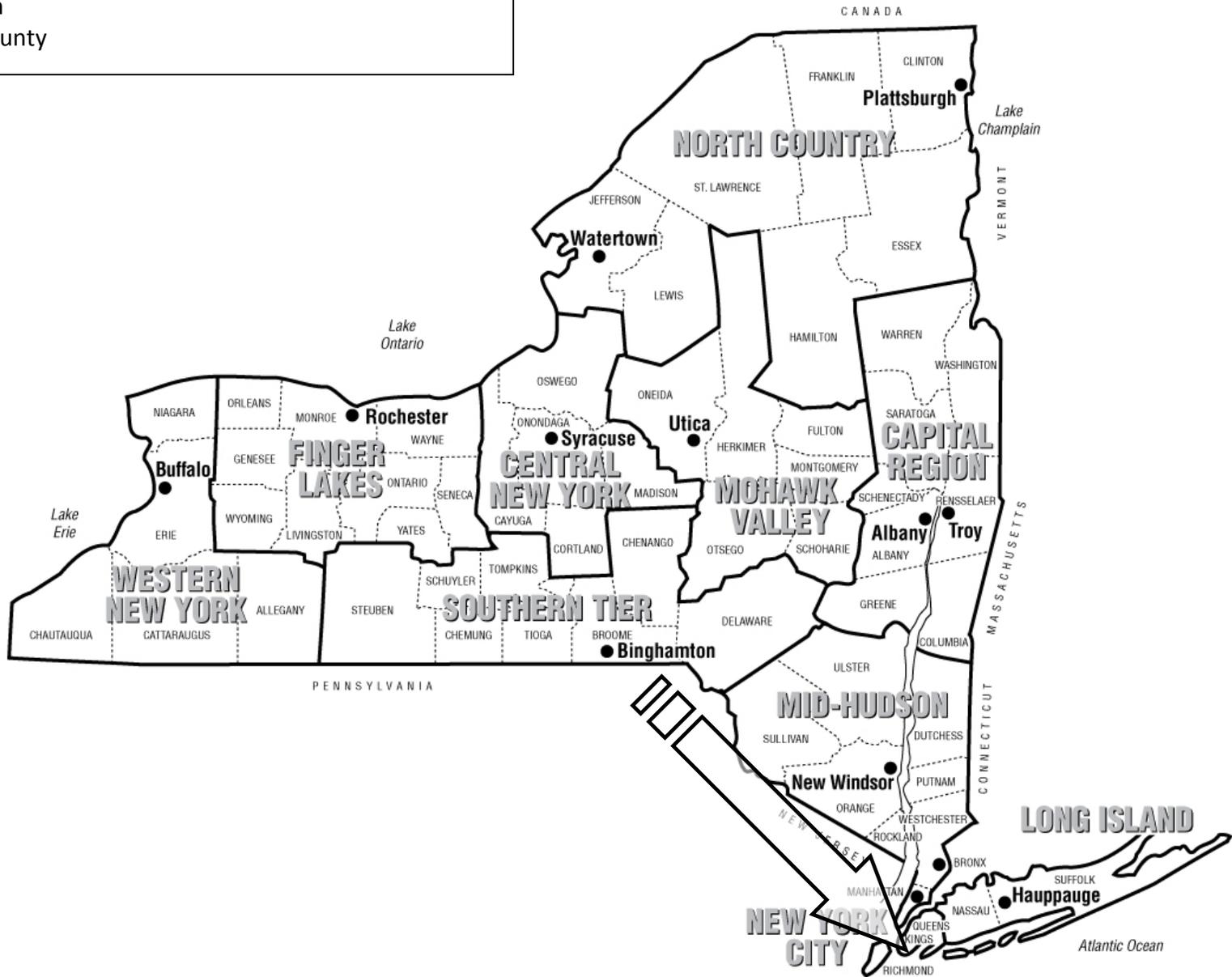
	<u>Industry Median</u>	Years Ending June 30,		
		<u>2009</u>	<u>2010</u>	<u>2011</u>
Net Sales		\$ 29,004,427	\$ 29,819,212	\$ 29,708,427
EBITDA		\$ 7,752,996	\$ 7,777,187	\$ 5,606,434
Pre-tax Profit ⁽¹⁾		\$ 19,446,901	\$ 22,244,594	\$ 26,583,280
Pre-tax profit/net sales	6.70%	67.05%	74.60%	89.48%
Net Income ⁽²⁾		\$ 19,446,901	\$ 22,244,594	\$ 26,583,280
Current Assets		\$ 29,707,129	\$ 44,233,662	\$ 64,438,901
Current Liabilities		\$ 9,966,603	\$ 20,037,004	\$ 14,555,639
Current Ratio	2.00x	2.98x	2.21x	4.43x
Total Assets		\$ 220,733,001	\$ 257,060,630	\$ 308,592,261
Long-term Debt		\$ -	\$ 19,000,000	\$ 59,500,000
Total Debt		\$ 25,000,000	\$ 10,000,000	\$ 59,500,000
Total Liabilities		\$ 37,514,020	\$ 51,597,055	\$ 76,545,406
Net Worth		\$ 183,218,981	\$ 205,463,575	\$ 232,046,855
Total debt/total assets	21.30%	11.33%	3.89%	19.28%
EBITDA/Debt Service		8.37x	4.59x	7.36x

(1) Includes capital contributions from the City of New York.

(2) BNYDC is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

*Financial statements are audited.

Brooklyn Navy Yard Development Corporation Capital
Brooklyn
Kings County





Brooklyn Navy Yard Development Corporation Green Manufacturing Center Industrial Renovation Project:



Figure 1: Rendering of the Green Manufacturing Center

Project Summary:

The renovation of the vacant 215,000 square foot Building 128 complex into the Green Manufacturing Center (“GMC”) will continue the largest expansion of the Brooklyn Navy Yard (BNY) since World War II and is consistent with the mission of the Brooklyn Navy Yard Development Corporation (BNYDC), which manages and develops the BNY on behalf of the City of New York (the City), to retain and grow industrial jobs for the local community. The \$53.5 million shovel-ready project will create over 400 industrial and design jobs and will target tenants that practice and encourage sustainable design and manufacturing practices. The building has been vacant and deteriorating for many years and is located in a critical location at the center of the Navy Yard’s campus, which was identified as one of the region’s “Opportunity Zones”, poised for significant economic growth. The GMC is one of the projects identified as both transformative for the region and a “top priority” project in the New York City Regional Economic Development Council Strategic Plan issued this past November. The expansion of industrial businesses into the GMC will also create new opportunities for the BNYDC employment center to tailor job training and placement programs to funnel low income residents from the surrounding neighborhoods, which include the Farragut, Walt Whitman, and Ingersol New York Housing Authority (NYCHA) public housing projects, into good jobs. In addition, the development of the GMC will incorporate energy efficiency and green building principles, with a

minimum goal of LEED “Silver” Certification, and further BNY’s conversion into the nation’s premier green industrial park.

Project Type: Industrial development, historic renovation

Project Sources and Uses:

Investment Fund Uses		Investment Fund Sources	
QEI	\$25,000,000	Brooklyn Navy Yard Loan	\$17,785,000
		NMTC Equity	\$7,215,000
Total Uses	\$25,000,000	Total Sources	\$25,000,000

CDE Uses		CDE Sources	
QLICI A Note	\$17,785,000	QEI Proceeds	\$25,000,000
QLICI B Note	\$6,295,000		
CDE Fees	\$920,000		
Total Uses	\$25,000,000	Total Sources	\$25,000,000

QALICB Uses		QALICB Sources	
Total Base Case TDC	\$53,500,000	QLICI A Note	\$17,785,000
Tax Credit Closing Costs	\$450,000	QLICI B Note	\$6,295,000
Capitalized CDE Fees	\$840,000	City Capital Grant	\$10,000,000
Capitalized NMTC Expenses	\$385,000	State Capital Grant	\$6,000,000
Interest Reserve	\$3,745,000	Federal Capital Grant	\$2,500,000
		State/Fed Historic Tax Equity	\$14,500,000
		NYCRC Loan	\$1,840,000
Total Uses	\$58,920,000	Total Sources	\$58,920,000

Location: The Brooklyn Navy Yard

Developer/Owner: Brooklyn Navy Yard Development Corporation, City of New York

Low Income Community:

- BNY has been designated by the State of New York as an “Empire Zone” and a “Targeted Employment Area” by the State Department of Labor
- New York City Regional Economic Development Council identifies the BNY as one of the region’s “Opportunity Zones” poised for significant economic growth
- New York City designated BNY as an “Industrial Business Zone,” providing certain tax benefits for job-creating enterprises

Adjacent to Distressed Census Tracts: Because BNY is located within a “zero population” census tract (36047054300) the project will qualify for NMTC using the Targeted Populations rule by leasing to QALICB’s that employ at least 40% low income persons

- BNY is immediately adjacent to seven (7) “severely distressed” census tracts (36047002300, 36047019100, 36047053700, 36047053900, 36047054500, 36047054700, 36047054900)

Total BNYDC Project Cost: \$58.9 million

Total QRE: \$53.5 million

Total QEI: \$53.5 million

Targeted Closing Date: June 30th 2012

Lender: New York City Regional Center

Tax Credit Investor: TBD

About Brooklyn Navy Yard Development Corporation (BNYDC)

The Brooklyn Navy Yard Development Corporation is a not-for-profit corporation that manages the 300-acre BNY under a 99-year lease with the City of New York. BNYDC’s mission is to promote local industrial economic development and employment, develop underutilized areas of the Yard, oversee modernization of the Yard’s infrastructure, and manage waterfront assets including three active dry docks and five piers. In recent years, BNYDC has broadened its mission to become a national model for sustainable urban industrial parks.

The BNY was the nation’s premier naval shipyard from 1801 through World War II. When the federal government closed the Yard as a shipbuilding facility in 1966, the site was sold to the City of New York. Today, the Navy Yard’s 4.5 million square feet of leasable space, spread through over 40 buildings, are currently 99% occupied with more than 275 tenants with 6,000 employees in a broad range of businesses such as construction, movie studios, e-commerce, furniture manufacturers, ship repair, metal fabrication, architectural designers, fine artists, film and exhibition set fabricators, electronics distributors, and food processors. According to the New York City Mayor, Michael R. Bloomberg, the Navy Yard’s redevelopment is a key component of the City’s efforts to create additional jobs in all five boroughs. Towards that end, the City of New York is in the process of investing over \$250 million of capital funds for basic infrastructure improvements to address deferred maintenance on buildings, piers, bulkheads and utilities, some of it dating as far back as the mid 19th century. BNYDC has leveraged these infrastructure improvements to attract over \$500 million of private investment to date. These public and private investments help support and grow industrial businesses and jobs, promote sustainable business practices, and create a safe-haven for a mix of artists and artisans as well as other larger manufacturing and industrial tenants.

BNYDC has operated an on-site employment center for over 10 years, which finds employment opportunities for local residents with a strong focus on placing workers with its 275 tenants. BNYDC is proud of having placed more than 1,600 people in quality jobs since 1999, about 10% of whom were formerly incarcerated. BNYDC recently selected a consortium of job training providers led by Brooklyn Workforce Innovations (BWI) that will partner with the employment center and occupy space within the Brooklyn Navy Yard Center at BLDG 92, a new exhibition and visitors center opened in November 2011. The coalition, Brooklyn Workforce Collaboration (BWC), will bring breadth and depth of relevant experience to the Yard, with extensive connections throughout the relevant employer and jobseeker communities. The job training partnership presents unique opportunities to create synergy with tenants in the Yard, to develop an on-site apprenticeship programs, and offer both soft- and hard-skills training. Members of the

coalition currently offer successful training programs in several key sectors relevant to the Yard including warehousing and distribution (Center for Employment Opportunities); green construction, green manufacturing and renewable energy (Nontraditional Employment for Women & Consortium for Worker Education); entertainment and media (Brooklyn Workforce Innovations); and woodworking (Brooklyn Workforce Innovations). In addition, Opportunities for a Better Tomorrow (OBT) offers clerical skills training that utilizes nationally-recognized certifications relevant to a variety of sectors. Current and potential tenant sectors will represent an opportunity for significant entry-level job growth, serving as a critical resource within the community and linking primarily low-skilled multiple-barrier populations with many of the new opportunities projected for the Yard. BNYDC has recently received support from the Robin Hood Foundation to expand the employment center services, build a broader employer base and conduct greater local community outreach, particularly to residents of NYCHA public housing and veterans.

About Building 128 Complex

The GMC project involves the complete renovation and adaptive reuse of a complex of connected steel buildings (Building 128, Building 28 and Building 123) that were formerly used to assemble large boiler engines and fabricated sections of naval vessels. In the 1940's the space was converted into a machine shop for the fabrication of impellers and shafts for new ships. The complex includes approximately 155,000 sf of ground floor space with approximately 10 loading docks and 60,000 sf of upper floor and mezzanine space. The renovation includes all new base building systems, a new roof, new floor, new walls, foundation and new windows across the complex.



Figure 2: Existing Conditions at the 128 complex

Tenants and Employment Impacts

BNYDC expects to have two large anchor tenants in the complex. The first of these tenants,

Crye Precision (“Crye”), is the premier designer and manufacturer of camouflage uniforms, Kevlar vests and other body armory for various branches of the U.S. Military and is currently developing a line of commercial clothing using recycled materials. In a \$7.5 million dollar renovation and expansion into an 85,000 sq ft wing of the GMC, Crye plans to consolidate four existing spaces within the Yard where they currently employ approximately 60 people, relocate approximately 25 manufacturing jobs from a New Jersey facility into the Yard, and expand by approximately 50 additional manufacturing jobs. In this expansion Crye anticipates spending approximately \$3.5 million on investment in the new facility, \$1 million on new equipment, and \$3 million on new payroll over the next five years. The manufacturing jobs pay approximately \$12/hour on average with medical benefits. In the first round of project financing by the New York City Regional Economic Development Council, Crye’s expansion was designated a regional priority and was awarded \$1 million of State Excelsior benefits, spread over five years, to help facilitate its important expansion and relocation.



Figure 3: Workers manufacturing garments in the Crye factory



Figure 4: Caleb Crye with his body armor and camo product

The second master tenant, a project by Macro Sea, Inc. called “Project 128”, will create an exciting new model for manufacturing, design and co-working space in the Brooklyn Navy Yard in a 50,000 sq ft wing of the building. Project 128 will create shared manufacturing and design center to serve as a hub for learning and innovation, industry training and facilitate the commercialization of new businesses. With state of the art rapid prototyping equipment, professional level classes, new co-working and private office space, shared manufacturing equipment and partnerships with international design firms and universities, Project 128 will be a major catalyst to incubate new businesses at the Navy Yard. The operating company of Project 128 will create approximately 32 new permanent jobs in building maintenance, shop management and equipment technical staff, administration and instructors/teachers with salaries between \$30K and \$50K with medical benefits. Suites within the Project 128 manufacturing and design center, which will be subleased to universities and design firms, are projected to create an additional 110 full time jobs and the new shared co-working offices are projected to create an additional 96 jobs.

Employment Impact Summary

Tenant	New Jobs	Preserved Jobs	Total Jobs
Crye Precision	95	110	205
Project 128 Manufacturing Design Center	238	0	238
Total Uses	333	110	443

Contractor and Consultants

Construction Management: Plaza Construction Corporation of New York, NY (“Plaza”). As construction manager, Plaza will hold the subcontracts, will be compensated based on a negotiated flat fee, and will provide “general conditions” services.

Architects: Cybul & Cybul Architects

Historic Preservation/Rehabilitation Consultant: Higgins Quasebarth & Partners, LLC (“HQ”)

Tax Counsel: Nixon Peabody, LLP (“Nixon”)

Valuation and Accounting Services: Reznick Group, P.C. (“Reznick”)

Part 2 status

HQ is preparing the application to list the BNY as the New York Navy Yard Historic District on the National Register of Historic Places, of which the Building 128 complex will be a contributing resource. Part I and Part II applications will be submitted to NYSHPO in mid April 2012.

Financing of the project

Our cost estimate by the construction manager, Plaza Construction, is based on 100% construction documents. Based on market rents for large ground-floor industrial tenants of \$10 psf in today’s market, the project can support approximately \$20 million of debt, which is being financed through a loan from the New York City Regional Center. That creates a capital budget gap of approximately \$38 million. The project will generate approximately \$15 million of Federal and State historic tax credits and BNYDC has or expects to receive capital commitments from the following sources: \$6 million from the NY Empire State Development Corporation, \$2.5 million from the Federal Economic Development Administration, and \$10 million from the Borough President and New York City Council. In order to complete the project financing and allow BNYDC to start construction as soon as possible, and so that we can accommodate Crye Precision’s consolidation and expansion, BNYDC is seeking \$25 million of NMTC allocation.

Timing of transaction/construction

The GMC is shovel-ready and was identified as “ready to go” in the New York City Regional Economic Development Council Strategic Plan; BNYDC has complete construction documents and its construction manager, Plaza Construction, is ready to begin the renovation as soon as project financing is in place. To further prepare the site for full construction, BNYDC has begun asbestos abatement and selective demolition. The renovation will take approximately 18 months

from the start of substantial construction.

BNYDC anticipates closing on the lease with Crye Precision, project financing and the tax credit transaction in June 2012. Phase 1 of the project, BNYDC's renovation work, will be completed between July 2012 and July 2014. Phase 2 of the project, the tenant work, will be completed in the 12-18 months following completion of BNYDC's renovation work.



Figure 5: Internal image of the south wing of the Building 128 complex



Figure 6: Exterior photo of the northwest side of the Building 128 complex

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