

NYC Neighborhood Capital Corporation
Minutes of the Meeting of the Governing Board
July 13, 2017

A meeting of the Governing Board (the “Governing Board” or “Board”) of NYC Neighborhood Capital Corporation (“NYCNCC”) was held on July 13, 2017 at 10:00 a.m. at the New York City Economic Development Corporation (“NYCEDC”), 110 William Street, Conference Room 5B, New York, NY 10038.

The following directors were present:

James Katz

Chief of Staff, NYCEDC

Nathan Bliss (via phone)

Senior Vice President, NYCEDC

Kate Van Tassel

Vice President, NYCEDC

Tenzing Chadotsang

Vice President, NYCEDC

Gbenga Dawodu

Assistant Vice President, NYCEDC

Jervonne Singletary

Assistant Vice President, NYCEDC

The following directors were not present:

James Patchett, Chairperson

President, NYCEDC

Sara Tranter

Senior Vice President, NYCEDC

Elizabeth Verostek

Senior Vice President, NYCEDC

Also present were the following NYCEDC staff members and interns:

Christine Robinson

Senior Accountant, NYCEDC

Mac Thayer

Assistant Vice President, NYCEDC

Lily Berticevich

Project Manager, NYCEDC

Spencer Hobson
Executive Vice President, NYCEDC

David Price
Senior Vice President, NYCEDC

Kim Vaccari
Chief Financial Officer, NYCEDC

Izzy Cohn
Counsel, NYCEDC

Fred D'Ascoli
Controller, NYCEDC

Kelly Hogan
Intern, NYCEDC

Mr. Thayer, Deputy Executive Director of NYCNCC, convened the meeting of the Governing Board at 10:10 a.m., at which time a quorum was present.

1. NYCNCC Updates

Mr. Thayer began to outline the agenda for the meeting. He asked Jeff to give a short introduction.

Jeff welcomed the new board members present and thanked them for coming. He mentioned that this is an exciting time to be a part of NCC, one of the newest entities at EDC. He reminded the new members that if they need more background on NMTC or NCC, he or Mr. Thayer would be happy to talk.

Mr. Thayer continued reviewing the agenda and moved forward with the first topic of the meeting. He gave a brief review of NCC activity in 2017. He explained how NCC staff evaluated over 30 projects and selected five, two of which have been closed (Rockaway Beach Medical Arts Complex and Madison Square Boys and Girls Club). He added that the three current projects are the GMDC Ozone Park, Bronx Village Shoprite, and Caton Flats projects.

Next, Mr. Thayer gave a preview for NCC's activities for 2018. He explained that NCC submitted an application for the next round of NMTC and mentioned the awards will likely be announced in Q1 of 2018. Mr. Thayer explained that NCC is building a pipeline of potential projects, and shared the initial list, emphasizing that it was not final. He asked for questions.

Mr. Katz inquired about the 2018 pipeline. He asked Mr. Thayer to identify which projects on the pipeline were EDC or city sponsored projects. Mr. Thayer clarified which projects could be IDA, FRESH, Build NYC, or RETS projects.

2. Greenpoint Manufacturing and Design Center: Ozone Park

Mr. Thayer continued to the next part of the agenda. He began to describe the GMDC Ozone Park project and noted that NCC was requesting Governing Board approval to make a \$17 million Qualified Low Income Community Investment (QLICI) to GMDC. He gave a brief overview of the project and explained that it will create 74 FTE jobs. He mentioned this project fits nicely with NCC's six underwriting criteria, noting that the Low Income Community has high poverty and high unemployment rates. He added that the financing is on track for an August

closing and that, from an industrial policy perspective, this is a great project because we will be working with a well-respected nonprofit industrial developer.

Mr. Thayer explained that there are caveats to the deal. He mentioned that NCC is having ongoing conversations with OMB about the timeline for the Industrial Developer Fund grant, one of the project's funding sources. He noted that this influences the project's readiness and its financial feasibility. He clarified that this doesn't change the underlying strength of the project, but affects the timing. He paused and asked for questions.

Ms. Berticevich contributed and answered one of Nate's questions from an earlier one-on-one discussion about whether there was any public support, either from city council members or otherwise, for this project. Ms. Berticevich said that the project is anticipating going to their Community Board for official endorsements, but that otherwise there have already been public statements of support from City Council Speaker Melissa Mark-Viverito, the Queens borough president, a state senator and congressmen, and other local development organizations.

Ms. Singletary asked what would happen to the project if the OMB timeline took another month. Mr. Thayer explained that the project would not close without OMB approval but the expectation is that the issue will be resolved with OMB in the next month. He noted that GMDC is still on track for an August closing, and that an approval from the Board would benefit that August timeline.

Mr. Katz asked what type of small businesses would incubate the industrial center. Mr. Thayer responded that there would be a broad range of small industrial businesses, including metal workers, wood workers, artisans and jewelry makers. He added that these are all very small businesses with typically less than 5 employees.

Mr. Thayer asked if there were any further questions. No more questions were asked, and Mr. Thayer requested that a Board member make a motion to approve the \$17,000,000 QLICI in the GMDC Ozone Park project. The motion was made, seconded and unanimously approved.

3. NMTC Auditor

Mr. Thayer then introduced NCC's new auditor, Novogradac. Ms. Robinson explained that NCC released an RFP for an accounting firm and then selected Novogradac as the auditor for NYCNCC and its sub-CDEs for the next three consecutive years. She explained that Novogradac is a CPA firm with over 25 years' experience in providing accounting services to not-for-profit agencies with a specialty in NMTC. Ms. Robinson added that their experience and expertise make Novogradac industry leaders. She explained that on Tuesday, July 11, the Audit Committee reviewed and approved the proposal to select Novogradac as the auditor for NCC.

Mr. Katz asked if there were any NMTC auditors located in NYC. Ms. Robinson responded that Novogradac does have offices in NYC, although they are headquartered in San Francisco.

Jeff continued that Novogradac and Cohn Reznick are the two most respected CPA firms in the NMTC field, and emphasized that he felt NCC made a good choice in selecting them.

Mr. Thayer agreed and mentioned that he is excited to work with Novogradac. Mr. D'Ascoli added that he understood Mr. Katz' point about preferring a local auditor, but explained that it's a specialized market and Novogradac is one of the reputable firms. Mr. Katz said he understood.

Mr. Thayer requested a motion from the Board to approve the selection of Novogradac & Company as the NCC's auditor and to enter into contract for them to provide tax and audit services for NCC's CDE and Sub-CDEs. The motion was made, seconded and unanimously approved.

4. Village Super Market

Mr. Thayer continued to the next topic on the agenda. He explained he was seeking input from the Board members regarding a new project on the horizon, a ShopRite grocery store in the Bronx. He explained that NCC should consider making a \$7 million investment into this project, a grocery store creating 150 jobs in Soundview, Bronx. He explained the area is highly distressed and that ShopRite would provide great community benefits. He cautioned that the project has a lower ROI than normal. Mr. Thayer explained that the project is on track for an October closing. He added that it is a great fit with NCC's strategy. He asked the Board members and other meeting members for their thoughts.

Ms. Berticevich noted that NCC has not yet issued a reservation letter for this project, and asked for any feedback or input. Ms. Berticevich explained that NCC has received ShopRite's first drafted application which provided plenty of information. Ms. Berticevich answered some of Ms. Singletary's questions from an earlier one-on-one discussion about the project: employees are anticipated to be members of UFCW Local 1500- AFL CIO member union; the average salary is anticipated to be \$17.21/hour with a range of \$13/hour through \$51.28/hour; and, the grocery store is not likely to participate in Health Bucks or other city-sponsored programs, though Tida Infahsaeng, an Assistant Vice President at EDC familiar with FRESH projects, had suggested that they could be open to sponsoring charity events, providing cooking demonstrations, and offering free nutritional services.

Ms. Vaccari asked if IDA had approved the project yet. Mr. Thayer said that it had been induced by the IDA Board, but not yet approved.

Mr. D'Ascoli asked whether there was any community feedback or support for the project. Jeff responded that it had already gone through a public approval process with IDA inducement, and Ms. Berticevich and Mr. Thayer agreed to follow up with more details.

Ms. Van Tassel asked if there are any other CDEs providing funding for this project. Ms. Berticevich responded that they are in discussion and seeking NMTC from other CDEs. Ms. Berticevich explained their ideal goal would be \$13-14 million in total allocation, but they're aware they might only have NCC's \$7 million. She explained they will still be able to move forward with the project, even with the lower allocation.

Mr. Thayer added that the likely investor will be Wells Fargo. Mr. Thayer added that this was just the first view of the project, and there will be more information to come.

5. Other Matters

Mr. Thayer transitioned to discussing Governing Board Committees. He noted that Board members were needed to fill vacant spots on the Audit and Governance Committees that were established by the bylaws and outlined the idea to form an Investment Committee. Ms. Berticevich briefly described the roles, responsibilities, and commitments for each Committee, referencing a handout that was provided to each Board member with further details.

Mr. D'Ascoli suggested that somebody from the Accounting Department be added to the Audit Committee, recognizing that it would require somebody from Accounting to be added to the Board. Mr. Thayer said that the idea could be discussed in greater detail after the Board meeting.

Ms. Berticevich asked if there were volunteers for any of the Committees and, hearing none, said that she and Mr. Thayer would follow up with people to ask for their involvement.

Next, Mr. Thayer suggested adding more Officers to NCC, explaining that the Board could make the list of NCC Officers more reflective of the reality of staff doing work for NCC by adding more Officers.

Mr. Katz asked if there was any fiduciary responsibility associated with Officer roles. Mr. Cohn said he would look into that and address the matter with prospective new Officers.

Mr. Thayer asked if there was any other Board input regarding the idea to add more Officers and there was general support. Mr. Thayer said that the Board could vote to make official changes at a future meeting.

Mr. Thayer briefly went over the meeting topics that were covered within the hour.

6. Adjournment

There being no further business to come before the Board of Directors at the meeting, pursuant to a motion made, seconded and unanimously approved, the meeting of the Board of Directors was adjourned at 11:00 a.m.

Approved by:

NYC NEIGHBORHOOD CAPITAL CORPORATION

By:



Mac Thayer, Deputy Executive Director