

NYC Neighborhood Capital Corporation
Minutes of the Meeting of the Governing Board of Directors
May 3, 2018

A meeting of the Governing Board of Directors (the “Governing Board” or “Board”) of NYC Neighborhood Capital Corporation (“NYCNCC”) was held on May 3, 2018 at 2pm at the New York City Economic Development Corporation (“NYCEDC”), 110 William Street, Conference Room 5B, New York, NY 10038.

The following directors or their designated representatives were present:

Kate Van Tassel, Vice President, NYCEDC
Sara Tranter, Senior Vice President, NYCEDC
Jervonne Singletary, Assistant Vice President, NYCEDC
Lex Blissett, alternate for James Katz, Chief of Staff, NYCEDC
Dan Broom, alternate for Elizabeth Verostek, Senior Vice President, NYCEDC

The following directors or their designated representatives were not present:

James Patchett, Chairperson, President, NYCEDC
Nate Bliss, Senior Vice President, NYCEDC
Gbenga Dawodu, Vice President, NYCEDC

Also present were the following members of NYCEDC staff and interns:

Mac Thayer, Assistant Vice President, NYCEDC
Emily Markus, Project Manager, NYCEDC
Izzy Cohn, Counsel, NYCEDC
Nick Lyos, Analyst, NYCEDC

Mr. Thayer, Deputy Executive Director of NYCNCC, convened the meeting of the Board of NYCNCC at 2:15 p.m., at which point a quorum was present.

1. Welcome

Mr. Thayer welcomed the Directors of the Governing Board to the meeting.

2. Adoption of the Minutes of the February 1, 2018 Board of Directors Meeting

Mr. Thayer requested a motion to approve minutes of the February 1, 2018 Board meeting. The motion to approve the February 1, 2018 meeting minutes was made, seconded and unanimously approved.

3. 2019 PAAA Policies and Budget

Mr. Thayer presented an overview of the 2019 PAAA Policies and Budget. With respect to the Policies, Mr. Thayer noted that these were the standard Policies adopted by the Board previously, and had not changed from last year.

With respect to the Budget, Mr. Thayer stated that the Budget was an estimate and projection based on, among other things, the future receipt of more NMTC allocation from the CDFI Fund, and an assumption of closing two project per fiscal year and deploying \$25,000,000 in NMTC allocation. Mr. Thayer stated that if NYCNCC received more allocation and closed two projects in the 2019 Fiscal year, this would result in fee revenue to NYCNCC of approximately \$1,500,000, expenses of approximately \$700,000, and an excess of revenue over expenses of approximately \$800,000.

Ms. Van Tassel then asked, with respect to the budget, if NYCNCC has had this same excess in revenue in the previous fiscal years, and if so, what was being done with those funds. Mr. Thayer stated that yes, that was correct, (NYCNCC has closed two projects in each of the last two fiscal years, generating a significant cash balance) and that those funds were currently sitting in the NYCNCC bank account. Mr. Thayer also stated that there has been a standing proposal from the General Counsel of the organization to establish a services contract between NYCNCC and EDC, and to utilize NYCNCC excess revenue to compensate EDC for the payment of salaries to Officers of NYCNCC, but that that agreement had not been finalized.

Mr. Thayer requested a motion to approve the resolution approving the 2019 PAAA Policies and Budget, substantially in the form attached hereto on Schedule I. The motion to approve the resolution approving the 2019 PAAA Policies and Budget was made, seconded and unanimously approved.

4. Consultant Selection

Mr. Thayer stated that, as the consultant contract with United Fund Advisors (UFA) had expired, an RFP for consultant services had been released by NYCNCC in March of 2018. Further, Mr. Thayer stated that Kate Van Tassel, Jervonne Singletary and Tenzing Chadotsang (then Liz Verostek after Tenzing's departure) helped serve as a selection panel. Mr. Thayer noted that, after reviewing the proposals, the selection panel had recommended that NYCNCC select United Fund Advisors as the NMTC consultant for NYCNCC. Mr. Thayer noted that UFA's depth of experience and track record with working with NYCEDC had been important factors leading to their selection.

Mr. Thayer then asked if any of the selection panel members wished to comment. Ms. Van Tassel stated that she was in accordance with Mr. Thayer's remarks, and that their recommendation was to select United Fund Advisors.

Mr. Thayer made an official recommendation to the Governing Board to approve the selection of United Fund Advisors as the NMTC consultant to NYCNCC, and asked

for a motion to select United Fund Advisors as the NMTC consultant to NYCNCC, and also to subsequently enter into a consultant contract with United Fund Advisors.

The motion to approve the selection of United Fund Advisors as the NMTC consultant to NYCNCC, and also and to enter into a consultant contract with United Fund Advisors was made, seconded and unanimously approved.

5. New Advisory Board Members

Mr. Thayer stated that, there being three vacancies on the Advisory Board, a search committee (made up of Jervonne Singletary, Kate Van Tassel, and Tenzing Chadotsang) had been formed to identify and vet candidates. Mr. Thayer asked if any of the search committee members wished to comment.

Ms. Singletary stated that the search committee had attempted to identify candidates that reflected the diversity of the low-income communities that NYCNCC is working in. Further, Ms. Singletary stated that the committee had reviewed several candidates and had narrowed the list down to three individuals: Blondel Pinnock, Senior Vice President at Carver Bank; Yankii Tshering, Executive Director at the Center for New Americans; and Jose Calderon, President of the Hispanic Federation. Ms. Singletary stated that these final nominees represented an excellent cross-section of diversity in different communities across the city and in low-income communities especially. Ms. Singletary stated that she hoped the Governing Board would agree with the findings of the search committee and hoped they would vote to accept the nominations of these nominees as new members of the Advisory Board.

Mr. Thayer then stated that all of the nominees had been contacted, and that all three were very excited to join the board.

Ms. Blissett then stated that one of her first jobs after college was working at the Carver Bank Community Development Organization, and that in that capacity she had known Ms. Pinnock. She stated that though she was not part of the search committee, nor had known that Ms. Pinnock was under consideration, Ms. Blissett thought that Ms. Pinnock would be an excellent addition to the Advisory Board.

Mr. Cohn then clarified that the role of the Governing Board on this matter was to approve a recommendation to the Deputy Mayor to appoint the nominees.

Mr. Thayer requested a motion to recommend the three candidates to the Deputy Mayor for approval as new Advisory Board Members.

The motion to recommend the three candidates to the Deputy Mayor as new Advisory Board Members was made by Mr. Broom, seconded by Ms. Singletary, and unanimously passed with no abstentions. There was one recusal from Ms. Blissett, who stated that her previous connection with Ms. Pinnock compelled her to recuse herself from voting on this item.

6. Compliance Software

Mr. Thayer stated that, there being quite a bit of asset management, compliance, and loan servicing work associated with the NMTC program, it was his recommendation to the Board that the procurement of a software platform to help manage these work streams would be helpful. By way of context, Mr. Thayer stated that bids for the asset management, compliance, and loan servicing work had been received from consultants in the range of \$100,000 to \$200,000, and that in his opinion the bids were fairly high. By contrast, the cost of software platforms was lower; the LISC NewDL platform costing \$6,000 per year, and the Deloitte platform costing \$15,000 per year.

Mr. Thayer also stated that NYCNCC was currently charging an annual asset management fee of \$275,000, and thus there were funds available to purchase a software platform, if approved by the board.

Mr. Thayer then stated that he and Nick Lyos, an Analyst in the Strategic Investments Group at NYCEDC, had reviewed two leading software platforms, and asked Mr. Lyos if he wished to comment. Mr. Lyos then stated succinctly that the Deloitte software had appeared to be the better option.

Mr. Thayer then stated that he would like to ask the Board to approve the purchase of the Deloitte software for use in the asset management, compliance and servicing activities of NYCNCC. Mr. Thayer also stated that Eric Clement, Senior Vice President at NYCEDC and head of the Strategic Investments Group at NYCEDC, had also approved this item.

Mr. Cohn then stated that this was important because NYCEDC would procure and purchase the software, and that NYCNCC would then reimburse NYCEDC for the cost of the purchase. So the board would vote to approve the expenditure, but the procurement would be carried out by NYCEDC. Mr. Cohn also stated that in his opinion he thought that the purchase of the software was a good use of the excess funds derived from the Asset Management fee.

Ms. Blissett then asked if there were specific shortcomings of the LISC software, as compared to the Deloitte software.

Mr. Thayer stated that while both software platforms had been functional, the Deloitte software had felt more user friendly and more sophisticated than NewDL. Mr. Lyos also stated that the client base for the LISC software was smaller, and felt that that there might be more potential for errors with the LISC software. Mr. Thayer stated that there was a dedicated team of computer professionals at Deloitte that provided tech support and could assist staff if necessary.

Mr. Broom asked if the initial set up fee would need to be paid again if the software was upgraded. Mr. Thayer answered that no, it was a one time fee and would not need to be paid again if the software was upgraded.

Ms. Singletary asked what the current role of United Fund Advisors was in the asset management, compliance and servicing work streams. Mr. Thayer stated that

UFA currently paid several professionals to manage their own project portfolio, and so if NYCNCC were to engage United Fund Advisors in the asset management, compliance and servicing workstreams, the payment to UFA would effectively be used to pay a salary to a dedicated asset manager at UFA to track the asset management, compliance and reporting requirements.

Mr. Thayer requested a motion to approve the reimbursement to NYCEDC for the procurement and purchase of the Deloitte software. The motion was made, seconded and unanimously approved.

7. Officer Additions

Mr. Thayer stated that this item consisted of changing his title from Deputy Executive Director to Executive Director. Mr. Cohn stated that in his opinion Mr. Thayer's work was of a level consistent with the role of the Executive Director, and that such nomination was fitting. Mr. Thayer thanked Mr. Cohn and stated that he was deeply appreciative of the opportunity to work with the other Officers and Board Members over the past year. A motion to approve the appointment of Mac Thayer as Executive Director of NYCNCC was made, seconded and unanimously approved.

8. Status Update on the Navy Yard Building 127 Project

Mr. Thayer provided a brief overview of the Navy Yard's Building 127 project. He stated that a significant development on the project in the past few months was that B Amsterdam (the original tenant at the project) had pulled out of the project, and that therefore, the Navy Yard wanted to cancel that project and begin a new one.

Mr. Thayer stated that the new project would include the renovation of Building 127 into white box industrial space and some creative office space. Mr. Thayer stated that the new project in many respects improved upon the previous project from a New Markets perspective, and that the Navy Yard's employment center was a key attribute of the project.

Mr. Thayer notified the board that the project would likely begin to move through the approval process in a few weeks. Mr. Thayer asked if there were any questions or comments. There being none, and this item being a non-voting item, Mr. Thayer moved to the next item.

9. Other Business

Mr. Thayer asked if any of the board members had any other business they wished to discuss. Ms. Tranter asked if Mr. Thayer could please provide a general update on what our plans were to apply for more allocation, and what the timing of the upcoming NMTC application was. Mr. Thayer answered that the next application was expected to be due in June, with awards likely announced in December. Mr. Thayer stated that NYCNCC would be applying for additional allocation in the June round.

Ms. Singletary asked if NYCNCC should potentially solicit letters of support from local community groups and/or elected officials. Mr. Thayer and Mr. Cohn both stated that this was a good idea and would follow up to determine if this was allowed in the application.

Mr. Thayer then made a general observation to the board that, while NYCNCC's method of raising capital through the new markets program was somewhat complicated and limited by future receipt of NMTC allocation in competitive applications, it's core business was making low interest loans to community development projects, and that, in absence of a NMTC allocation, if other sources of capitalization could be found, NYCNCC could potentially expand its ability to provide debt to impactful NYC projects.

Ms. Tranter stated that this was an interesting idea and asked if raising another source of funding would be allowed under the by-laws of the corporation. Mr. Cohn stated that raising additional sources of capital might be tricky to do, because the by-laws of the corporation were currently designed around the new markets program, and thus amending the by-laws of the corporation might be required. As an example, Mr. Cohn cited the role of the Advisory Board, which was required under the NMTC rules, but would not technically be required if loans were made outside the NMTC system.

Ms. Van Tassel suggested that from a public perspective, vetting projects with the advisory board might be a helpful structure for us to keep in place. Mr. Cohn agreed. Ms. Tranter also commented that it would be important in her view to maintain our standard approval process and structure.

Mr. Thayer thanked the board for their consideration of the subject and stated that it could be an interesting topic for future discussion. Mr. Thayer also stated that irrespective of the discussion on other sources of capital, he hoped NYCNCC would receive an allocation award in the upcoming round.

Ms. Van Tassel asked if it would be possible to do both (i.e. use NMTC sources of capital and non-NMTC sources of capital). Mr. Cohn suggested that if NYCNCC received more NMTC allocation, in practice this influx of capital might sufficiently occupy staff time and capacity in a way that could potentially limit staffs' capacity to work on more projects.

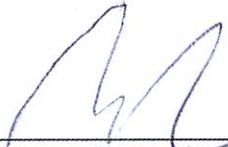
10. Adjournment

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 2:45 p.m.

Approved by:

NYC NEIGHBORHOOD CAPITAL CORPORATION

By:



Mac Thayer, Executive Director