Industrial Developer Loan Fund
Request for Proposals

Question & Answer Information Session: Friday, May 4, 2018

RFP Submission Deadlines:
June 29, 2018
September 28, 2018
December 28, 2018
March 29, 2019
June 28, 2019
Introduction to NYCEDC

- **Mission**: To reinforce New York City’s position as the global model for inclusive innovation and economic growth.

**Invest in programs to…**

- Manage NYC’s Real Estate Assets
- Oversee Capital Construction
- Catalyze the Growth of NYC’s Industry Ecosystems
Industrial Developer Loan Fund - Overview

**Challenge:** The scarcity in the supply of affordable real estate for industrial tenants in New York City.

**Mission:** To support the creation, modernization and/or preservation of industrial real estate.

**Product:** An alternative source of financing to help fill a gap in the acquisition of industrial real estate.

**Fund Size:** $19.3 million
How We Fill the Gap

Breakdown of Capital Sources

- **Private Sector Financing**
  - Largest percentage source of funding in a project
  - Reflects market validation of a project’s feasibility

- **EDC Subordinate Debt**
  - Represents the funding gap the borrower needs to fill

- **Developer Equity**
  - Upfront investment provided by the borrower into a project
  - Indicates the borrower’s vested interest in a project

Development Scenario

Project Cost: $20 million

- **Private-Sector Financing**
  - Senior Lender
  - 80% ($16M)

- **EDC Subordinate Debt**
  - 10% ($2M)

- **Developer Equity**
  - 10% ($2M)
Project Eligibility Criteria

The following are the base level categories and eligibility criteria all applicants will be required to follow:

- **Project**
  - Land and/or building

- **Project Size**
  - 25,000 square feet (minimum)

- **Geography**
  - 5 Boroughs of New York City

- **Use/Purpose**
  - Long-term industrial with quality permanent jobs
## Subordinate Lending Criteria – For Profit vs. Non Profit

### Highlighted Terms and Conditions

<table>
<thead>
<tr>
<th></th>
<th>For Profit</th>
<th>Non-Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Borrower</strong></td>
<td>Developer or owner/user of industrial real estate</td>
<td>Developer or owner/user of industrial real estate</td>
</tr>
<tr>
<td><strong>Loan Size</strong></td>
<td>5-10% of project amount, up to $5,000,000</td>
<td>5-10% of project amount, up to $5,000,000</td>
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<tr>
<td><strong>Interest Rate</strong></td>
<td>Fixed or floating rate at below current market rates for subordinate loans (discount to be determined by EDC)</td>
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</tr>
<tr>
<td><strong>Maturity</strong></td>
<td>Preferred range of 18-120 months</td>
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</tr>
<tr>
<td><strong>Rental Rate Assumptions</strong></td>
<td>Market rate</td>
<td>80% of existing market rental rates</td>
</tr>
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### General Terms and Conditions

- **DSCR**
  - Minimum 1.20x

- **Borrower Equity**
  - Minimum 5-10%

- **Origination/Legal Fees**
  - Up to 3%

- **Repayment Terms**
  - Amortizing or interest-only with balloon payment
NYCEDC will evaluate RFP respondents *independently* based on written proposals and interviews.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Weight</th>
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<tbody>
<tr>
<td>Financial Feasibility</td>
<td>35%</td>
</tr>
<tr>
<td>Respondent Team Qualifications</td>
<td>20%</td>
</tr>
<tr>
<td>Level of Respondent Investment</td>
<td>15%</td>
</tr>
<tr>
<td>Economic Impact</td>
<td>10%</td>
</tr>
<tr>
<td>Relationship to City Goals</td>
<td>10%</td>
</tr>
<tr>
<td>M/WBE Participation</td>
<td>10%</td>
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## Respondent Proposal Requirements

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Description</th>
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<tbody>
<tr>
<td>Project Description</td>
<td>• Description of the project and associated job creation</td>
</tr>
<tr>
<td>Community Description</td>
<td>• Overview of community and benefits from the project</td>
</tr>
<tr>
<td>Economic Impact</td>
<td>• Overall economic impact of the project</td>
</tr>
<tr>
<td>Feasibility of Construction Plan</td>
<td>• Anticipated project development timeline</td>
</tr>
<tr>
<td>Feasibility of Financing</td>
<td>• Detailed sources and uses, including pro-forma and LOI from senior lender</td>
</tr>
<tr>
<td>Alignment with City Goals</td>
<td>• Detailed description of how the project aligns with City goals</td>
</tr>
<tr>
<td>Community Support</td>
<td>• Description of community support for the project and outreach to local organizations</td>
</tr>
<tr>
<td>Financial Condition</td>
<td>• Description of the financial condition of the organization, sponsor, and related parties</td>
</tr>
<tr>
<td>Statement of Agreement and M/WBE Participation</td>
<td>• Inclusion of the statement of agreement and W/MBE participation documents found in the appendix of the RFP</td>
</tr>
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M/WBE Participation

- **M/WBE Program**
  - M/WBE Program established in NYC Administrative Code, LL129 of 2005 and LL1 of 2013
  - M/WBEs must be certified by NYC Dept. of Small Business Services

- **Respondents must submit an M/WBE Participation Proposal indicating their proposed level of M/WBE participation and a plan for achieving this goal**
  - Awarded parties will be required to submit an M/WBE Participation Plan, which includes information on project consultants and contractors, at commencement of contract

- **M/WBE Participation Proposal will be scored and factor into selection**
  - All submitted plans will be scored against each other
  - Scoring is a function of both the proposed Participation Goal and the strength of the narrative portion
  - The narrative is scored based on breadth and depth of the strategies proposed, as well as the level of specificity incorporated

- **Final M/WBE Participation Proposal and Goal will be incorporated into the Contract**
M/WBE Participation

Meeting M/WBE Goals

- **Identifying M/WBE Partners**
  - Use SBS directories to find M/WBEs in a specific field
  - Check out the Interested Subcontractor and Supplier List for this RFP
  - Network at this info session
  - NYCEDC can assist in identifying M/WBEs
  - Refer to good faith efforts section in draft contract for more ideas

- **Make use of the Kick-Start Loan Program**
  - Eligible borrowers: M/WBE-certified construction or consulting firms performing on public projects
  - Short-term loans to address cash flow challenges
  - Amounts up to $500,000
  - Interest is about ~1% per month
Typical Project Timeline

- **Borrower Submits Project Proposal**
- **EDC Submits Questions for Review**
- **EDC Credit Committee Review**
- **Final Credit Committee Approval**
- **EDC Preliminary Review**
  - (1-3 Weeks)
  - Borrower Revisions /
    EDC Site Visit
  - (2-4 Weeks)
  - Final Revisions /
    Underwriting
  - (2-4 Weeks)
  - Closing /
    Documentation Process
  - (4+ Weeks)
Submission Requirements

Respondents must submit responses according to the following guidelines:

- **First Round Deadlines:**
  - June 15, 2018
    - Written questions due to idlf@edc.nyc
  - June 22, 2018
    - Questions and answers posted to www.nycedc.com/rrp
  - June 29, 2018
    - RFP Submission deadline
      - Must be received by NYCEDC no later than 4:00 PM
      - Six (6) hard copies of the proposal in paper form
      - One (1) copy in electronic format (USB)

- **Future Submission Deadlines:**
  - September 28, 2018
  - December 28, 2018
  - March 29, 2019
  - June 28, 2019

Submit hard copies to:

NYCEDC
110 William Street,
4th Floor Mail Room
New York, NY 10038