

NYC Neighborhood Capital Corporation  
Minutes of the Meeting of the Board of Directors  
September 13, 2018

A meeting of the Board of Directors (the “Board”) of NYC Neighborhood Capital Corporation (“NYCNCC”) was held on September 13, 2018 at 1pm at the New York City Economic Development Corporation (“NYCEDC”), 110 William Street, Conference Room B, New York, NY 10038.

The following directors or their designated representatives were present:

Liz Verostek, Senior Vice President, NYCEDC  
Jervonne Singletary, Assistant Vice President, NYCEDC  
Melanie McMann, Assistant Vice President, NYCEDC  
George Bergamo, alternate for Gbenga Dawodu, Vice President, NYCEDC  
Julianne Herskowitz, alternate for Nate Bliss, Senior Vice President, NYCEDC  
Lex Blissett, alternate for James Katz, Chief of Staff, NYCEDC

The following directors or their designated representatives were not present:

James Patchett, Chairperson, President, NYCEDC  
Sara Tranter, Senior Vice President, NYCEDC

Also present were the following members of NYCEDC staff:

James Katz, Executive Vice President and Chief of Staff, NYCEDC  
Eric Clement, Senior Vice President, NYCEDC  
Christine Robinson, Assistant Vice President, NYCEDC  
Rebecca Gafvert, Vice President, NYCEDC  
Mac Thayer, Assistant Vice President, NYCEDC  
Izzy Cohn, Counsel, NYCEDC

Mr. Thayer, Executive Director of NYCNCC, convened the meeting of the Board of NYCNCC at 1:05 p.m., at which point a quorum was present.

1. Welcome

Mr. Thayer welcomed the Board members to the meeting.

2. Adoption of the Minutes of the June 21, 2018 Board of Directors Meeting

Mr. Thayer requested a motion to approve minutes of the June 21, 2018 Board meeting. The motion to approve the June 21, 2018 meeting minutes was made, seconded and unanimously approved.

### 3. Navy Yard Building 127 Project

Mr. Thayer presented an overview of the Navy Yard Building 127 project (the “Project”), including a summary of the Project Sponsor (Brooklyn Navy Yard Development Corporation), the Project, the location, community benefits, budget and financial projections. After the presentation Mr. Thayer stated that he had discussed the Project in some detail with the Investment Committee, and asked Ms. Verostek if she would be willing to provide comment.

Ms. Verostek stated that she, Ms. Tranter and Mr. Thayer had had an opportunity to meet and review the Project financial projections in more detail. She stated that based on the review of the Project, several concerns were raised including the reliability of the construction budget and the operating pro-forma assumptions. She stated that based on the concerns, Mr. Thayer had provided additional information and research on the budget and the operating pro-forma, including a sensitivity analysis, which was helpful and provided her with confidence that the Project would be able to be completed and operate successfully.

Mr. Thayer noted that the initial budget by the Navy Yard was lower than currently anticipated, and that the construction cost estimates provided by Turner Construction were \$6 million higher than the Navy Yard had previously anticipated. Mr. Thayer stated that in his opinion, the revised construction costs per square foot were reasonable, and also the operating analysis showed that the operating projections were reasonable and achievable.

Ms. Herskowitz asked if the Project was a traditional rehab or included elements of new construction. Mr. Thayer stated that the Project was a rehab, and that it also required elements of new construction including revising the interior structure and replacing the historic windows, which were currently bricked up.

Ms. Herskowitz asked if there was a concrete tenaning strategy for the property. Mr. Thayer replied that the strategy aimed to tenant the bottom two floors of the building with light-industrial tenants such as wood-workers, metal-workers, artisans and small-scale product manufacturers, and to tenant the top floor of the building with creative office tenants such as product design, 3D printing and related tenants. Mr. Thayer stated that this strategy was consistent with the Navy Yard’s overall strategy, and the other projects and tenants at the Navy Yard.

Mr. Thayer also noted that as a NMTC project, the manufacturing jobs were most attractive from a community benefits standpoint, but that the office component of the Project was important to ensuring that the Project was financially viable.

Ms. Gafvert asked if the space was being built to suit industrial tenants, office tenants, or both, and also if the space could potentially all be used for industrial tenants. Mr. Thayer replied the space would be white-box with the option for tenants to fit the space

out, and that it was possible that it could all be used for industrial tenants. Mr. Cohn noted that given that the break-even analysis showed that the Project could potentially sustain rents of \$20 per square foot at full occupancy, it could be possible to include more industrial tenants from a financial perspective.

Ms. Herskowitz asked if NYCNCC had any ability to ensure the Project's commitment to industrial jobs. Mr. Thayer stated that the Navy Yard had committed in writing to the jobs targets in the deal documents through the Community Impacts Agreement, and that NYCNCC technically had the right to declare a default if the Navy Yard failed to meet them, but that from a practical perspective, the agreement relied on an element of good faith between the CDEs and the Navy Yard.

Mr. Cohn further clarified that the QLICI loan agreement contained a cross-default provision such that a default under the Community Impacts Agreement would be a default under the loan agreement, but that to execute this provision would also require consent of the tax credit investor.

Mr. Bergamo asked if the Officers could provide more detail on the terms of the senior financing on the Project. Mr. Thayer provided the general terms. Mr. Cohn stated that further documentation could be provided if it were of interest. Mr. Cohn also noted that the senior loan debt service was distinct from the QLICI loans which were being provided.

Ms. Herskowitz asked if Navy Yard had appropriate approvals in place to complete the Project. Mr. Thayer stated that permits were in place. Mr. Cohn stated that the Project had received its CP from OMB, relating to the city capital.

Mr. Cohn also noted that the Project had received a recommendation from the Advisory Board in June. Ms. Gafvert asked if the Advisory Board had provided specific feedback with respect to the community benefits. Mr. Thayer stated that some of the feedback from the Advisory Board had focused on the involvement of the NYCHA tenants associations within Navy Yard job opportunities.

Ms. Singletary asked if the Navy Yard would report on their hiring results to NYCNCC or EDC, and also if the Project had M/WBE goals. Mr. Thayer stated that yes, the Navy Yard would report the jobs and hiring results to the EDC M/WBE team through the Employment Center, and that the Project had a 20% MWBE construction goal.

Mr. Thayer asked if the Board was comfortable moving forward with the Project for approval, and if so, if there was a motion to approve the Project.

## **RESOLUTION:**

**A motion to approve the Project was made, seconded and unanimously approved.**

### 4. Other Business

Mr. Thayer asked if there was any other business anyone wished to discuss.

Ms. Gafvert and Ms. Singletary noted that there were errors in their titles in the previous meeting minutes. Mr. Cohn responded that the appropriate adjustments would be made.

Mr. Thayer asked if the Board could please fill out the annual Board survey, a copy of which was included in the Board meeting materials.

Ms. Robinson noted that there were two upcoming meetings related to the 2018 audit: an audit committee meeting scheduled on the 24<sup>th</sup> of September, and a subsequent governing Board meeting (to address the audit committee's recommendations) also scheduled for the 24<sup>th</sup> of September later in the afternoon.

There being no further business Mr. Thayer moved to the next item.

##### 5. Adjournment

There being no further business to come before the Board at the meeting, pursuant to a motion made, seconded and unanimously approved, the meeting of the Board was adjourned at 1:30 p.m.

Approved by:

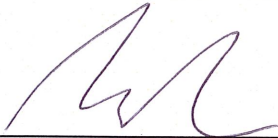
**NYC NEIGHBORHOOD CAPITAL CORPORATION**

By: \_\_\_\_\_  
Mac Thayer, Executive Director

Approved by:

**NYC NEIGHBORHOOD CAPITAL CORPORATION**

By:



\_\_\_\_\_  
Mac Thayer, Executive Director