



NYC Neighborhood Capital Corporation

Minutes of the Meeting of the Board of Directors

February 27, 2024

A meeting of the Board of Directors (the “Board”) of NYC Neighborhood Capital Corporation (“NYCNCC” or the “Corporation”) was held on February 27, 2024, at 9:00 am. at One Liberty Plaza, Room 13-01, and by audio and video conference.

The following directors or their designated representatives were present:

- Melissa Román-Burch, Chief Operating Officer, NYCEDC
- Sean Freas, Vice President, NYCEDC
- Melanie McMann, Senior Vice President, NYCEDC
- Matthew Furlong, Vice President, NYCEDC
- Francisco Pineda, Executive Vice President, NYCEDC
- Melissa Pumphrey, Senior Vice President, NYCEDC
- Gregory Sullivan, Assistant Vice President, NYCEDC
- Erich Bilal, Vice President, NYCEDC

Also present were the following members of NYCEDC staff:

- Jeanny Pak, Chief Financial Officer, NYCEDC
- Brinda Ganguly, Executive Vice President, NYCEDC
- Emily Marcus Falda, Vice President, NYCEDC
- Noah Schumer, Assistant Vice President, NYCEDC
- Meah Clay, Senior Counsel, NYCEDC
- Shin Mitsugi, Vice President, NYCEDC
- Spencer Hobson, Executive Vice President, NYCEDC
- Michele Lamberti, Vice President
- Eric Katz, Senior Vice President, NYCEDC
- Chu Li, Assistant Vice President, NYCEDC
- Leslie Escobar, Deputy Controller, NYCEDC
- Michael Parella, Assistant Vice President, NYCEDC
- Weston Rich, Senior Associate, NYCEDC
- Sophie King, Senior Associate, NYCEDC
- Joseph Taecker-Wyss, Associate, NYCEDC
- Leyla Arcasoy, Associate, NYCEDC
- Ashley Dills, Senior Vice President, United Fund Advisors

Mr. Schumer convened the meeting of the Board of NYCNCC at 9:02 a.m., at which time a quorum was present.

1. Approval of December 8, 2023 Meeting Minutes



Mr. Schumer brought up the first item for consideration, which was approval of the minutes of the Governing Board meeting held on December 8, 2023. Mr. Schumer asked for a motion to approve the minutes of the December 8, 2023 meeting. The motion was made, seconded, and unanimously approved with no abstentions or recusals.

2. Presentation of Brooklyn Plaza Medical Center, Inc.

Mr. Schumer brought up the next item, which was the presentation of the proposed Brooklyn Plaza Medical Center project. Mr. Rich spoke about the organization, the project, the project's community impact and support, the project financing, operating pro-forma and company financial statements, and the NMTC structure.

Ms. Pak asked if the two sources of grant revenue are formula funded, which Mr. Rich confirmed.

Ms. Román Burch asked to confirm that phase one of construction was complete and then asked if NCC financing would go towards the incomplete work. Mr. Rich explained that the NMTC financing will go towards all incomplete work and that the company has already secured an outside loan to reimburse the already completed work. Mr. Schumer also explained that the but for argument is still valid in the transaction as NMTC financing will allow the company to complete the work in a more cost-efficient manner as well as expand the scope of work.

Ms. Román Burch asked to understand the real estate relationship between NYCEDC and the Bedford Union Armory. Mr. Rich explained NYCEDC is the ground landlord and that when the company's current lease expires, lease payments will go to the developer. Mrs. Marcus-Falda explained that this project's structure is such that the beneficiary is not NYCEDC, but the project company. Mr. Rich also explained that NYCNCC staff has been working closely with internal teams that have stake in Bedford Union Armory and that no flags were raised in those conversations.

Ms. Román Burch expressed some concern with the asset as it relates to NYCEDC's portfolio. Mr. Freas added that the project will likely stabilize the asset and that the project's continued operations are considered vitally important to the community.

Ms. Pak asked about debt service coverage requirements, to which Mr. Schumer explained that there are minimum levels baked into the deal and that the project is confident that operations and revenues will substantially increase with the new, upgraded facility, which will increase debt service coverage.

Ms. Román Burch asked if the company's business model has contemplated real estate costs and any CAM charges that might be paid. Mr. Rich stated that the company is currently making lease payments at their Fort Green location, and that once that lease terminates, they will move fully into the Bedford Union Armory location.

Mrs. Marcus Falda also explained that without NMTC financing, the project would not be able to afford to complete the administrative office upgrades and would have to continue making lease payments at the Fort Greene location until they could afford to move fully, which contributes to the but for argument. Mrs. Marcus Falda added that NYCNCC staff have a high level of confidence in the project's ability to secure and stabilize revenues.

Ms. Pak asked what happens if a project defaults, which Mrs. Marcus-Falda could not answer because there has never been a default event in the NMTC program's history. Ms. McMann added that it's likely that if a project was in jeopardy of defaulting, investors would likely intervene well before that.



Mr. Furlong asked if there is any risk of the project not securing the certificate of needs by July, to which Mr. Rich explained that they currently have the initial approval and are looking to amend the certificate, for which any delays have already been accounted.

Mr. Furlong asked about the company's cash liquidity. Mrs. Marcus-Falda explained that that most of the free cash has already gone into completing the project and that part of the transaction will allow them to reimburse themselves for all predevelopment and construction costs that have been accrued, which would mean free cash increases after the project's completion. Mr. Rich added that increased revenues will contribute to that.

Ms. McMann asked what contingencies are in place in the event that city capital does not materialize. Mr. Rich explained that in that event, Primary Care Development Corporation would likely work with the project team to readjust their plan of financing.

Mrs. Marcus Falda added that the Community Advisory Board felt that the completion of this project was a positive addition to the community, and that this was a project that has anticipated completion for some time but experienced significant delays due to the pandemic.

Mr. Pineda wondered if there was a counterparty risk with the asset, to which Mrs. Marcus Falda assured that while staff feels there are no market structure risks, staff will look into the open questions.

There being no additional questions, a motion was made for a contingent vote of approval upon delivery of additional information regarding the lease structure and NYCEDC's involvement as asset manager. The motion was seconded and approved. Mr. Freas recused himself from the vote.

3. Presentation of Community Health Center of Richmond, Inc.

Mr. Schumer brought up the next item, which was the presentation of the proposed Brooklyn Plaza Medical Center project. Mr. Taecker-Wyss spoke about the organization, the project, the project's community impact and support, the project financing, operating pro-forma and company financial statements, and the NMTC structure.

Mr. Furlong noted that it seems novel that an operating investment is being made versus a capital investment to which Mr. Schumer stated that while operating investments are new for NYCNC's portfolio, they are common structures in the NMTC program. He explained that the project company will be using NMTC financing to fund existing expenses and fund expansion in their programming before the end of the year.

Ms. Román Burch asked how NYCNC ensures that the money goes towards agreed upon uses. Mrs. Marcus-Falda explained that there are specific funds that get created which are designated for approved uses and that those funds are tracked. Ms. Clay added that the project team has already identified a primary use for the proceeds, but that there is some flexibility for other areas in operations which are still under discussion.

Mr. Pineda asked if there was a forgiveness in the year following the end of the transaction's lifespan, to which Mr. Schumer explained that interest only is paid and at the termination of the deal, the principal is forgiven.

Ms. Román Burch asked about the motivation to make an operating investment at this time. Mr. Schumer explained that while NYCNC is continually interested in supporting real estate investments, staff are also interested in different types of projects that fit into the corporation's business strategy.



There being no additional questions, a motion was made to approve the project, which was seconded, and unanimously approved.

4. 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 9:55 a.m.

Approved by:
NYC NEIGHBORHOOD CAPITAL CORPORATION

By: _____
Emily Marcus Falda, Deputy Executive Director