

NEW YORK EMPOWERMENT ZONE CORPORATION

MEETING OF THE DIRECTORS

Tuesday, January 21, 2025

NEW YORK EMPOWERMENT ZONE CORPORATION

Meeting of the Directors
January 21, 2025 – 11:00 A.M.
655 Third Avenue New York, NY 10017
6th Floor Conference Room B

AGENDA

MARIA TORRES-SPRINGER, CHAIR – CALL MEETING TO ORDER

I. CORPORATE ACTION

- A. Approval of Minutes of October 10, 2024 Meeting
- B. Authorization of Matters Recommended by Upper Manhattan Empowerment Zone Development Corporation (“UMEZ”)
 - 1. National Black Theater – Authorization of \$3.5 million bridge loan for build-out a new theater space in East Harlem.
- C. Authorization of Matters Recommended by Bronx Overall Economic Development Corporation (“BOEDC”)
 - 1. Downtown Revitalization Initiative – Authorization of \$600,000 bridge loan to complete work on and around the 149th Street corridor within the boundaries of Third Avenue BID.
 - 2. Hip Hop Museum – Authorization of \$250,000 bridge loan for built-out of the museum.

II. OTHER BUSINESS

MARIA TORRES-SPRINGER – MOTION TO ADJOURN MEETING

NEW YORK EMPOWERMENT ZONE CORPORATION

MEETING OF THE DIRECTORS

655 Third Avenue, Board Room, New York, NY 10017

October 10, 2024

10:08 A.M.

MINUTES

In Attendance:

Directors: Kelly Gu, Designee for NYEZC Chair, Maria Torres-Springer, Deputy Mayor, Department of Workforce and Economic Development, NYC

Rafael Salaberrios, Designee for NYEZC Vice-Chair, Hope Knight, Chairman & CEO, Empire State Development

Romina Enea, Designee, Congressman Ritchie Torres

Luis Miranda, Jr., Designee, Congressman Adriano Espaillat

Blair Duncan, President, UMEZ

Robert Walsh, President, BOEDC

Others Present: Carlyne Turner-Beverly, ESD

Anthony Dalessio, ESD

Yahshaanyah Hill, UMEZ

Tunde Oniyide, UMEZ

Anna Pycior, ESD

Gina Bolden-Rivera, UMEZ

Public Present: Ana Bogden, Twelve Eleven Equities, Inc.

Shulamith Miller, Twelve Eleven Equities, Inc.

Kelly Gu, Senior Policy Advisor, and designee for NYEZC Chair, Maria Torres Springer, newly appointed First Deputy Mayor for the New York City called to order the meeting of the NYEZC Directors meeting, on Thursday, October 10, 2024. For the record, the public had been given the opportunities to comment on the agenda by submitting written comments on or before 5:00 p.m. October 9, 2024, to nyezc@esd.ny.gov. She noted that no comments were received on any of the agenda items.

The Directors received the materials in advance of today's meeting and were free to ask questions at any time. Hearing none, Kelly Gu shared to the group that Richard Dorado, ESD Counsel retired on August 31, 2024, and welcomed Carlyne Turner-Beverly, Senior General Counsel.

Kelly Gu asked the Directors if they had any conflicts of interest to note on any of the agenda item and no conflicts were noted. She then called for a motion to approve the Minutes of the Director's meeting on August 25, 2022, August 29, 2023, and April 17, 2024. Noting no corrections and upon the motion being duly made and seconded, the following resolutions were unanimously adopted:

APPROVAL OF MINUTES TAKEN AT THE MEETINGS OF August 25, 2022, July 25, 2023, August 29, 2023 and April 17, 2024 OF THE DIRECTORS OF THE NEW YORK EMPOWERMENT ZONE CORPORATION

RESOLVED, that the Minutes of the Meetings of the Corporation held on August 25, 2022, July 25, 2023, August 29, 2023 and April 17, 2024 as presented to this meeting, are hereby approved and all actions taken by the Directors presented as such meeting as set forth in such Minutes, are hereby in all respects ratified and approved as actions of this Corporation.

Kelly Gu then called upon Gina Bolden-Rivera to present the first item of the Upper Manhattan Empowerment Zone. In her absence, Blair Duncan presented the first item: a buildout loan to the Studio Museum in Harlem.

The Studio Museum in Harlem loan will be funded with loan repayments. The UMEZ Board approved the initiative on September 27, 2024, a \$7 million built-out loan for the development of an 82,000 square foot state-of-the-art Museum, designed by David Adjaye Associates with Cooper Robertson, acting executive architect. The Sciame Construction will be handling the construction of the building.

The project is located at the 144 West 125th Street, New York, NY. It's being developed in two phases at an estimated cost of \$167 million. The project is 87 percent complete and there does not appear to be any meaningful gaps in the financing structure. The \$7 million UMEZ loan will assist in the timing of the completion of the project by providing short-term capital, pending the release of the government grants.

UMEZ's loan is activating a grant from both the New York State Regional Economic Development Council in the amount of \$3.5 million and a grant from the New York City Cultural Capital Grant in the amount of \$3.6 million.

The project is estimated to create approximately 175 jobs during the construction and sustain 120 jobs.

Hearing no further questions or comments from the Directors and no comments from the public, upon the motion being duly made and seconded, the following resolution was unanimously adopted:

UPPER MANHATTAN EMPOWERMENT ZONE DEVELOPMENT CORPORATION - The Studio Museum in Harlem, Inc. - A \$7,000,000 build-out loan to

provide financing for the development of a state-of-the-art museum.

RESOLVED, that on the basis of the materials (the "Materials") presented to the Directors of the Corporation, a copy of which is hereby ordered filed with the records of the Corporation, relating to the Upper Manhattan Empowerment Zone Development Corporation ("UMEZ") initiative for to **The Studio Museum in Harlem, Inc.** (the "Initiative") to provide a buildout loan for the development of a state-of-the-art museum. The Corporation is hereby authorized to disburse to UMEZ an amount not to exceed **SEVEN MILLION DOLLARS (\$7,000,000)** for the purposes and on the terms and conditions described in the Materials; and in accordance with the terms, conditions and procedures set forth in the Operating Principles Memorandum of Understanding, dated as of January 19, 1996, entered into by the Corporation with the State of New York (the "State"), the City of New York (the "City") and others ("MOU"); and be it further

RESOLVED, that for the purpose of providing the funds, the Corporation is hereby authorized to accept and utilize funds for a grant in an amount not to exceed **SEVEN MILLION DOLLARS (\$7,000,000)** in accordance with the MOU; and be it further.

RESOLVED, that the President and Treasurer, or their respective designee(s), acting jointly are hereby authorized in the name and on behalf of the Corporation to execute and deliver any and all documents and to take any and all actions as they may deem necessary or proper to effectuate the foregoing resolutions.

Kelly Gu then asked Yahshaanyah Hill, Senior Vice President and Chief Program Officer, UMEZ to present an initiative for a grant to the Lower Manhattan Cultural Council. The program is a request to renew funding for the UMEZ Arts Engagement Program

with a grant of up to \$354,000 to the Lower Manhattan Cultural Council (LMCC).

The LMCC initiative is funded by loan repayments. The UMEZ Board approved the initiative on June 27, 2024. The UMEZ Arts Engagement re-grant program will be managed by the Artistic Services team at LMCC. This will be the 8th year of the program created in 2018 to enhance the diversity and frequency of arts and cultural presentations in Upper Manhattan, throughout community boards 9, 10, 11 and 12.

This year, for the first time, LMCC used a common application form allowing applicants to request funds from four sources: UMEZ, the New York City Department of Cultural Affairs, the New York State Council on the Arts, and the Howard Gilman Foundation, with a single application with a maximum combined award of \$16,000, including up to \$5,000 from UMEZ.

The request supports up to \$300,000 re-grant for the project and \$54,000 for the administrative costs. LMCC will provide an additional \$103,000 in administrative costs. The grant term is July 1, 2024, to April 20, 2026, for projects taking place from January 1, 2025, through December 31, 2025.

The request underscores UMEZ's commitment to cultivating opportunities to support individual artists and small organizations that contribute to the cultural vibrancy and economic vitality of Upper Manhattan.

Hearing no further questions or comments from the Directors and no comments from the public, upon the motion being duly made and seconded, the following resolution was unanimously adopted:

UPPER MANHATTAN EMPOWERMENT ZONE DEVELOPMENT CORPORATION - Lower Manhattan Cultural Council - A \$354,000 grant for the UMEZ Arts Engagement Grants program.

RESOLVED, that on the basis of the materials (the "Materials") presented to the Directors of the Corporation, a copy of which is hereby ordered filed with the records of the Corporation, relating to the Upper Manhattan Empowerment Zone Development Corporation ("UMEZ") initiative for an additional grant to **Lower Manhattan Cultural Council** (the "Initiative") to fund the UMEZ Arts Engagement Grants program. The Corporation is hereby authorized to disburse to UMEZ an amount not to exceed THREE HUNDRED FIFTY FOUR THOUSAND DOLLARS (\$354,000) for the purposes and on the terms and conditions described in the Materials; and in accordance with the terms, conditions and procedures set forth in the Operating Principles Memorandum of Understanding, dated as of January 19, 1996, entered into by the Corporation with the State of New York (the "State"), the City of New York (the "City") and others ("MOU"); and be it further

RESOLVED, that for the purpose of providing the funds, the Corporation is hereby authorized to accept and utilize funds for a grant an amount not to exceed THREE HUNDRED FIFTY-FOUR THOUSAND DOLLARS (\$354,000) in accordance with the MOU; and be it further.

RESOLVED, that the President and Treasurer, or their respective designee(s), acting jointly are hereby authorized in the name and on behalf of the Corporation to execute and deliver any and all documents and to take any and all actions as they may deem necessary or proper to effectuate the foregoing resolutions.

Kelly Gu then called on Olatunde(Tunde)Oniyide, CFO, UMEZ to present the budget FY 2025.

UMEZ's budget for fiscal year 2025 in the amount of \$4,600,672 is funded from loan repayments. The UMEZ Board approved the budget on June 27, 2024. The overall budget is higher by seven percent (7%) compared to FY 2024 primarily due to anticipated staffing increases of 13.9% for new headcount. Hiring includes a Chief Administrative Officer, who started in September 2024, a Financial Planner and Analyst, a Resource Development Specialist, and a Business Development Officer, each of whom are expected to start in the current fiscal year. UMEZ is projecting a revenue of \$7,291,522, which is broken down between funding that will consist of grants and earned investment income and interest from outstanding loans.

Hearing no further questions or comments from the Directors and no comments from the public, upon the motion being duly made and seconded, the following resolution was unanimously adopted:

**UPPER MANHATTAN EMPOWERMENT ZONE DEVELOPMENT CORPORATION -
Authorization of \$4,600,672 administrative budget for fiscal
year 2025.**

RESOLVED, that on the basis of the materials (the "Materials") presented to the Directors of the Corporation, a copy of which is hereby ordered filed with the records of the Corporation, relating to the **Upper Manhattan Empowerment Zone Development Corporation** ("UMEZ"), the Directors hereby authorize an administrative budget **of FOUR MILLION SIX HUNDRED THOUSAND SIX HUNDRED SEVENTY-TWO DOLLARS (4,600,672)** for the fiscal year 2025, pursuant to the purposes described in the Materials; and in accordance with the terms, conditions and procedures set forth in the Operating Principles Memorandum of Understanding, dated as of January 19, 1996, entered into by the Corporation with the State of New York (the "State"), the City of New York (the "City") and others ("MOU"); and be it further

RESOLVED, the President and Treasurer, or their respective designee(s), acting jointly are hereby authorized in the name and on behalf of the Corporation to approve expenditures, execute and deliver any and all documents and to take any and all actions as they may deem necessary or proper to effectuate the foregoing resolutions.

Blair Duncan mentioned that all of the initiatives and the budget for the Upper Manhattan Empowerment Zone are funded by UMEZ's interest earnings from investments and loan repayments. Ray Salaberrios clarified that the original New York Empowerment Zone allocation has been disbursed fully to both UMEZ and BOEDC, and each entity is funding operations, loans and programs with loan repayments from the original allocation.

Hearing no further business, the meeting adjourned at 10:21 a.m.

FOR CONSIDERATION

January 21, 2025

TO: The Directors

FROM: Maria Torres-Springer

SUBJECT: New York (New York County) - Upper Manhattan
Empowerment Zone Development Corporation

REQUEST FOR: **Authorization for Bridge Loan to National Black
Theater Workshop Inc and to Take Related Actions.**

I. Initiative Summary

Organization Name: Upper Manhattan Empowerment Zone
Development Corporation ("UMEZ")
55 West 125th Street, 11th Floor
New York, New York 10027

Contact: Blair Duncan
President and CEO
(212) 410-0030

Proposed Initiative: A \$3,500,000 build-out loan of a new
theater space in East Harlem.

Total Initiative Cost: \$3,500,000

Proposed Empowerment Zone \$3,500,000 Construction Loan - Bridge
("EZ") Investment:

Funding Sources: Loan Repayment

Fiscal Year: 2025

II. Initiative Narrative

Attached are materials prepared by UMEZ for its Board of Directors containing narrative information regarding this initiative.

III. Conditions for Approval

Funding is subject to the Corporation's approval of UMEZ's monitoring system which must ensure that adequate policies and procedures are adopted to safeguard against misappropriation and provide for appropriate controls with respect to each grant.

The release of funds for this initiative is subject to certification by the Deputy Mayor's Office (i) that all procurement solicitation processes fulfill all applicable requirements set forth in the Operating Principles Memorandum of Understanding (the "MOU") dated as of January 19, 1996, and (ii) that each procurement selection process has been completed in accordance with those requirements.

The release of funds for this initiative is subject to UMEZ presenting to the Corporation for approval detailed written information on implementation of this initiative and the terms and conditions for the loan from UMEZ to **National Black Theater Workshop Inc.** The provision of funding for this initiative is contingent upon the Corporation receiving satisfactory evidence of all other funding sources for the initiative.

The disposition of interest and principal payments for the loan made under this initiative is further subject to the approval of New York Empowerment Zone Corporation's Board of Directors.

IV. Initiative Benchmarks

The initiative will achieve the following benchmarks:

1. Development of a new building will expand offerings to artists and playwrights' access to state-of-the-art spaces and equipment.
2. Expand its job-training program for theater production trade skills, which lead to union-track jobs.
3. It anticipates contribution of \$9 million annually to NYC's economy through adjacent services such as hotels, restaurants, boutiques, bars, and transportation.

This initiative will benefit EZ residents:

1. Same as above

V. Federal Funding Goals

This initiative will meet the following Federal funding goals:

- Achieve or maintain economic self-support, to prevent, reduce, or eliminate dependency.
- Permanent job creation, including without limiting the foregoing, promotion, encouragement, and creation of opportunities for small, medium, and large business development in the EZ/EC that will create permanent jobs for the Enterprise Zone.
- Increasing the number of permanent job creating new businesses in the EZ/EC.
- Leveraging of Federal, State, and City EZ/EC funding and not-for-profit funding with private capital.

VII. Additional Materials

- A. Copy of UMEZ's Board of Directors' materials
- B. Copy of UMEZ's Board of Directors' resolution recommending this initiative for final approval by the Directors
- C. Resolution of the Directors



To: New York Empowerment Zone Board of Directors
From: Blair M. Duncan, President & CEO
Upper Manhattan Empowerment Zone Development Corporation
Date: January 21, 2025
Re: National Black Theatre Workshop Inc.-
Build-out Loan Request for: \$3,500,000

Investment Proposal

UMEZ staff seeks the Committee's approval of a **\$3,500,000 construction/bridge loan** ("Loan") to **National Black Theatre Workshop, Inc. (NBT "Borrower" or "National Black Theatre")** to bridge the first tranche of a \$10 million grant ("NYSCA Grant") awarded in 2023 by the New York State Council on the Arts (NYSCA). The NYSCA Grant was awarded to the Borrower as part of the capital stack funding the build out of a new theatre space (the "Project") for NBT at 2031-2033 5th Avenue, at 125th Street and Fifth Avenue ("Property") in East Harlem. The Property was originally purchased in 1982 by Dr. Barbara Ann Teer, NBT's late founder, to house the theatre.

Dr. Teer's children, Michael and Barbara "Sade" Lythcott, who are the Chairman and CEO of NBT respectively, have entered into an agreement with L + M Development Partners LLC, a seasoned affordable housing developer ("L + M"), and Ray, a residential lifestyle brand company founded by Dasha Zhukov ("Ray") which are collectively the Development Team ("the Team"). The Team will build the flagship project, Ray Harlem, ("Ray Harlem") which will be a transformative 21-story mix use building located at 2033 5th Avenue, (aka as National Black Theatre Way), comprised of 222 mixed-income housing rental apartments, a dynamic retail space, and the next iteration of the NBT performance space.

The original NBT theatre was demolished, and the Property was transferred in 2020 to **2033 National Black Theatre Way LLC ("Owner")**, a joint venture entity in which L + M, Ray, and an entity owned by Michael Lythcott hold interests. Under the agreement NBT is leasing the proposed Theatre Unit from the Owner until the project is completed and the title will be transferred to NBT as part of a condominium agreement. The Theatre will be delivered to NBT when the affordable housing units and the core and shell for the theatre is completed. NBT will be responsible for the completion of the theatre which has a Total Development Cost ("TDC") of \$64,502,304 including the Fit- Out Cost of \$40,992,953. The \$64.5 million TDC is expected to be funded by a capital campaign including \$50.62 million pledged or awarded (including the \$10 million NYSCA Grant), \$2.24 million in grants or contributions received, and \$11.64 million that has not been fully secured. Funders to the capital campaign include a range of New York State and City agencies as well as foundations and individual donors; a complete list with statuses is included later in this memo.

NBT requested a \$3,500,000 bridge loan from UMEZ in order to bridge the \$10 million NYSCA Grant. NBT has requested the Loan to meet predevelopment expenses that are immediately necessary. The NYSCA Grant is funded with three payments: 25% upon execution of the agreement; 35% upon completion of 60% of the Fit-Out Cost and the balance upon completion of 95% of the Fit-Out Cost. The Loan would cover \$3.5 million of the \$10MM grant with a requirement that prior to closing NBT demonstrate that it has the remaining \$6.5 million to complete the remaining work to ensure that NBT can make the two payment milestones after the predevelopment loan has been funded.

While a Grant Agreement is not available for review currently, prior to closing, UMEZ will receive confirmation in writing from the Agency that the grant proceeds can be disbursed solely for predevelopment expenses and that \$3 million meets the threshold for the first disbursement.

Harlem Ray's architecture and design is a collaboration between Frida Escobedo Architects, Handel Architects, and Little Wing Lee. The plans for the NBT Project include offices, classrooms, a 250-seat immersive technology performance space, a 99-seat flexible studio theater, and a set-building shop to support workforce development in theatrical trades. Ray Harlem topped out in October 2023 and the residential units will begin leasing in late 2024. The NBT build out of the theatre is projected to commence in 2025 and be completed so that NBT can open its doors in 2027 to continue its 56year legacy as a beacon for Black artists and an artistic destination for people around the world.

Investment Criteria	Comment
Strategic Fit:	Providing loans to bridge grant proceeds is a strategic area for UMEZ to explore. There is high demand for this type of lending, the grants are a reliable takeout source and there is a strong mission component. These loan funds support the borrowers to enable them to begin building out their spaces prior to receiving the government grants which often has a lengthy disbursement timeframe requiring the recipients to expend capital prior to the receipt of the award funds.
Realistic Business Plan:	NBT has a long history and clear vision for the new theatre space that will enhance the organization's programmatic offerings plus provide opportunities for additional revenue streams.
Experienced Management:	The CEO and Chairman are the daughter and son of NBT's founders and have a strong fundraising track record. The board of directors have significant experience in the arts and provides additional expertise.
Predictable Cash Flows:	NBT's financials have remained steady throughout the closure of the main theatre space and the pandemic despite the difficulties faced by the theatre industry as a result of the pandemic.
Adequate Capital Structure:	NBT's capital position appears strong and there is sufficient liquidity to cover their operations during the project.
Creation of at Least 5 Jobs:	The project will create 20 jobs during construction, in addition the new, larger theatre will allow more staff to be hired for the operations of the theatre and their theatrical productions. They will be able to increase their programming which will create additional jobs for set designers, actors, playwrights, and other artists. NBT also plans on offering job training programs for careers in the arts.
Value of Tax revenues to NYC:	Tax exempt 501(c)3 - expected to generate \$9 million in revenue for the NYC economy by encouraging demand for nearby restaurants, bars, etc.
Efficient Investment:	NBT owned the initial building and land that was demolished to commence the project. They will continue to have an investment in the newly created theatre in addition to a small investment in the overall project which includes the newly developed housing.
Community Impact:	Community impact is high – NBT is one of the first and longest-running theatres dedicated to the art and experiences of Black Americans, and leads many educational and vocational programs.

Loan Summary

<u>Date:</u>	September 9, 2024
<u>Borrower:</u>	The National Black Theatre Workshop Inc.
<u>Borrower Address:</u>	213 West 137 th Street, New York, NY 10030
<u>Legal Structure:</u>	501(c)3
<u>Request Summary:</u>	Loan is requested to bridge grant proceeds so that the Borrower can finance immediate soft costs associated with the Project.
<u>Investment Type:</u>	Construction Loan (Bridge loan)
<u>Loan Amount:</u>	\$3,500,000
<u>Investment Term:</u>	Eighteen (18)-months with option for a six- (6) month extension Interest only with balloon payment upon maturity
<u>Interest Rate:</u>	
<u>Primary Repayment Source:</u>	New York State Council of the Arts (NYSCA Grant)
<u>Security:</u>	*UMEZ is exploring whether it can obtain a lien on the NBT's ownership interest in 2033 NBT Way LLC, however the only confirmed security will be the NYSCA Grant Agreement.
<u>Use of Funds:</u>	Funding of predevelopment expenses
<u>Guarantor(s):</u>	National Black Theatre Workshop, Inc.
<u>Conditions Precedent to Closing:</u>	

- I) Satisfactory confirmation that all legal milestones have been met pertaining to the Visual and Performing Arts (VPA) floor area bonus (pertaining to NBT's obligations under the Development Agreement executed with the Owner)
- II) Satisfactory review of Project Cost Analysis/Construction Budget III) Written confirmation from NYSCA that:
 - the Grant can be utilized for predevelopment expenses;
 - the proposed budget for the first tranche meets NYSCA's threshold for reimbursement;
 - UMEZ is the first priority recipient of NYSCA proceeds (i.e., While the UMEZ loan is outstanding, NYSCA funds are not permitted to repay any other debt, including debt owed to L+M or other parties)
- IV) Documentation to confirm that NBT has the remaining funds to complete the scope of work required to obtain NYSCA funding.
- V) The parties will execute a deposit account control agreement (DACA) between NBT and UMEZ. All proceeds from the NYSCA grant will be deposited into the DACA account.
- VI) A revised project timeline is required prior to closing.

Covenants:

- I) Corporate guarantee of National Black Theatre

- II) Within 90 days of fiscal quarter end, report on construction progress;
- III) Within 90 days of fiscal quarter end, internally generated financial documents for work completed;
- IV) Within 90 days of fiscal year end, corporate tax returns for the borrower;
- V) Within 90 days of fiscal year end, personal tax returns for all guarantors;
- VI) Inclusion of covenant stating that the failure to demonstrate funds for completion of grant scope, will constitute an event of default under the UMEZ loan agreement.

Risks:

- I) A grant agreement has not been provided for review, and so it is unclear whether there are stipulations that the Borrower may be unable to comply with, which would jeopardize UMEZ’s source of repayment.
- II) The TDC is approximately \$64.5 million, which well exceeds the Borrower’s recent annual fundraising amounts, so to fill any construction budget gaps, the Borrower will need to augment its fundraising outside its normal activities.
- III) At present, the Borrower has only received \$2.24 million of its anticipated capital campaign. An additional \$50.6 million has been awarded or pledged, but the level of risk associated with any of these awards is difficult to assess without reviewing all of the grant agreements or historic data around the Sponsor’s conversion rate of pledges. Even State and City sources of financing, which are the majority of the grant sources, can have budget shortfalls or other obstacles that may lead to reduced award amounts reaching the Sponsor’s account.
- IV) Borrower’s guaranty is of limited value

Mitigants:

- I) UMEZ will receive confirmation from NYSCA that it can disburse the first tranche of the grant proceeds solely for predevelopment expenses.
- II) UMEZ will require that NBT demonstrate the ability to complete the \$6.5 million balance to receive the total NYSCA grant of \$10 million independent of the balance of the funds necessary to complete the \$41 million build-out,
- III) UMEZ will confirm with NYSCA that grant proceeds will be paid in accordance with the scope identified as NYSCA work independent of the total build out cost of associated with the completion of the rest of the Project (i.e. UMEZ will be repaid by NYSCA even if NBT cannot raise the rest of the capital needed to complete the entire Project).
- IV) Borrower is a long-standing arts institution with over 5 decades of experience fundraising and many strong relationships with foundations, high net worth/celebrity board members, and deep ties to the community. These relationships have supported the current capital campaign and can help it raise additional funds if necessary.
- V) L + M and Ray are well-capitalized developers that are deeply invested in this Project and required by zoning to build a performing arts venue in this space. There is also strong community and media support for this Project, so the positive impact of L + M and Ray’s participation would be lost if they were to preemptively withdraw.

Sources and Uses:

The Total Development Cost is \$64.5 million inclusive of NBT Fit-Out Cost of \$41 million, the Sponsor’s Core & Shell costs of \$17.8 million and \$5.7 million of other costs. (See Exhibit I) The costs are broken down below, and

a complete project budget is attached as an exhibit to this memo. UMEZ’s portion will be \$3.5 million towards a total of \$3.5 million in predevelopment expenses. The sources for the remaining amount will be identified and matched prior to closing.

Sources		Project Costs	
2019 NYSCA REDC	\$470,000	Construction Costs	\$27,056,308
Individuals	\$213,840	Hard Cost Contingency	\$2,665,631
Foundations	<u>\$1,557,500</u>	FF&E	\$4,236,627
Total Received (funds disbursed)	\$2,241,340	CODE/DOB	\$165,000
Development Deal	\$8,090,000	Planning & Design	\$3,272,386
ESD Market New York	\$500,000	Other Professional Fees	\$1,449,874
2023 ESD REDC	\$2,500,000	Development Costs	\$1,122,490
DCLA	\$28,431,000	Soft Cost Contingency	<u>\$1,024,638</u>
NYSCA	\$10,000,000	Total NBT Build Out Costs	\$40,992,954
Foundations	\$1,000,000	DDC 2% IFA Requirement	\$ 510,000
NYC Discretionary	<u>\$100,000</u>	Core & Shell/Acquisition Costs	\$22,999,351
Total Confirmed/Pledged/Awarded	\$50,621,000		
DCLA	\$1,659,356		
East Harlem DR	\$375,000		
Individuals	\$2,605,608		
Foundations / Corporations	<u>\$7,000,000</u>		
Total Pending	\$11,639,964		
Total Anticipated	\$64,502,305	Total Development Cost	\$64,502,305

Conclusion and Recommendations

This Loan is recommended for approval based on the Borrower’s strong history of fundraising, solid financial position, and awarded source of repayment, as well as the opportunity for UMEZ to support a long-standing and beloved cultural institution. Risks associated with uncertainty around the grant are mitigated by a collateral interest in an equity stake owned by a Borrower affiliate.



Credit Memo Presentation

I. Borrower Overview

The National Black Theatre Workshop is a tax-exempt 501(c)3 non-profit cultural and educational corporation founded in 1968 by Dr. Barbara Ann Teer, a decorated actor, director, entrepreneur, and proponent of the Black Arts Movement. Active in the civil rights movement, Dr. Teer believed that African American communities needed a space to preserve their unique artistic traditions and safely expand and develop new art in a way that diverged from mainstream theatre.

NBT is the country's first revenue-generating Black art complex and the longest-running Black theatre company in New York City. Its mission is to promote Black and African American artistic expression by producing over 300 theatre productions, running educational programs in the arts, housing an expansive collection of Nigerian art, and serving as an incubator for community artists while also hosting world-renowned performers such as Nina Simone and Maya Angelou.

After Dr. Teer's death in 2008, her daughter Sade Lythcott took over as CEO of the theatre and her son Michael Lythcott as Chairman. Over its decades' long existence, the theatre has received dozens of awards and been recognized by NY state governors and US presidents as a vital cultural resource.

NBT is governed by a Board of Directors, whose duties include overseeing the property, affairs, and business of NBT as well as supporting the theater financially on occasion. The current list of the Board of Directors is included below:

FY 2024 BOARD OF DIRECTORS			
Board Member	Position	Year Appointed	Profession
Michael F. Lythcott	Board Chair	2013	Venture Capital Investment Professional, Obsidian Investment Partners
Linara Davidson-Greenidge	Treasurer	2017	Associate Dean for Communication Strategy, Development, and Alumni Affairs, Columbia School of Social Work
Velma Banks	Secretary	1968	Community Activist / Social Worker
De'Ara Balenger	Board Member	2023	Co-Founder, maestra
Anthony Roth Costanzo	Board Member	2023	Opera Singer / Producer / Curator
David Alan Grier	Board Member	2017	Film & TV Actor / Comedian
Van Jones	Board Member	2017	American Author / Political Commentator / CNN
Zoe Kravitz	Board Member	2018	Film & TV Actress / Musician / Activist
Tracey Ryans	Board Member	2023	Founder, Tracey Ryans Agency
Cleo Wade	Board Member	2015	Poet / Artist
Jonathan Wiggins	Board Member	2023	Vice President, BlackRock
Michelle Wilson	Board Member	2016	Broadway & Film Actress / Activist

Building History

NBT originally rented space on E 127th and E 125th Streets. Dr. Teer purchased an 8,000 square foot theatre at 9 E 125th street in 1969 and expanded the theatre into a 64,000 square foot complex with two theatres, classrooms, and an art gallery. When the building was threatened with foreclosure in 2002, NBT sold 49% of the Property to Nubian Partners, a real estate company, which operated retail outlets in the space. While this provided additional revenue, it led to an expensive and protracted legal battle when Nubian Partners tried to lease spaces to large corporate franchises in violation of the contract it signed with NBT. The NY State Supreme Court ruled in favor of NBT, however the costs of the dispute along with prior debts threatened NBT with foreclosure again before Sade Lythcott, in her capacity as the new CEO, entered into an agreement with Baltoro Capital Management, which took over in 2012 and promised to keep the theatre rent-free even in the event the building was sold.

In 2020, the Property was sold to the current Owner, which entered into a Co-development Agreement with NBT, stipulating the creation of a condominium once a Core and Shell Temporary Certificate of Occupancy is provided. NBT vacated the Property at the end of 2020 for the construction of Ray Harlem and the new theatre space.

II. Market Analysis

New York City's theatre industry is recovering slowly from the COVID-19 pandemic. IBISWorld reports indicate that revenue, while increasing steadily, has not yet reached its pre-pandemic highs with high production costs and shifting audience habits primary concerns. Revenue was \$8.9 billion in 2023, 2.8% lower than 2019.

Live Performance Theaters in the US

Industry Revenue

Total value and annual change from 2011-2029. Includes 5-year outlook.



Source: IBISWorld

New York City, with its diverse theatre system and appeal as a global tourist destination, is a relative outlier in the national datasets. A specific industry report focusing on the performance of smaller NYC theatres has not been conducted since a 2019 report by the Mayor's Office of Media and Entertainment. However, a 2024 survey by the American Association of Community Theatre of 332 community theatres nationwide indicates that a majority of respondents are operating at a breakeven or surplus and report stable or increasing ticket sales. This is supported by recent reporting in the New York Times and Arts Journal indicates that the increasing cost of producing on Broadway has led producers and investors to smaller scale productions for smaller theatres, which attract a younger, more diverse, local demographic, especially as older theatregoers have been slow to return. IBISWorld's recent trend projections support this as well, noting that smaller theatres have a competitive advantage in that they can appeal to a narrower segment of the market.

In spite of the theatre industry’s slow recovery, the market’s trends favoring smaller scale, lower cost productions, smaller theatres, more specific theatre audiences, and a younger, more diverse demographic, all support an optimistic outlook for NBT’s future, including its ability to attract grants and contributions.

III. Project Description and Financial Analysis

Description

As discussed, the Project entails the build-out of the Theatre Unit, the shell of which is to be completed by the Development Team. NBT executed a Development Agreement in 2020 with the Owner entity of the Property, stipulating that it would complete the Project, with all costs related to the new improvements of the Theatre Units allocated to NBT, and all shared costs allocated pro rata to the Owner and NBT. The Project buildout scope encompasses the following spaces:

- 99-seat studio performance theatre
- 250-capacity flexible space – a “Temple of Liberation” – for immersive, experiential presentations
- Rehearsal room, green room, dressing room, sound booth
- Workshop for set-building and on-site job training
- Exhibition hall for NBT’s archives and Nigerian art collection
- Public lobby, signage, marquee, and exterior artistic decoration

This will enable NBT to expand significantly upon its current offerings: artists and playwrights will have access to state-of-the-art spaces and equipment and the additional space will allow NBT to expand its job-training program for theatre production trade skills, which lead to union-track jobs. In addition to the direct benefit to NBT’s patrons, participants, and employees, NBT anticipates that the Project will contribute \$9 million annually to NYC’s economy through adjacent services such as hotels, restaurants, boutiques, bars, and transportation.

Theatre Build-out Development Team

Design Architect: Frida Escobedo

Interior Designer: Little Wing Lee

Intervention Artist: Sanford Biggers

Theatre Architect: Marvel Architects

Theatre Consulting: Charcoal Blue Theatrical Innovation

Way-finding and signage: Isometric

Collaborating Base Architect: Handel Architects

Zoning

The Property is currently located in a C4-7 zoning district with a total lot area of 16,985.55 and can be developed as-of-right at a base Floor Area Ratio (FAR) of 10.0 for non-residential uses and a base FAR of 9.0 for residential

uses. The development plans for the Project and Harlem Ray combined require a base FAR of 12.0 and benefit from utilizing a Visual and Performing Arts Bonus Floor Area (“VPA Bonus”), which require the completion of the new theatre improvements and stipulate the usage of the site as a visual or performing arts space moving forward. This bonus allows an additional four-square feet per one square foot of floor area used as a theater/performing arts space. Timeframe

A detailed Project timeframe is attached as an exhibit to this memo, but key milestones include the following:

- Q1 2022: Construction of base building (Ray Harlem) begins
- Q2 2024: Construction of Ray Harlem is complete, core and shell delivered to NBT
- Q3 2024: NBT commences interior build-out of Theatre Unit
- Q4 2025: Theatre Unit is substantially complete
- Q4 2027: The new theatre is open to the public

Predevelopment Financing

The scope of predevelopment expenses that are immediately necessary is included below. These are the expenses that UMEZ is requested to fund, and additional capital will be secured before UMEZ closing to meet the rest of these expenses.

NBT COSTS	
Exterior Art Panels	541,414
Architect Fees	438,613
Interior Designer	40,000
Structural Engineer Fees	20,500
MEP Engineer Fees	85,750
Theatre Consultant & AV	215,000
IT and Security Design	21,766
Lighting Design	33,000
Graphic Design	28,167
Code Consultant	7,500
Cost Estimating	10,000
ADA Consultant	10,588
Green Building Consultant	44,780
Waterproofing Consultant	21,250
Specifications	1,513
Reimbursables	49,054
Exterior Art Design	408,263
Welding Consultant	5,394
Distinctive Sidewalk Consultant	41,025
Other Commissioned Artists (Design)	103,500
Project Management	271,591
Legal	101,333
TOTAL NON-CONSTRUCTION COSTS	2,500,000
ACQUISITION COSTS	
Core & Shell Fitout Costs	500,000
TOTAL	3,000,000

Budget & Project Financing

The Total Development Cost is \$64,502,304, inclusive of the Core & Shell costs (which are the responsibility of the Project Owner). The costs are broken down below, and a complete project budget is attached as an exhibit to this memo.

Construction Costs	\$27,056,308
Hard Cost Contingency	\$2,665,631
FF&E	\$4,236,627
CODE/DOB	\$165,000
Planning & Design	\$3,272,386
Other Professional Fees	\$1,449,874
Development Costs	\$1,122,490
Soft Cost Contingency	\$1,024,638
Total NBT Build Out Costs	\$40,992,954
DDC 2% IFA Requirement	\$510,000
Core & Shell/Acquisition Costs	\$22,999,351
Total Development Cost	\$64,502,305

Of the TDC, [\$44.99] million is allocated to NBT for the cost of the build-out, while the remaining \$23 million is allocated to the Owner. As of 12/31/23, NBT has accrued [\$1.92] million in construction consulting fees (which are capitalized and reported as a fixed asset on its balance sheet). NBT has taken on a \$600,000 loan from L + M and Ray to finance additional initial soft costs associated with the Project, which are described in more detail later in the financial analysis section.

Sources

NBT intends to finance the Project through a capital campaign, which is detailed below:

Source	Amount	Status
2019 NYSCA REDC	\$470,000	Received
Individuals	\$213,840	Received
Foundations	\$1,557,500	Received
Total Received (funds disbursed)	\$2,241,340	
Development Deal	\$8,090,000	Confirmed
ESD Market New York	\$500,000	Awarded
2023 ESD REDC	\$2,500,000	Awarded
DCLA	\$28,431,000	Awarded
NYSCA	\$10,000,000	Awarded
Foundations	\$1,000,000	Pledged
NYC Discretionary	\$100,000	Pledged
Total Confirmed/Pledged/Awarded	\$50,621,000	
DCLA	\$1,659,356	Pending
East Harlem DR	\$375,000	Pending
Individuals	\$2,605,608	Pending
Foundations / Corporations	\$7,000,000	Pending
Total Pending	\$11,639,964	
Total Anticipated	\$64,502,305	

The proposed Loan would bridge funds from the awarded \$10 million NYSCA grant in the amount of \$3.5 million. NBT has requested \$3.5 million from UMEZ to assist in financing the soft costs, which are required for the Project to progress to its next stage at which time other funds will be made available.

IV. Borrower Financial Analysis

Collateral Value:

The Lythcott Member Company, which is owned by NBT Chairman Michael Lythcott, has a 10.28% state in the entire Harlem Ray Development project. Assuming that the Fair Market Value of the entire project is \$32,000,000 (the acquisition price, and the benchmark price referenced in the PSA documents for any potential sale transaction) and that the value of Mr. Lythcott's equity stake can be calculated directly from the Fair Market Value, the value of the lien is worth approximately \$3,289,600, sufficient if liquidated to make UMEZ whole in the event primary sources of repayment are not available, with additional available value to cover potential legal costs of collecting on the collateral if need be.

Financial Documentation Provided:

NBT provided a 990 Tax Return for 2021 and a draft audited financial statement for the fiscal year ending October 31, 2023, which also included the audited financial reporting for 2022. The information is summarized in the following tables.

Financial Statement Summary:

(note, differences in line items from 2021 and 2022/2023 are due to different classifications of expenses in NBT's tax return and audit)

	FYE Oct 31, 2021	FYE Oct 31 2022	FYE Oct 31 2023
Income Statement			
Revenue	<i>990</i>	<i>Audit</i>	<i>Draft Audit</i>
Contributions and grants	\$2,077,384	\$4,711,493	\$3,776,671
Program service revenue	\$60,685	\$423,253	-
Investment income	\$71	-	-
Other revenue	\$92,542	\$53,489	\$139,468
Total Revenue	\$2,230,682	\$5,188,235	\$3,916,139
Expenses			
Total Program Services	-	\$1,939,927	\$3,205,393
Supporting Services	-	\$766,555	\$803,295
Salaries and employee benefits	\$776,360	-	-
Other Expenses	\$661,586	-	-
Total Expenses	\$1,437,946	\$2,706,482	\$4,008,688
Revenue less expenses	\$792,736	\$2,481,753	(\$92,549)
Net assets year end	\$2,630,245	\$5,111,998	\$5,019,449

NBT's revenue is primarily comprised of grants, of which a significant majority (\$3.98 million in 2022 and \$3.15 million in 2023) came from Foundations, with the remainder provided by New York City, New York State, and Federal government sources and individual donors. In 2023 NBT reported an additional \$447,067 in grants and contributions with donor restrictions.

The previous three years are not typical of operations for NBT as live performances and in person events were curtailed by the COVID-19 pandemic in 2020 and NBT vacated the Property entirely as of December 31, 2020, to allow construction of the new building to begin. NBT continued through 2021, 2022, and 2023 to generate revenue from program services and admissions and concessions (classified as "other revenue" in the audit), as many of its programs and events can be and have been conducted from different locations.

Expenses have increased steadily year-over-year as fundraising efforts have ramped up in preparation for the construction of the new space, and ongoing expenses have continued for mobile programs and remote employees. Net Assets decreased by just under \$100K from 2022 to 2023 due to increasing costs and a reduction in annual contributions and grants; however, net assets remained strong at \$5.019 million at the end of 2023.

Balance Sheet:

	FYE Oct 31, 2021	FYE Oct 31 2022	FYE Oct 31 2023
Current Assets			
Cash	\$152,968	\$1,820,470	\$3,084,193
Savings and temporary investments	\$668,701		
Pledges and grants receivable	\$1,242,206	\$1,683,097	\$475,568
Accounts receivable Prepaid expenses and deferred charges	\$6,166 \$18,037	\$11,500 \$32,918	\$19,198 \$45,731
Actor's Equity Association Bond	-	\$15,821	\$15,821
Total Current Assets	\$2,088,078	\$3,563,806	\$3,640,511
Other Assets			
Long-term grants and contributions	-	\$335,568	\$10,000
Fixed Assets	\$877,194	\$1,948,474	\$2,220,232
Other	\$2,080	-	-
Total Other Assets	\$879,274	\$2,284,042	\$2,230,232
Total Assets	\$2,967,352	\$5,847,848	\$5,870,743
Liabilities			
Accounts payable	\$82,516	\$132,873	\$249,788
Unsecured notes and loans payable	\$248,087	\$599,820	\$599,820
Other	\$6,504	\$3,157	\$1,686
Total Liabilities	\$337,107	\$735,850	\$851,294
Net Assets Without Donor Restrictions	\$2,630,245	\$2,258,698	\$2,613,216
Net Assets With Donor Restrictions	<i>not differentiated</i>	\$2,853,300	\$2,406,233
Total Net Assets	\$2,630,245	\$5,111,998	\$5,019,449
Total Liabilities and Net Assets	\$2,967,352	\$5,847,848	\$5,870,743
Current Ratio	6.12	4.76	4.18
Leverage	0.11	0.13	0.15
Days Cash on Hand	39	246	281

Assets: Cash on hand has increased steadily due to active fundraising, with NBT reporting \$3.08 million in cash on hand for the FYE 2023. According to the draft audit, pledges and grants classified as “current assets” are the amounts receivable within one year, while long term grants and contributions are receivable within one to five years. Fixed assets are comprised of NBT’s website, its collection of Nigerian art current in storage at UOVO art storage facilities, and theatre equipment, as well as capitalizable construction consulting costs totaling \$1.65 million in 2022 and \$1.92 million 2023, related to the development of the new theatre space.

Finally, NBT is also leasing space in a townhouse owned by the Estate of Dr. Barbara Ann Teer for executive office space and storage. As NBT’s Chairman is the executor of the estate and the CEO is the owner/occupier of the townhouse, all lease payments are classified as related party transactions. According to the audit, NBT incurred capitalizable leasehold improvement costs of \$160,494 in 2022 and \$10,050 in 2023 to convert the parlor floor of the townhouse into proper storage for NBT’s theatre equipment.

Liabilities: NBT’s primary liability is a loan payable to 2033 5th Ave Holdings LLC, a JV entity owned by L&M and Ray (not the JV entity to which an NBT affiliate is also a party), which financed certain soft costs related to the Project. As of October 31, 2023, the principal balance was \$599,820 interest is 4.5% per annum and compounds quarterly. Monthly payments of \$100,000 were due beginning on July 1, 2022. No payments were made in 2023. The loan agreement stipulates that if NBT or any affiliate receives any grant funding from the State of New York or any subdivision thereof during the term of the agreement, NBT must pay the funds to the JV entity to reduce the loan amount. Diligence is ongoing regarding whether proceeds from the NYSCA grant can be excluded from repaying the outstanding NBT loan.

Summary of Assets & Liabilities: Intensive fundraising has improved NBT’s liquidity over the three years reviewed and it performs well across a range of financial indicators given its strong liquidity and limited leverage.

Fiscal Year-End Date: October 31

Summary of Financial Projections: NBT’s board-approved budget for 2024 is included below. Earned revenue remains somewhat limited as the new theatre space will not yet be in operations; however, NBT expects to generate approximately \$40,000 from ticket sales and \$43,200 from investments. NBT projects \$4.16 million in foundation grants, with smaller amounts coming from individual contributions (\$43K), board and corporate contributions (\$45K each), and government contracts (\$367K). Expenses are expected to continue to increase, with total operating expenses of \$4.41 million, due largely to a 122% anticipated increase in production costs. NBT projects a moderate 2024 operating deficit of (\$253,732), which is to be anticipated given it will not be operating at full capacity, and fundraising efforts will continue to focus on the Theatre Unit build out, which will not be reflected in revenue.

National Black Theatre**Operating Budget**

	FY24 Approved
Earned Revenue	
Ticket Sales	40,000
Contracted Services	10,000
Royalties/Rights & Reproductions	-
Education Revenue	-
Rental Revenue	-
Sales	1,200
Investment Revenue	43,200
Other Revenue	-
Total Earned Revenue	94,400
Contributed Revenue	
Board Contributions	45,000
Individual Contributions	430,000
Foundation Grants	3,173,033
Corporate Contributions	45,000
Government Contracts	367,230
In-kind Contributions	-
Release of Designated Assets	-
Total Contributed Revenue	4,060,263
Total Operating Revenue	4,154,663
Expense	
Salaries & Wages	1,612,328
Taxes & Benefits	470,463
Professional Fees	447,095
Catering & Hospitality	22,800
Grantmaking Expenses	-
Insurance	14,558
Marketing Expenses	78,951
Occupancy Expenses	65,140
Office & Support Expenses	89,428
Production Expenses	1,445,496
Staff Support Expenses	5,000
Storage Rental	47,322
Freight	-
Travel	84,860
Bad Debts	-
Depreciation & Amortization	24,953
Total Operating Expenses	4,408,395
Operating Surplus (Deficit)	(253,732)

V. Conclusion and Recommendation

Risks:

- VI) A grant agreement has not been provided for review, and so it is unclear whether there are stipulations that the Borrower may be unable to comply with, which would jeopardize UMEZ's source of repayment.
- VII) The TDC is approximately \$64.5 million, which well exceeds the Borrower's recent annual fundraising amounts, so to fill any construction budget gaps, the Borrower will need to augment its fundraising outside its normal activities.
- VIII) At present, the Borrower has only received \$2.24 million of its anticipated capital campaign. An additional \$50.6 million has been awarded or pledged, but the level of risk associated with any of these awards is difficult to assess without reviewing all of the grant agreements or historic data around the Sponsor's conversion rate of pledges. Even State and City sources of financing, which are the majority of the grant sources, can have budget shortfalls or other obstacles that may lead to reduced award amounts reaching the Sponsor's account.
- IX) Borrower's guaranty is of limited value
- X) The value and accessibility to UMEZ of the equity collateral is difficult to evaluate without further inputs from other project stakeholders and possibly 3rd party valuation providers.

Mitigants:

- XI) UMEZ will receive confirmation from NYSCA that it can disburse grant proceeds solely for predevelopment expenses, which insulates UMEZ from risks associated with the completion of the rest of the Project (i.e. UMEZ will be repaid by NYSCA even if NBT cannot raise the rest of the capital needed to complete the entire Project).
- XII) UMEZ will require that there is no other claim on NYSCA funds under any other loan agreement unless the outstanding balance of that loan agreement is zero and remains so until the UMEZ loan is repaid.
- XIII) Borrower is a long-standing arts institution with over 5 decades of experience fundraising and many strong relationships with foundations, high net worth/celebrity board members, and deep ties to the community. These relationships have supported the current capital campaign and can help it raise additional funds if necessary.
- XIV) L + M and Ray are well-capitalized developers that are deeply invested in this Project and required by zoning to build a performing arts venue in this space. There is also strong community and media support for this Project, so the positive impact of L + M and Ray's participation would be lost if they were to preemptively withdraw support.

This Loan is recommended for approval based on the Borrower's strong history of fundraising, solid financial position, and awarded source of repayment, as well as the opportunity to support a long-standing and beloved cultural institution. Risks associated with uncertainty around the grant are mitigated by a collateral interest in an equity stake owned by a Borrower affiliate.

VI. Site Inspection

Site inspection Pending

VII. Exhibits

Exhibit I: YTD Operating Expenses

National Black Theatre FY24 Budget - July Update Operating Budget

	FY24 Approved	YTD 7/31/24	FY24 Projected	Programs	General	Fundraising	FY23 Audited	FY22 Audited
Earned Revenue Ticket								
Sales	(40,000)	(24,420)	(57,414)	(57,414)	(-)	(-)	(69,361)	(136,255)
Contracted Services	(10,000)	(106,850)	(115,350)	(115,350)	(-)	(-)	(11,500)	(260,781)
Royalties/Rights & Reproductions	(-)	(300)	(300)	(-)	(300)	(-)	(3,188)	(255)
Education Revenue	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(500)
Rental Revenue Sales	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
	(1,200)	(675)	(21)	(-)	(21)	(-)	(1,921)	(355)
Investment Revenue	(43,200)	(19,279)	(35,400)	(-)	(35,400)	(-)	(41,465)	(4,898)
Other Revenue	(-)	(22,318)	(30,682)	30,500	(182)	(-)	(6,033)	(20,210)
Total Earned Revenue	(94,400)	(127,856)	(239,125)	(203,264)	(35,861)	(-)	(133,468)	(423,254)
Contributed Revenue Board								
Contributions	(45,000)	(11,788)	(35,000)	(-)	(35,000)	(-)	(11,840)	(17,680)
Individual Contributions	(430,000)	(77,922)	(77,922)	(3,000)	(74,922)	(-)	(359,852)	(458,221)
Foundation Grants	(3,173,033)	(3,305,733)	(3,582,983)	(1,255,600)	(2,327,383)	(-)	(2,790,767)	(1,777,457)
Corporate Contributions Government	(45,000)	(22,508)	(27,508)	(15,000)	(12,508)	(-)	(78,249)	(35,107)
Contracts	367,230	(326,400)	336,400	246,900	(89,500)	(-)	443,030	493,228
In-kind Contributions	(-)	(-)	(-)	(-)	(-)	(-)	(6,000)	(53,489)
Release of Designated Assets	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Total Contributed Revenue	(4,060,263)	(3,744,351)	(4,059,814)	(1,520,500)	(2,539,314)	(-)	(3,689,738)	(2,835,182)
Total Operating Revenue	(4,154,663)	(3,872,207)	(4,298,939)	(1,723,764)	(2,575,175)	(-)	(3,823,205)	(3,258,436)
Expense								
Salaries & Wages	(1,612,328)	(1,294,918)	(1,653,511)	(1,264,608)	(161,588)	(227,316)	(1,533,516)	(1,022,168)
Taxes & Benefits	(470,463)	(317,702)	(407,510)	(305,864)	(45,259)	(56,387)	(385,013)	(289,137)
Professional Fees	(447,095)	(1,003,181)	(1,195,952)	(928,679)	(152,393)	(114,881)	(755,508)	(669,859)
Catering & Hospitality	(22,800)	(31,825)	(33,656)	(12,856)	(18,300)	(2,500)	(68,539)	(19,728)
Grantmaking Expenses	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Insurance	(14,558)	(23,895)	(24,140)	(19,011)	(2,135)	(2,994)	(13,517)	(16,436)
Marketing Expenses	(78,951)	(31,550)	(53,297)	(29,707)	(14,648)	(8,942)	(59,599)	(15,435)
Occupancy Expenses	(65,140)	(301,837)	(407,427)	(391,241)	(6,738)	(9,449)	(119,710)	(47,143)
Office & Support Expenses	(89,428)	(82,846)	(104,886)	(52,678)	(20,247)	(31,962)	(110,801)	(82,569)
Production Expenses	(1,445,496)	(94,279)	(388,969)	(388,854)	(-)	(115)	(606,458)	(237,465)
Staff Support Expenses	(5,000)	(28,210)	(30,851)	(20,813)	(9,683)	(355)	(23,736)	(5,847)
Storage Rental	(47,322)	(-)	(-)	(-)	(-)	(-)	(595)	(33,756)
Freight	(-)	(-)	(-)	(-)	(-)	(-)	(11,287)	(8,586)
Travel	(84,860)	(138,942)	(154,805)	(121,445)	(27,960)	(5,400)	(115,989)	(68,831)
Bad Debts	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Depreciation & Amortization	(24,953)	(-)	(24,953)	(18,845)	(2,543)	(3,566)	(24,423)	(12,020)
Total Operating Expenses	(4,408,395)	(3,349,185)	(4,479,958)	(3,554,600)	(461,492)	(463,866)	(3,828,690)	(2,528,979)
Operating Surplus (Deficit)	((253,732)	(523,022)	(181,019)	((1,830,836)	(2,113,683)	(463,866)	(5,485)	(729,456)

Exhibit A: Project Timeline

Task Name	Duration	Start	Finish	Predecessors
NBT Fit-out Design				
Concept Design	110d	10/01/20	03/03/21	
Schematic Design	85d	02/01/21	05/26/21	
Design Development	151d	07/01/21	01/28/22	
Pre Construction & Design Charette				
Preconstruction Manager Selection	6w	02/12/24	03/22/24	
Design Charette	10w	01/29/24	04/05/24	
Post Charette Cost Estimate (Dharam)	4w	04/08/24	05/03/24	15
Post Charette Cost Estimate (Construction Manager)	4w	07/29/24	08/23/24	
Construction Documents				
Construction Documents	20w	09/02/24	01/17/25	15FS +21w
50% Construction Documents	0	11/11/24	11/11/24	19SS +10w
75% Construction Documents Cost Estimate	3w	12/16/24	01/03/25	19SS +15w
NBT 75% CD Estimate Review	1w	01/06/25	01/10/25	21
100% Construction Documents	0	01/20/25	01/20/25	19SS +20w
Specialty Facade Elements, Guardrails and Decorative Facade Elements				
Finalize contract with Commissioned Exterior Artist	7w	08/01/24	09/18/24	
Fabricator Selection	2w	09/19/24	10/02/24	25
Shop drawing & samples approval	20w	10/03/24	02/19/25	26
Fabrication				
Fabrication - Terracotta Facade	32w	02/20/25	10/01/25	27
Fabrication - Lotus Piece	16w	02/20/25	06/11/25	27
Fabrication - Loggia Guardrails	16w	02/20/25	06/11/25	27
Fabrication - Entryway Max figures	16w	02/20/25	06/11/25	27
Installation				
Installation - Facade Tiles	12w	10/02/25	12/24/25	29
Installation - Lotus Piece	4w	01/22/26	02/18/26	34FS +4w
Installation - Loggia Guardrails	4w	01/22/26	02/18/26	34FS +4w
Installation - Entryway Max figures	4w	11/17/25	12/12/25	35SS +35w
<i>Fabrication & Installation timelines TBC</i>				
Base Building / L&M				
Base Building Permit Approvals	1378d	06/05/17	09/15/22	
Base Building Podium Construction				
SOE / Excavation / Dewatering	24w	07/25/22	01/06/23	
Concrete Foundation	20w	10/31/22	03/17/23	
Podium Superstructure	14w	03/20/23	06/23/23	47
Tower Superstructure	19w	06/26/23	11/03/23	48
Building Topped out	0	11/03/23	11/03/23	49FF
Ground Floor Storefront	14w	11/27/23	03/01/24	
Roofing	8w	11/06/23	12/29/23	50
Exterior wall masonry	10w	06/26/23	09/01/23	48
Brick facade	14w	07/24/23	10/27/23	48FS +4w
Punched Curtain wall windows	8w	10/30/23	12/22/23	54
Water tight	0	01/12/24	01/12/24	55FS +3w
Interior Finishes	67w	07/24/23	11/01/24	53SS +4w
Podium Elevator	18w	06/26/23	10/27/23	48
Base Building 1st TCO (Lobby, floors 5-12)	0	11/07/24	11/07/24	
Base Building 2nd TCO (NBT Space, Common areas, floors 13-21)	0	01/02/25	01/02/25	59FS +8w
Development				
NBT condo closing	8w	01/02/25	02/26/25	60
NBT Funding				
NYSCA State Funding				
NYSCA FY23 Grant Award Announcement	1d	05/16/23	05/16/23	
Register NYSCA Contract	52w	09/01/23	08/29/24	
NYSCA Contract Executed	1d	09/05/24	09/05/24	
DCLA City Funding				
DCLA Award Notifications - FY2024 and earlier	0	07/01/23	07/01/23	
DCLA Award Notification - FY25	0	07/01/24	07/01/24	
Prepare Exhibit A Budget & Narrative	3w	08/26/24	09/13/24	16, 70, 17
CCG Package Preparation	12w	09/16/24	12/06/24	71
OMB Review	8w	12/09/24	01/31/25	72
Legal Agreement	16w	02/03/25	05/23/25	73
Certificate to Proceed	0	05/23/25	05/23/25	74
Comptroller Approval	4w	05/26/25	06/20/25	75
Kickoff Meeting with DDC	1d	06/23/25	06/23/25	76
NBT Fit-out Construction				
NBT Permit Approvals				
DOB Ab-2 Filing	0	01/25/23	01/25/23	
DOB Ab-2 Filing Approval	0	09/22/23	09/22/23	
<i>Place of Assembly Filing - Marvel to advise</i>				
Exterior Signage Zoning Review	260d	01/25/24	01/22/25	

Exhibit A: Project Timeline (Continued)

	Task Name	Duration	Start	Finish	Predecessors
84	<i>Zoning text change process - to be detailed</i>	52w	01/25/24	01/22/25	
85	Distinctive Pavement Approval with DOT	242d	03/29/24	03/03/25	
86	Confirm Distinctive Pavement Consultant	1d	03/29/24	03/29/24	
87	Finalize Design	19w	04/01/24	08/09/24	86
88	Conceptual Design Submission to PDC (per PDC calendar)	1d	08/16/24	08/16/24	
89	Meet with PDC (per PDC calendar)	1d	09/16/24	09/16/24	
90	<i>PDC, DOT and other city agency review and approvals are estimated</i>	24w	09/17/24	03/03/25	89
91	NBT Fit-out Construction	813d	03/01/23	04/10/26	
92	NBT State Environmental Quality Review (SEQR) & State Historic Preservation Office (SHPO) Reviews	6w	03/01/23	04/11/23	
93	DOB Permit issued	1d	01/20/25	01/20/25	81, 60, 23
94	Contractor Bidding	8w	01/20/25	03/14/25	23
95	NBT Fit-out	52w	03/17/25	03/13/26	94, 60FS +4w, 62
96	Equipment Installation	8w	12/22/25	02/13/26	95SS +40w
97	Furniture Installation	4w	03/02/26	03/27/26	96FS +2w
98	NBT Fit-out complete	0	03/13/26	03/13/26	95
99	NBT Punchlist and Owner Move-in	4w	03/16/26	04/10/26	98
100	<i>CM to advise on this section. Early bid packages TBD</i>				

**RESOLUTION OF THE BOARD OF DIRECTORS OF
UPPER MANHATTAN EMPOWERMENT ZONE
DEVELOPMENT CORPORATION**

**REGARDING APPROVAL TO FUND AN ECONOMIC AND PHYSICAL
DEVELOPMENT PROJECT**

**AT A REGULAR MEETING OF THE BOARD OF DIRECTORS
HELD ON THE 19th DAY OF DECEMBER 2024**

WHEREAS, the Economic and Physical Development Committee has reviewed the materials presented to it, a copy of which has been filed with the records of the Upper Manhattan Empowerment Zone Development Corporation (“UMEZ”), relating to a request for funding a \$3,500,000 build-out loan to The National Black Theatre (“NBT”), to bridge a \$10,000,000 grant from the New York State Council on the Arts, as part of the funding to build-out the theatre space at 2031-2033 5th Avenue, New York, New York 10035 (the “Project”); and

WHEREAS, the Economic and Physical Development Committee has found the Project to be in furtherance of UMEZ achieving its Community Development Financial Institution (“CDFI”) objectives, consistent with the New York Empowerment Zone’s Strategic Plan, and the investment criteria for initiatives seeking financial support.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors approves the Project and authorizes UMEZ to submit the Project to the New York Empowerment Zone Corporation for authorization to fund a loan not to exceed THREE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$3,500,000) subject to terms and conditions substantially similar to those included in the presentation materials; and be it

FURTHER RESOLVED, that the approval of the Project authorized by these resolutions shall expire nine (9) months after the adoption of these resolutions; and be it

FURTHER RESOLVED, that the President and CEO or his/her respective designees, are hereby authorized on behalf of UMEZ to make such changes to the terms and conditions of the transaction as may be appropriate, execute and deliver any and all documents and take any and all actions as they may deem necessary or proper to effectuate the foregoing resolutions.

January 21, 2025

UPPER MANHATTAN EMPOWERMENT ZONE DEVELOPMENT CORPORATION - The National Black Theater Workshop Inc. - A \$3,500,000 a build-out loan of a new theater in East Harlem.

RESOLVED, that on the basis of the materials (the "Materials") presented to the Directors of the Corporation, a copy of which is hereby ordered filed with the records of the Corporation, relating to the Upper Manhattan Empowerment Zone Development Corporation ("UMEZ") initiative for to **National Black Theater Workshop Inc.** (the "Initiative") to build-out loan of a new theater in East Harlem. The Corporation is hereby authorized to disburse to UMEZ an amount not to exceed **THREE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$3,500,000)** for the purposes and on the terms and conditions described in the Materials; and in accordance with the terms, conditions and procedures set forth in the Operating Principles Memorandum of Understanding, dated as of January 19, 1996, entered into by the Corporation with the State of New York (the "State"), the City of New York (the "City") and others ("MOU"); and be it further

RESOLVED, that for the purpose of providing the funds, the Corporation is hereby authorized to accept and utilize funds for a grant an amount not to exceed **THREE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$3,500,000)** in accordance with the MOU; and be it further

RESOLVED, that the President and Treasurer, or their respective designee(s), acting jointly are hereby authorized in the name and on behalf of the Corporation to execute and deliver any and all documents and to take any and all actions as they may deem necessary or proper to effectuate the foregoing resolutions.

FOR CONSIDERATION

January 21, 2025

TO: The Directors

FROM: Maria Torres-Springer

SUBJECT: New York (New York County) - South Bronx Overall Economic Development Corporation

REQUEST FOR: **Authorization for Bridge Loan to Downtown Revitalization Initiative and to Take Related Actions.**

I. Initiative Summary

Organization Name: South Bronx Overall Economic Development Corporation ("BOEDC")
851 Grand Concourse, Suite 123
Bronx, New York 10451

Contact: Robert Walsh
President
(718) 590-6252

Proposed Initiative: A \$600,000 bridge loan for a construction work within the boundaries of Third Avenue BID.

Total Initiative Cost: \$600,000

Proposed Empowerment Zone \$600,000 Construction Loan - Bridge ("EZ") Investment:

Funding Sources: Loan Repayment

Fiscal Year: 2025

II. Initiative Narrative

Attached are materials prepared by BOEDC for its Board of Directors containing narrative information regarding this initiative.

III. Conditions for Approval

Funding is subject to the Corporation's approval of BOEDC's monitoring system which must ensure that adequate policies and procedures are adopted to safeguard against misappropriation and provide for appropriate controls with respect to each grant.

The release of funds for this initiative is subject to certification by the Deputy Mayor's Office (i) that all procurement solicitation processes fulfill all applicable requirements set forth in the Operating Principles Memorandum of Understanding (the "MOU") dated as of January 19, 1996, and (ii) that each procurement selection process has been completed in accordance with those requirements.

The release of funds for this initiative is subject to UMEZ presenting to the Corporation for approval detailed written information on implementation of this initiative and the terms and conditions for the loan from BOEDC to **Downtown Revitalization Initiative**. The provision of funding for this initiative is contingent upon the Corporation receiving satisfactory evidence of all other funding sources for the initiative.

The disposition of interest and principal payments for the loan made under this initiative is further subject to the approval of New York Empowerment Zone Corporation's Board of Directors.

IV. Initiative Benchmarks

The initiative will achieve the following benchmarks:

1. 9 full time employees
2. improve the safety and security of the corridor on and around 149th Street, and the Empowerment Zone.

This initiative will benefit EZ residents:

1. Same as above

V. Federal Funding Goals

This initiative will meet the following Federal funding goals:

- Achieve or maintain economic self-support, to prevent, reduce, or eliminate dependency.
- Permanent job creation, including without limiting the foregoing, promotion, encouragement, and creation of opportunities for small, medium, and large business development in the EZ/EC that will create permanent jobs for the Enterprise Zone.
- Increasing the number of permanent job creating new businesses in the EZ/EC.
- Leveraging of Federal, State, and City EZ/EC funding and not-for-profit funding with private capital.

VII. Additional Materials

- A. Copy of BOEDC's Board of Directors' materials
- B. Copy of BOEDC's Board of Directors' resolution recommending this initiative for final approval by the Directors
- C. Resolution of the Directors

FOR CONSIDERATION

TO: NEW YORK EMPOWERMENT ZONE BOARD OF DIRECTORS
FROM: ROB WALSH, PRESIDENT OF BXEDC
DATE: JANUARY 21, 2025
SUBJECT: BXEDC
REQUEST: REQUEST FOR \$600,000 LOAN FOR DRI PROJECTS ON AND AROUND THE 149TH STREET CORRIDOR

INITIATIVE SUMMARY

ORGANIZATION: BXEDC

PROJECT MANAGER: MICHAEL NIXON

CONTACT: ROB WALSH, PRESIDENT

PROPOSED ADDRESS: 851 GRAND CONCOURSE, SUITE 123, THE BRONX, NY 10451

PHONE/FAX: 718.590.6252

TYPE OF BUSINESS: ECONOMIC DEVELOPMENT CORPORATION, LENDER
NAICS – 522299 INTERNATIONAL, SECONDARY MARKET, AND ALL OTHER NONDEPOSITORY CREDIT INTERMEDIATION

TAX STRUCTURE: NON-PROFIT CORPORATION 501C3

IRS TAX ID#: 13-3079387

DATE INCORPORATED: 3/1981

TOTAL PROJECT COSTS: \$400,000.00

FINANCING REQUESTED: \$600,000.00

FUNDING SOURCES: BXEDC BAI EZ LOAN \$600,000
(NY STATE GRANT FUNDS WILL REIMBURSE BXEDC FOR THE PROPOSED BRIDGE LOAN FOR RENOVATION ONCE WORK AND EXPENDITURES HAVE BEEN MADE AND DOCUMENTED)

TOTAL SOURCES OF FUNDS: \$600,000

EMPLOYMENT: 9

OVERVIEW:

The purpose of this funding request is to provide a bridge loan for several projects on and around the 149th Street corridor, within the boundaries of the Third Avenue BID. These projects include: the installation of street banners; the installation of security cameras; the installation of street lighting; and a public art installation. These four projects were part of the Downtown Revitalization Initiative (DRI) that was approved by the New York State Empire State Development (ESD) for the South Bronx prior to the pandemic. Due to the general disruption caused by the pandemic, DRI-related projects were delayed and modified. The intention is to use the Empowerment Zone funds as a bridge loan, to implement these projects. Once the projects have been completed and the work and expenditures have been documented, the Third Avenue BID will get reimbursed by the New York State Department of State for the work that was done. The Third Avenue BID will, in turn, remit the funds to BXEDC, which is the project manager for the DRI projects.

FINANCING REQUESTED:

Uses of Funds:

Installation of Street Banners	\$ 45,000.00
Installation of Security Cameras	\$ 80,000.00
Installation of Street Lighting	\$ 110,000.00
Public Art Installation	\$ 165,000.00
Additional Project Funds, if Needed	<u>\$ 200,000.00</u>
Total Uses of Funds	\$ 600,000.00

FUNDING SOURCES:

BXEDC BAI Business Loan (NY State Grant Funds will be used to reimburse BXEDC once permitted expenditures have been made)	\$ 600,000.00	
TOTAL	\$ 600,000.00	100.00%

DESCRIPTION OF PROJECTS

There are four projects for which BXEDC is requesting a bridge loan as part of the DRI initiative. Marshall Strawbridge, Director of Economic Development for BXEDC, will be the project manager for each of these projects:

Installation of Street Banners: BXEDC would issue an RFP, requesting quotes for the design, fabrication and installation of permanent street banners. BXEDC would work with the vendor, the Third Avenue BID and the NYC DOT, to develop the design for the banners. Street poles

would be identified, and permits will be sought to install the banners on the desired poles. The banners will then be fabricated and installed, and there will be a public unveiling

Installation of Security Cameras: BXEDC will consult with security camera experts, to determine the best product that meets the needs of the project and that is the most cost effective. Based on these consultations, BXEDC will create a scope of services and will request quotes from contractors. BXEDC will share application materials with small business owners, so that they can make selections, purchase security cameras and install them.

Installation of Street Lighting: BXEDC will determine which types of lighting should be used. BXEDC will then get quotes for equipment and labor. There will be a release call to small businesses for requests for street lighting, followed by getting the required permits and installing the lighting.

Public Art Installation: BXEDC will help create a community advisory selection committee that will help determine what type of art will be installed in the community. This committee will survey local sites for permanent arts installations. BXEDC will release a call for proposals from artists. BXEDC will then prepare and collect feedback on conceptual design. BXEDC will secure approval from the Public Design Commission. The piece will be commissioned and then will be installed with a public unveiling.

Under the terms of the DRI funding, no money will be released by The New York State Department of State until the work on a given project has been completed and the work and the expenditure of funds have been formally documented. Because the Third Avenue BID does not have the financial resources to have the projects undertaken without funding coming from a source other than the Department of State, BXEDC, through use of the Empowerment Zone funds, proposes to provide the funding upfront, to complete the four projects, in the form of a bridge loan.

Currently, the scope of the work is priced at \$400,000. BXEDC is requesting \$600,000, so that the extra \$200,000 can be assigned to each of the four projects, as needed. Getting up to \$600,000 is permitted under the DRI award, and the additional \$200,000 will be reimbursed, like the \$400,000, if the expenditures and the work are appropriately documented.

The loan would be a 0% interest loan, and no loan payments will be made until the money has been reimbursed by the Department of State to the Third Avenue BID. The Third Avenue BID will be required to remit the money to BXEDC right away, upon receiving the money from the Department of State. It is expected that the term of the loan will be five years, to allow for the scope of work to be fully realized. It would be expected that the Department of State will reimburse the Third Avenue BID (and that BXEDC will receive money as part of that reimbursement) as work is completed, payments are made and these activities are formally documented. Similarly, it is not necessarily the case that the entire \$400,000 (or \$600,000) will be needed all at once. This money will be provided for the four projects on an as-needed basis.

When the DRI funding was first approved, the State of New York requested that BXEDC oversee the administration of the funds going into the various areas of the South Bronx, including the area encompassing the Third Avenue BID. While the BID will be reimbursed by the State of New York for investments in the scope of work that meet the requirements as

approved by ESD and the Department of State for the awarding of the DRI activities that have been fully documented in terms of the work done and the expenditures incurred, BXEDC will be project managing all of the activities defined in the scope of work, including paying vendors, and thus will receive the reimbursement from the Third Avenue BID.

The various projects that are covered by the DRI are designed to improve the safety and security of the corridor on and around 149th Street, and the Empowerment Zone. The installation of security cameras and new street lights are focused directly on the questions of safety and security. The installation of street banners and public art is designed to convey an inviting space and encourage people to visit and spend time in the area, which will convey a sense of safety and security.

BXEDC is requesting that the New York Empowerment Zone Board of Directors authorize the allocation of up to \$600,000, to complete the work on and around the 149th Street corridor within the boundaries of the Third Avenue BID, to apply towards the various projects that have been outlined above. The Third Avenue BID and other stakeholders do not otherwise have the funding to oversee this work. The bridge loan that BXEDC is proposing will allow the organization to actively engage in the projects that were envisioned by local stakeholders and that was agreed to by ESD as one of several districts around the state that was granted money for public improvements following a statewide competition. If the Empowerment Zone Board of Directors approves the request for funding, BXEDC, as project manager, will begin the scope of work shortly after this decision is reached, with the hope that all of the tasks and projects will be completed by the end of 2025.

STRENGTHS:

- The funding and the work projects for which BXEDC is requesting a bridge loan has already been approved by ESD and the Department of State.
- The State of New York requires that projects be completed and fully documented before it will reimburse money to grant recipients, minimizing the risk that the projects will be done improperly and that the funding provided will be lost or mismanaged.
- The work that is being funded has broad support, encouraging the work to be done diligently and with care.
- The projects that are being funded place a strong emphasis on safety and security, and on making the area more aesthetically attractive, investments that are designed to encourage increased pedestrian traffic and economic activity.
- The staff at BXEDC has experience in overseeing street level enhancements, working with vendors and adhering to state-mandated rules and budgets.

Risks:

- The work projects being funded have numerous steps, making project management and implementation more complicated.
- Multiple vendors and partners must be engaged, making the project management of the various tasks more difficult.
- The loan will not be secured by collateral or personal guarantees.
- Possibility that the documentation for work performed for expenditures incurred will not meet the requirements of ESD and the Department of State.

Loan Committee

This document is a summary account of the Loan Committee's actions regarding the loan request described below. The loan package containing the credit and financial information has been e-mailed to the Loan Committee for the members review. Each members vote and response is recorded as a yes, no, abstain, or recuse.

Loan Request

Borrower Name: Third Avenue BID
Small Business Concern: Downtown Revitalization Initiative Project
Project Property: The 149th Street corridor within the boundaries of the Third Avenue BID
Loan Officer: Michael Nixon
Presentation Date: 1/16/2025
Gross Debenture: \$600,000

Committee Member	Representing	Vote				Comments
Clarence Stanley	Business	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain	<input type="checkbox"/> Recuse	
Winston Peters	Business	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain	<input type="checkbox"/> Recuse	
Yesenia Quinones	Financial	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain	<input type="checkbox"/> Recuse	
Julio Reyes	Financial	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain	<input type="checkbox"/> Recuse	
Dan Herdoon	Business	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain	<input type="checkbox"/> Recuse	

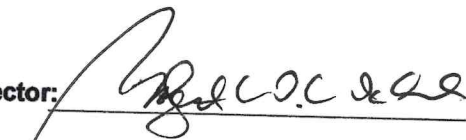
Amendments / Conditions

The meeting opened at 10:01 am and commenced at 10:36 am. This is a bridge loan to support the Bronx Downtown Revitalization Initiative (DRI) projects, until the work that has been funded has been reimbursed by New York State Economic Development Corporation (ESD). The funds have 0% interest and will be paid back in full once reimbursement by ESD is provided to the Third Avenue BID.

The signatures below attest to the votes and information contained herein.

Signatures

Operations Director:


 Rob Walsh/President

Date: 1/16/25

Corporate Officer:


 Dan Herdoon/Board Secretary

Date: 1/16/25



**RESOLUTION OF
THE BOARD OF DIRECTORS OF
BRONX ECONOMIC DEVELOPMENT
CORPORATION**

**REGARDING APPROVAL TO FUND THE BRONX ECONOMIC DEVELOPMENT CORPORATION
TO SUPPORT THE BRONX DOWNTOWN REVITALIZATION INITIATIVE PROJECTS IN AND
AROUND THE 149TH STREET CORRIDOR**

AT A REGULAR MEETING HELD ON THE 16th DAY OF JANUARY 2025

WHEREAS, the Loan Committee has reviewed the materials presented to it, a copy of which has been filed with the records of the Bronx Economic Development Corporation ("BXEDC"), whereby it can provide funding, to support capital projects in a zip code that includes the Bronx Empowerment Zone. The New York State Department of State has approved these projects; and

WHEREAS, the Loan Committee has found it to be a desirable use of funds, complementary to and consistent with the New York Empowerment Zone's Strategic Plan of improving capital investment in and around the Empowerment Zone.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors approves the proposed use of funds and authorizes BXEDC to submit the request to the New York Empowerment Zone Corporation for authorization to fund a loan not to exceed SIX HUNDRED THOUSAND DOLLARS (\$600,000), subject to terms and conditions substantially similar to those included in the presentation materials; and be it

FURTHER RESOLVED, that the President and CEO or his respective designees are hereby authorized on behalf of BXEDC to make such changes to the terms and conditions of the transaction as may be appropriate, execute and deliver any and all documents and take any and all actions as they may deem necessary or proper to effectuate the foregoing resolutions.

January 21, 2025

BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION - Downtown Revitalization Initiative - A \$600,000 bridge loan for a construction work within the boundaries of Third Avenue BID.

RESOLVED, that on the basis of the materials (the "Materials") presented to the Directors of the Corporation, a copy of which is hereby ordered filed with the records of the Corporation, relating to the Bronx Overall Economic Development Corporation ("BOEDC") initiative for **Downtown Revitalization Initiative** (the "Initiative") for construction work within the boundaries of Third Avenue BID. The Corporation is hereby authorized to disburse to UMEZ an amount not to exceed **SIX HUNDRED THOUSAND DOLLARS (\$600,000)** for the purposes and on the terms and conditions described in the Materials; and in accordance with the terms, conditions and procedures set forth in the Operating Principles Memorandum of Understanding, dated as of January 19, 1996, entered into by the Corporation with the State of New York (the "State"), the City of New York (the "City") and others ("MOU"); and be it further

RESOLVED, that for the purpose of providing the funds, the Corporation is hereby authorized to accept and utilize funds for a grant an amount not to exceed **SIX HUNDRED THOUSAND DOLLARS (\$600,000)** in accordance with the MOU; and be it further

RESOLVED, that the President and Treasurer, or their respective designee(s), acting jointly are hereby authorized in the name and on behalf of the Corporation to execute and deliver any and all documents and to take any and all actions as they may deem necessary or proper to effectuate the foregoing resolutions.

FOR CONSIDERATION

January 21, 2025

TO: The Directors

FROM: Maria Torres-Springer

SUBJECT: New York (New York County) - South Bronx Overall Economic Development Corporation

REQUEST FOR: **Authorization for Bridge Loan to Hip Hop Museum and to Take Related Actions.**

I. Initiative Summary

Organization Name: South Bronx Overall Economic Development Corporation ("BOEDC")
851 Grand Concourse, Suite 123
Bronx, New York 10451

Contact: Robert Walsh
President
(718) 590-6252

Proposed Initiative: A \$250,000 bridge loan for built out of the museum.

Total Initiative Cost: \$3,250,000

Proposed Empowerment Zone \$250,000 Construction Loan - Bridge ("EZ") Investment:

Funding Sources: Loan Repayment

Fiscal Year: 2025

II. Initiative Narrative

Attached are materials prepared by BOEDC for its Board of Directors containing narrative information regarding this initiative.

III. Conditions for Approval

Funding is subject to the Corporation's approval of UMEZ's monitoring system which must ensure that adequate policies and procedures are adopted to safeguard against misappropriation and provide for appropriate controls with respect to each grant.

The release of funds for this initiative is subject to certification by the Deputy Mayor's Office (i) that all procurement solicitation processes fulfill all applicable requirements set forth in the Operating Principles Memorandum of Understanding (the "MOU") dated as of January 19, 1996, and (ii) that each procurement selection process has been completed in accordance with those requirements.

The release of funds for this initiative is subject to UMEZ presenting to the Corporation for approval detailed written information on implementation of this initiative and the terms and conditions for the loan from BOEDC to **Hip Hop Museum**. The provision of funding for this initiative is contingent upon the Corporation receiving satisfactory evidence of all other funding sources for the initiative.

The disposition of interest and principal payments for the loan made under this initiative is further subject to the approval of New York Empowerment Zone Corporation's Board of Directors.

IV. Initiative Benchmarks

The initiative will achieve the following benchmarks:

1. 2 full time employees

This initiative will benefit EZ residents:

1. Same as above

V. Federal Funding Goals

This initiative will meet the following Federal funding goals:

- Achieve or maintain economic self-support, to prevent, reduce, or eliminate dependency.
- Permanent job creation, including without limiting the foregoing, promotion, encouragement, and creation of opportunities for small, medium, and large business development in the EZ/EC that will create permanent jobs for the Enterprise Zone.
- Increasing the number of permanent job creating new businesses in the EZ/EC.
- Leveraging of Federal, State, and City EZ/EC funding and not-for-profit funding with private capital.

VII. Additional Materials

- A. Copy of BOEDC's Board of Directors' materials
- B. Copy of BOEDC's Board of Directors' resolution recommending this initiative for final approval by the Directors
- C. Resolution of the Directors

FOR CONSIDERATION

TO: NEW YORK EMPOWERMENT ZONE BOARD OF DIRECTORS
FROM: ROB WALSH, PRESIDENT OF BXEDC
DATE: JANUARY 21, 2025
REQUEST: REQUEST FOR \$250,000 LOAN FOR PRELIMINARY WORK ON THE BUILDOUT OF THE HIP HOP MUSEUM

I INITIATIVE SUMMARY

ORGANIZATION: THE HIP HOP MUSEUM

PROJECT MANAGER: MICHAEL NIXON

CONTACT: DANIEL “ROCKY” BUCANO

PROPOSED ADDRESS: 575 EXTERIOR STREET, BRONX, NY 10451

PHONE/FAX: 917.495.8144

TYPE OF BUSINESS: MUSEUM
NAICS –712110

TAX STRUCTURE: NON-PROFIT CORPORATION 501C3

IRS TAX ID#: 46-5278190

DATE INCORPORATED: 2015

TOTAL PROJECT COSTS: \$3,250,000.00

FINANCING REQUESTED: \$250,000.00

FUNDING SOURCES:	BXEDC BAI EZ LOAN	\$ 250,000
	PONCE BANK	<u>\$3,000,000</u>
	TOTAL SOURCES OF FUNDS:	\$3,250,000

EMPLOYMENT: 2

OVERVIEW:

The Hip Hop Museum will be in the Mott Haven section of the Bronx Empowerment Zone. The intention of the museum's founders is to create a world class institution dedicated to celebrating the music and culture of Hip Hop, whose beginnings can be traced to The Bronx, beginning in 1973. Hip Hop music and the art forms that it strongly influenced, including, dance, fashion and graphic design, have been adopted around the world. Hip Hop has been widely copied, and is currently the most popular form of music in the world. The founders of the museum want to create an institution that explores the roots of the music, provides the historical context in which the music was created, places the music in a larger social context and talks about people, cultural forces and events key to the birth and growth of the music. In turn, the museum will talk about Hip Hop's impacts on the broader culture, will use multimedia technologies to help tell the story and play video clips of various Hip Hop artists and performances, and will provide a performance space, creating a vital, living institution. Moreover, the museum is the centerpiece of a development at 145th Street near the Harlem River that will also include affordable housing, and is part of a larger trend of new developments going up in the South Bronx, including cultural institutions, housing, both market rate and affordable, and other developments. The museum serves to celebrate perhaps the Bronx's greatest contribution to culture and be a physical and cultural representation of the renaissance that has taken place in the borough over the past 30 years. As the renaissance of the borough has accelerated, the museum stands as a symbol of this rebirth and will be, potentially, an institution that will be a destination for fans of Hip Hop worldwide. The museum could be for people who were born in the Hip Hop era what Yankee Stadium and the Bronx Zoo are for large numbers of people: a must-see place.

Currently, the founders of the Universal Hip Hop Museum are operating a temporary museum near to where the museum is intended to be built. The temporary site includes multimedia exhibits and is interactive. The museum has a partnership with Microsoft, and is strongly committed to technology as one of its trademarks, to share information about Hip Hop culture and place it within the context of the wider culture.

The principal of Universal Hip Hop Museum NYC is Mr. Daniel "Rocky" Bucano. Mr. Bucano is the executive director of the museum. Currently, the museum is seeking funds to begin groundbreaking for the permanent museum.

FINANCING REQUESTED:

Uses of Funds:

Design and Project Consultants	<u>\$ 3,250,000.00</u>
Total Uses of Funds	\$ 3,250,000.00

FUNDING SOURCES:

BXEDC BAI Business Loan (NY State Grant Funds will be used to reimburse BXEDC once permitted expenditures have been made)	\$ 250,000.00	
PONCE BANK	<u>\$3,000,000.00</u>	
TOTAL	\$3,250,000.00	100.00%

DESCRIPTION OF PROJECTS

The purpose of this request is to provide a bridge loan for short-term funding so that some preliminary work associated with the construction of The Hip Hop Museum can be done, including funding for design consultants and project consultants, which qualify for reimbursement from Empire State Development (ESD) of New York State. The design and project consultants are necessary pre-construction activities that set the stage for construction at a later date. Because the museum is still in the planning stages and thus has little funding available that is not earmarked for the services that are needed to move towards construction, bridge funding from BXEDC and Ponce Bank is critical to help the museum secure the pre-construction services that will lead to construction.

Money has been allocated to the museum by various state agencies, but in order to access these funds, the money first needs to be spent and the State of New York will then reimburse the museum's creators once the expenditures have taken place and they have been documented, showing that the expenses are within the guidelines that have been defined by the state as being reimbursable. Formalized agreements that were issued by the State of New York have been signed by Mr. Rocky Bucano, ensuring the museum complies with conditions that have been set for accessing the funds. Once the museum and its team has been reimbursed for expenses incurred in the construction of the new building, the Empowerment Zone funds should be repaid.

Reimbursement from ESD will occur upon the completion of the work for which funding is provided, not upon the completion of the entire project or when the building is ready to open. Loan payments by the borrower will be interest-only for the term of the loan (6 months) with the principal repaid at the end of the 6-month term. The bridge loan will function as a line of credit for the term of the loan. BXEDC will be the secondary lender. Ponce Bank is the primary lender on this project, including this preliminary phase. Currently, the scope of the work is priced at \$3,200,000 for this phase of the museum's development. BXEDC is requesting

\$250,000 from the Empowerment Zone board, with Ponce Bank providing the remaining \$3,000,000 for this phase of funding.

BXEDC will be charging 5% interest on the loan, with interest-only being paid during the six months of the term of the loan, the expected period of time needed to fund the design and project consultants, begin and complete the work, have the work and expenditures documented and presented to ESD, with ESD reimbursing the museum and the lenders for the expenses incurred related to funding these consultants, with the principal paid at the end of the term. Ponce Bank, which has a 12-month term loan with The Hip Hop Museum that began last spring, is charging interest-only during the term of the loan, and charging a rate of prime plus 1%, with the principal repaid at the end of the term.

Ponce, as a full-service bank, has a construction manager that will be managing all construction-related matters regarding the project. The funds that would be lent by BXEDC to The Hip Hop Museum would be maintained in a Ponce bank account, from which money can be distributed and to which payments can be made. BXEDC will not need to be directly involved with the financial transactions with the museum founders, other than to provide the \$250,000 that can be used for the preliminary work that needs to be done before construction of the museum can begin.

The Hip Hop Museum is the recipient of funding from the New York State Empire State Development (ESD). It has been granted \$11 million in ESD funding which is available through December 31, 2026. It has been granted \$3 million in Federal Housing and Urban Development (HUD) money for soft costs through August, 2031. It has also received other state funding, as well as funding from private corporations. As of last spring, a little over \$2 million in ESD funding had been disbursed. ESD will not disburse the money to The Hip Hop Museum until both the expenditures and the services that were incurred and provided have been documented and verified. BXEDC and Ponce Bank are providing bridge financing to support preliminary work which will lead to the construction of the museum. The \$3,250,000 represents the first phase of bank financing for the museum.

MANAGEMENT:

The management currently consists primarily of the founder and the executive director of The Hip Hop Museum, Mr. Daniel “Rocky” Bucano, and the Interim CFO and Treasurer Mr. Robert Reid.

PERCEIVED STRENGTH & RISKS:

Strengths:

- The funding and the work projects for which The Hip Hop Museum is requesting a bridge loan have already been approved by ESD.

- The State of New York requires that projects be completed and fully documented before it will reimburse grant recipients for expenses that have been incurred and work that has been done, minimizing the risk that the projects will be done improperly and that the funding provided will be lost.
- BXEDC is partnering with Ponce Bank, an institution that is not inclined to take big risks; the bank is committing a significant amount of money in this phase and subsequent phases of the buildout of the museum.
- Ponce Bank has experience in construction management, which is helpful to BXEDC, even in the pre-construction phase of the project.
- The amount of money that BXEDC is proposing to lend to The Hip Hop Museum is relatively small, given all of the financial commitments the museum has received from various funding sources.
- The Hip Hop Museum is a high-profile project that many significant stakeholders want to see succeed.
- The museum is a key part of a larger development project for which there is strong commitment.

Risks:

- The Hip Hop Museum is still in the start-up phase, with a temporary museum, but currently with few operational resources.
- The loan will not be secured by collateral or personal guarantees.
- Concern that the documentation for work performed or for expenditures incurred may not meet the requirements of ESD.

Loan Committee

This document is a summary account of the Loan Committee's actions regarding the loan request described below. The loan package containing the credit and financial information has been e-mailed to the Loan Committee for the members review. Each members vote and response is recorded as a yes, no, abstain, or recuse.

Loan Request

Borrower Name: The Hip Hop Museum
Small Business Concern: The Hip Hop Museum
Project Property: 610 Exterior Street, Bronx, NY 10451
Loan Officer: Michael Nixon
Presentation Date: 1/16/2025
Gross Debenture: \$250,000

Committee Member	Representing	Vote				Comments
Clarence Stanley	Business	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain	<input type="checkbox"/> Recuse	
Winston Peters	Business	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain	<input type="checkbox"/> Recuse	
Yesenia Quinones	Financial	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain	<input type="checkbox"/> Recuse	
Julio Reyes	Financial	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain	<input type="checkbox"/> Recuse	
Dan Herdoon	Business	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain	<input type="checkbox"/> Recuse	

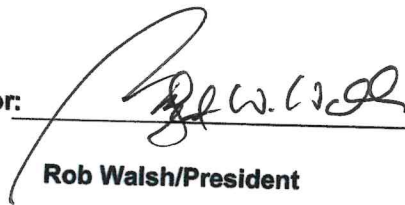
Amendments / Conditions

The meeting opened at 10:01 am and commenced at 10:36 am. The loan is for \$250,000 at 5% interest. The museum will make interest only monthly payments until they are reimbursed by New York State (which will take an estimated time of 6 months), after which they will make a single payment to pay back the principal.

The signatures below attest to the votes and information contained herein.

Signatures

Operations Director:


 Rob Walsh/President

Date: 1/16/25

Corporate Officer:


 Dan Herdoon/Board Secretary

Date: 1/16/25



**RESOLUTION OF
THE BOARD OF DIRECTORS OF
BRONX ECONOMIC DEVELOPMENT
CORPORATION
REGARDING APPROVAL TO FUND THE HIP HOP MUSEUM
AT A REGULAR MEETING HELD ON THE 16th DAY OF JANUARY 2025**

WHEREAS, the Loan Committee has reviewed the materials presented to it, a copy of which has been filed with the records of the Bronx Economic Development Corporation ("BXEDC"), relating to a loan to The Hip Hop Museum, to support pre-construction projects needed to build out the museum; and

WHEREAS, the Loan Committee has found it to be a desirable use of funds, complementary to and consistent with the New York Empowerment Zone's Strategic Plan of expanding capital access to businesses and institutions in the Empowerment Zone.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors approves the proposed use of funds and authorizes BXEDC to submit the request to the New York Empowerment Zone Corporation for authorization to fund a loan not to exceed TWO HUNDRED AND FIFTY THOUSAND DOLLARS (\$250,000), subject to terms and conditions substantially similar to those included in the presentation materials; and be it

FURTHER RESOLVED, that the President and CEO or his respective designees are hereby authorized on behalf of BXEDC to make such changes to the terms and conditions of the transaction as may be appropriate, execute and deliver any and all documents and take any and all actions as they may deem necessary or proper to effectuate the foregoing resolutions.

January 21, 2025

BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION - Hip Hop Program
- A \$250,000 bridge loan for built out of the museum.

RESOLVED, that on the basis of the materials (the "Materials") presented to the Directors of the Corporation, a copy of which is hereby ordered filed with the records of the Corporation, relating to the Bronx Overall Economic Development Corporation ("BOEDC") initiative for **Hip Hop Program** (the "Initiative") for built out of the museum. The Corporation is hereby authorized to disburse to UMEZ an amount not to exceed **TWO HUNDRED FIFTY THOUSAND DOLLARS (\$250,000)** for the purposes and on the terms and conditions described in the Materials; and in accordance with the terms, conditions and procedures set forth in the Operating Principles Memorandum of Understanding, dated as of January 19, 1996, entered into by the Corporation with the State of New York (the "State"), the City of New York (the "City") and others ("MOU"); and be it further

RESOLVED, that for the purpose of providing the funds, the Corporation is hereby authorized to accept and utilize funds for a grant an amount not to exceed **TWO HUNDRED FIFTY THOUSAND DOLLARS (\$250,000)** in accordance with the MOU; and be it further

RESOLVED, that the President and Treasurer, or their respective designee(s), acting jointly are hereby authorized in the name and on behalf of the Corporation to execute and deliver any and all documents and to take any and all actions as they may deem necessary or proper to effectuate the foregoing resolutions.
