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CITY OF YONKERS
ECONOMIC DEVELOPMENT CORPORATION

REGULAR MEETING

May 20, 2014

9:45 a.m.

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PRESENT: MAYOR SPANO, CHAIRPERSON
CECILE SINGER, PRESIDENT, EDC
SUSAN GERRY, MEMBER
PETER KISCHAK, MEMBER
PATRICK SERENSON, Accountant
KEN JENKINS, IDA President
DEEPIKA MEHRA, IDA/CFO
JAIME MCGILL, IDA
DAVID ROTHMAN, ESQ, HARRIS BEACH
SHAWN GRIFFIN, ESQ. HARRIS BEACH

LYNN FARRELL-MILEO
830 Bronx River Road
Bronxville, NY 10708
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MS. SINGER: Call the Yonkers Economic
Development Corporation to order.

May we have the roll call, please?

MS. MEHRA: Mayor Spano?

MAYOR SPANO: Here.

MS. MEHRA: Sue Gerry?

MS. GERRY: Here.

MS. MEHRA: Cecile Singer?

MS. SINGER: Here.

MS. MEHRA: Pete Kischak.

MR. KISCHAK: Here.

MS. MEHRA: Mayor, we have a quorum.

MAYOR SPANO: Item two, the approval of
the minutes for March 28, and April 30th meeting.
Do you have any questions on those minutes?
Hearing no questions, somebody make a motion to
accept?

MS. SINGER: I make a motion.

MAYOR SPANO: Second?

MR. KISCHAK: Second.

MAYOR SPANO: All in favor?

(Chorus of Ayes)

MAYOR SPANO: Any negatives? Hearing
none, item passes.

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2 We have the financial statements from
3 March of 2014. If you will read them. Do you
4 have any questions? Hearing no questions,
5 somebody want to make a motion we accept the
6 financial statement for March of 2014?

7 MR. KISCHAK: Motion.

8 MAYOR SPANO: Second?

9 MS. SINGER: Second.

10 MAYOR SPANO: All in favor?

11 (Chorus of Ayes)

12 MAYOR SPANO: Any negatives? Hearing
13 none, the item has passed.

14 Item four, project for Inducement.
15 Mr. Jenkins?

16 MR. JENKINS: Thank you, Mr. Mayor. We
17 have a project for Inducement for Leake and
18 Watts. We have Mr. Griffin here to present the
19 refinancing.

20 MR. GRIFFIN: Thank you for the
21 opportunity. Leake and Watts has been in the
22 neighborhood, you're very familiar with this
23 group, but they are not-for-profit and does call
24 for tax exemption almost without limits. The
25 only other type of bonding you have been doing is

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2 for limited housing, low income housing. If you
3 notice here with these type of projects,
4 depending on their contract, they will come and
5 go. They are basically refinancing their
6 existing debt, existing debt with the State
7 agency, Dormitory Authority, State of New York,
8 DASNY, existing debt, modest fees, with New York
9 City. The facility is in Yonkers, they have
10 activities both in Yonkers and New York City.

11 We have a banker representative here
12 and we have the executive from Leake and Watts to
13 answer questions about his programs or their
14 facility. This is very much like the feel good
15 resolution, call it official intent. This is a
16 not-for-profit, we'll be more substantive when we
17 come back. This Board was not given general
18 authority to do tax exempt bonds on behalf of the
19 city. We have to each time go to the City
20 Council. So we have been approaching City
21 Council members, coordinated with Ken Jenkins,
22 and Sue and others. We are going to continue
23 that. I think it's being introduced tonight that
24 resolution. If all goes well, before the summer
25 break this would close in June.

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2 MS. SINGER: I also think that the
3 minutes explain in detail what the structure is
4 of this agency, what it's able to do.

5 MR. GRIFFIN: They do.

6 MS. SINGER: Yes, they do.

7 MR. GRIFFIN: We have an opinion from
8 our firm, the Board, an accounting firm and we
9 have been through the issues of concern to the
10 Board.

11 MS. GERRY: If you can clarify the tax
12 exempt builders based refinance versus the New
13 York City nontax exempt? Can you break that out
14 to what percentage would be the total of bonds
15 and how that works?

16 MR. GRIFFIN: I will give you the
17 general and have the banker come up with a
18 specific. First of all, when we do a tax exempt
19 bond transaction, the IRS requires us to do
20 certain procedural steps, what is called, check
21 approval, the Mayor has to do 15 days after this
22 meeting, 15 days, public hearing. The Mayor can
23 then signed this letter as approval. We won't
24 issue a bond until we come back to the Board for
25 final resolution. When we go through the process

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2 we always round up. If they think 23.5 million,
3 we'll put in 25 or 26. Why do we do that?

4 Because it's fatal under IRS rules, you have to
5 start all over with your hearing and put a
6 closing in jeopardy. When you're doing a
7 refinancing they have to tell the current bond
8 owners they have to take out funding for them.
9 June planning, some date you're going to pick so
10 you can't risk that jeopardy. You will see the
11 public hearing notice with a slightly higher
12 amount. The lion share of this money, this
13 gentleman is the banker. This was bidding on the
14 banker. They are ready to close next month, as
15 soon as we get the City Council resolution and
16 your final resolution.

17 MR. BARR: The taxable is about \$1.2
18 million of the \$23 millions that pay off
19 mortgages on the few properties in the Bronx.
20 They are going to reuse those mortgages to the
21 benefit of Leake and Watts, no longer encumbered
22 by any mortgages and bondholders, only come with
23 that motgage on the main campus.

24 MR. GRIFFIN: When this Board borrows
25 money, when they issue a bond borrowing money,

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2 and we turn around and loan it to Leake and
3 Watts, we then bring that loan agreement to
4 bondholders, say if they pay us you get paid.
5 All goes through the trustee. That's a very
6 important process by running it through,
7 qualifies this company to get a tax exempt bond
8 rate similar to what a municipality does, State
9 of New York does not allow them to do it. He
10 made reference to the taxable, you wouldn't do
11 this extra cost unless you got a lower interest
12 rate, tax exempt bonding means whoever is holding
13 the bond receiving into payments from Leake and
14 Watts, they do not have to claim the interest
15 income on the federal, state or local income tax.
16 That's called triple tax exempt or tax exempt
17 bond. If you meet all the IRS conditions you can
18 do that. One is having the Mayor approve the
19 bond issue. When you have a small piece like
20 here, a million something, that's outside the
21 City of Yonkers, we would need the City of New
22 York Mayor to sign a letter saying trying to be
23 tax exempt, it's not worth the headache. And
24 other reasons part of that refinancing won't
25 qualify as tax exempt. You do that as taxable.

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Whoever is holding that bond will have to pay income tax on the interest at the federal level.

MAYOR SPANO: When Dormitory Authority funding was passed in 1992 it's done with the three of us in the Assembly for Leake and Watts. So we are very aware of it.

MR. JENKINS: On this particular project the application that we received for this is to rehabilitate the existing structure space here in Yonkers. It's going to have some job retention opportunities, as well as economic needs for the City of Yonkers to have this applicant remain in a very good position here in Yonkers. So that's in their application, as well.

MAYOR SPANO: Any other questions?
Hearing none, is there a motion?

MS. GERRY: Motion.

MAYOR SPANO: Second?

MS. SINGER: Second.

MAYOR SPANO: Cecile, second. All in favor?

(Chorus of Ayes)

MAYOR SPANY: Any negatives? Hearing

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none, the item passes.

Legal updates?

MR. YOUNG: No legal updates.

MAYOR SPANO: Any other business? No
other business. Somebody make a motion to
adjourn?

MS. SINGER: Motion.

MAYOR SPANO: Second?

MR. KISCHAK: Second.

MAYOR SPANO: All in favor?

(Chorus of Ayes)

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C E R T I F I C A T I O N

STATE OF NEW YORK)
) SS.
COUNTY OF WESTCHESTER)

I, Lynn Farrell, Court Reporter and Notary Public within and for the County of Westchester, State of New York, do hereby certify:

That I reported the proceedings that are hereinbefore set forth, and that such transcript is a true and accurate record of said proceedings

AND, I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

IN WITNESS WHEREOF, I have hereunto set my hand.

Lynn Farrell