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CITY OF YONKERS
ECONOMIC DEVELOPMENT CORPORATION

SPECIAL BOARD MEETING

April 30, 2014

9:45 a.m.

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PRESENT: MAYOR SPANO, CHAIRPERSON
CECILE SINGER, PRESIDENT, EDC
SUSAN GERRY, MEMBER
PETER KISCHAK, MEMBER(Absent)
PATRICK SERENSON, Accountant
KEN JENKINS, IDA President
DEEPIKA MEHRA, IDA/CFO
JAIME MCGILL, IDA
DAVID ROTHMAN, 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, excused.

Mayor, we have a quorum.

MS. SINGER: You have before you an
outline of the project for consideration of Leake
and Watts Services.

MS. MCGILL: It's just a briefing.
David is here from Harris Beach, and David is
going to present Leake and Watts. It's just a
briefing, we have no action today.

MR. ROTHMAN: The information you have
in front of you is for the Leake and Watts
project. Right now there is nothing the Board is
being asked to approve, it's more an
informational gathering session. Leake and
Watts, as you know I am sure, has business in

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2 Yonkers. They have a series of financings they
3 are going to refund or refinance. We have
4 representatives from the company, financial
5 advisor to talk about it, but there are some
6 Dormitory Authority bonds, New York City DA bonds
7 and some taxable notes which would be rolled over
8 together into one Yonkers Economic Development
9 Corporation bond.

10 MR. BARR: My name is David Barr from
11 Gates Capital Corporation Investment Bank. We
12 are looking to refinance, as David said, two
13 outstanding bond issues, 2004 Dormitory Authority
14 issue used for the Yonkers main campus of Leake
15 and Watts, and 2007 New York City DA issue.
16 Those projects were actually in the Bronx. We
17 are not reporting mortgages, we are doing taxable
18 bond issue for that so we don't need any benefits
19 for that series, just a straight taxable.

20 For the purpose of economic savings,
21 achieve economic savings, those savings will be
22 rolled back in the program services offered by
23 Leake and Watts and for employment purposes,
24 as well. If you have any questions regarding any
25 of the proposed financing.

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MS. GERRY: Is anyone here from Leake and Watts?

MR. BARR: Yes. I also want to let you know this is not a prospective financing, we went through an exhaustive placement effort, solicited many institutions to buy bonds, narrowed it down, placed the bonds already a term sheet from Bank of United to purchase the bonds. It will be a 15 year financing at a fixed interest rate, in today's market, approximately 3.4 percent taxable basis.

MS. GERRY: We were made aware of a covenant default on the existing debt. Can you explain what that is?

MR. RAY: Uday Ray. Five years and I don't see there is a covenant default.

MS. SINGER: What proportion was originally the Dormitory Authority?

MR. ROTHMAN: Vast majority.

MS. SINGER: That's really what the problem is, a lot of this is coming back to EDC.

MR. ROTHMAN: The reason we are coming to EDC really is flexibility, number one, and economic on the refinancing so we can achieve

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2 substantial savings on the economic flexibility.
3 The EDC will move quick to get the financing done
4 to achieve the savings, as well as flexibility on
5 convents. The Dormitory Authority has its own
6 set of financial covenant that is on borrowers,
7 where EDC doesn't. Those covenants are
8 negotiated between the purchaser of the bonds,
9 Bank United and Leake and Watts.

10 MS. GERRY: Can you speak to the
11 covenant?

12 MR. ROTHMAN: My understanding of it is
13 that there was a funding change from New York
14 City in terms of what their programming allowed
15 for and that was, quote, unquote, covenant
16 default. It was not a failure to make payments
17 on the bonds, rather it had to do with certain
18 representations as to what funds would come in
19 from other sources.

20 MR. BARR: A number of years ago there
21 were some financial challenges at the agency.
22 That being said, the agency has and still
23 maintains a significant endowment to weather
24 those storms. Management from top to bottom has
25 changed. The agency is doing incredibly well as

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2 a testament to the number of offers we got to
3 purchase the bonds. The one we selected was only
4 one of four purchasers offering to buy all the
5 bonds. So they are in a good financial position.

6 MS. SINGER: Are there any further
7 questions?

8 MS. GERRY: I have a question relating
9 to the governance and auditing of EDC versus IDA,
10 I am not sure how our auditors treat them,
11 independently or are they linked? So my question
12 is does the IDA also have to hear this?

13 MS. SINGER: We should have it in
14 writing. In other words, we should have all of
15 that in writing if there are things that the IDA
16 how they linked together and whether the EDC,
17 what proportion the EDC can do independently of
18 the IDA since we really, we are a creature of the
19 IDA. We were established with legal advice from
20 your firm, which I would like the minutes to also
21 reflect.

22 MS. GERRY: The reason I raise that
23 with regard to the city, all the LDCs created are
24 really auspices of the city. Our auditors treat
25 as subject to an inextricable link to set some

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debts of the LDCs, are considered debts of the city. So I want to know legally if the same link exists.

MS. SINGER: Because we are an entity of the IDA, so we need clarification on where this falls.

MS. GERRY: Therefore, who needs to approve, the Board of The IDA or Board of the EDC. That's my question, especially how it's treated by the auditors.

MR. ROTHMAN: The auditors, I can't speak to in terms of how they treat it. I know we have always said that I believe EDC and IDA are audited separately. They may show up in one financial report -- no, two financial reports. The debts of EDC we have said are not, they are related entities, sister entities, as how we refer to them.

MS. SINGER: They are more than sister entities, they are not really sister entities, we are a creature of the IDA established with legal advice from Harris Beach.

MS. GERRY: They are not equal and related, like a parent and a subsidy relationship

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2 In a corporate sense, is my understanding.
3 That's why I wonder if the parent corporation
4 needs to be involved.

5 MS. SINGER: Whether it's considered a
6 parent.

7 We need a legal opinion from you and
8 then we'll worry about it later. You just give
9 us what you're qualified to give us, which is a
10 legal opinion.

11 MR. ROTHMAN: Fine.

12 MS. GERRY: There are some timing
13 issues, how do we proceed with getting the
14 written report that the Board members asked for,
15 as well as a legal opinion? What's the timing?

16 MR. ROTHMAN: The financing, I think by
17 the end of June.

18 MR. BARR: The fiscal year begins July
19 first. We are able to close prior to June 30th
20 we're able to recapture a full year of savings
21 for fiscal year ending July 1st or June 30th
22 2015. If we close after June 30th, July 1st,
23 they lose that year savings and it gets deferred.
24 So that's why we're to try to close before June
25 30th.

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MS. SINGER: We understand that certainly our intent is to assist you in all of this. So if we get that then we can look at it and proceed. Thank you very much. Leake and Watts is a very important place in Yonkers.

MR. JENKINS: Madam Chairman, in the opinion letter that also any additional processes that have to be done if there is a period, is there an estoppel period that we need to be concerned with, as well? Because if we do we may not have as much time as we think. You said June 30th, you have to have a public hearing and that brings the time backwards. So please make sure to have that information.

MR. ROTHMAN: City Council approval.

MR. BARR: One of the more important things bringing that up was getting approval on that, that starts the clock.

MS. SINGER: Thank you. Are there any further comments? If there is no further business, do we have a motion to adjourn?

MAYOR SPANO: Motion.

MS. GERRY: Second.

MS. SINGER: We're adjourned.

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