

The Social Equity Servicing Corporation held a Governance Committee meeting on Tuesday, April 11, 2023 at 4:00 p.m.

Governance Committee Chair Beryl Snyder called the meeting to order and welcomed Members and Staff to the first Governance Committee Meeting of the SESC. A quorum was declared present. The following Board Members and Staff were present:

Committee Members Present

Beryl L. Snyder – Governance Committee Chair (New York City Office)
Joan Sullivan, Committee Member (Albany Office)
Alfonso L. Carney, Jr. – Committee Member (Board Chair) (New York City Office)

Other Board Members Present

Gerard Ronski, Vice Chair (New York City Office)
Janice McKinnie, Board Member (Buffalo Office)
Christina Coughlin, Designated Representative of the Commissioner of Education, Board Member (*ex officio*) (Albany Office)
Ken Evans, Designated Representative of the Commissioner of Health, Board Member (*ex officio*) (**Via Zoom**)

Staff Members Present

Reuben R. McDaniel, III, President and Chief Executive Officer
Paul G. Koopman, Vice President
R. Nadine Fontaine, Esq., General Counsel
Portia Lee, Managing Director, Public Finance and Portfolio Monitoring
Kimberly Ellis, Chief Financial Officer
Ricardo Salaman, Deputy General Counsel
Stephen Curro, Managing Director, Construction
Sara Potter Richards, Esq., Chief of Staff
Craig Schreivogl, Director, Portfolio Monitoring
Matthew Bergin, Director, Public Finance
Stephen Kosier, Assistant Director, Public Finance & Portfolio Monitoring
Alex Sirdine, Senior Financial Analyst
Karen Ehlinger, Manager, Internal Controls Analysis
Amanda Nazario, Legal Assistant

PUBLIC SESSION

Chair Snyder noted that the first order of business is typically approving the meeting minutes, but since this is the first meeting of the SESC Governance Committee, there are no prior meetings. She asked Ms. Richards to describe the items before the Committee today.

By-Laws – Amendment to Section 3.7

Ms. Richards thanked Chair Snyder and reminded the Committee Members that the procedures and guidelines of DASNY were adopted and are applicable to the subsidiaries, including Atlantic Avenue.

Ms. Richards stated that SESC Governance Committee must review several items on an annual basis, including the by-laws. She informed the Committee Members that Staff recommends a revision to Section 3.7 of the SESC by-laws, which is the section pertaining to video conferencing of meetings and remote participation of the Committee Members. Ms. Richards explained that the proposed language would make the subsidiary by-laws consistent with the DASNY by-laws, as well as the other DASNY subsidiaries, and would enable board members to video conference together from one or more locations open to the public. She further explained that Board Members may also participate remotely in circumstances defined as “extraordinary,” including sickness, disability, religious observance, and other matters as defined. Ms. Richards informed the Committee Members that in an “extraordinary circumstance” situation, they would have the ability to participate from a private location not open to the public upon an approval of the Chair. She noted that Section 3.7 is identical to the provisions in DASNY’s by-laws and fully consistent with the Open Meetings Law.

Ms. Richards informed the Committee Members that in addition to the video conferencing language, Staff is also recommending minor changes to Section 4, which pertains to Officers and Personnel. She explained that Section 4.1 of the by-laws sets forth the first and second Vice Presidents of SESC and state that the Vice President of DASNY shall be the first Vice President of the SESC, and the second Vice President of the subsidiary shall be the Managing Director of Executive Direction of DASNY. Ms. Richards stated that a new Section 4.4 has been added to the bylaws in order to allow for the delegation of certain administrative responsibilities to Staff, which is consistent with the DASNY bylaws.

Mr. Carney asked whether the offices of the First and Second Vice Presidents is consistent with the other DASNY subsidiaries. Ms. Richards responded that the Vice President of DASNY is the First Vice President of all DASNY Subsidiaries. She further responded that for the Atlantic Avenue and NGHP subsidiaries, the Second Vice President is the Managing Director of Public Finance and Portfolio Monitoring. Ms. Richards explained that Portia Lee currently holds that title, and it is her group that manages the relationship with the Department of Health as well as the Health Care Restructuring Pool Loan Program and other related matters with DOH. She further explained that in the case of SESC, Charlie Williams currently holds the position of Managing Director of Executive Direction and would therefore be the Second Vice President of SESC.

Mr. Ronski inquired whether the Managing Director of Construction has a role in the SESC subsidiary. Mr. Koopman responded that as First Vice President, he has the authority to delegate certain responsibilities to Mr. Curro and others. President McDaniel added that the role of SESC extends beyond construction activities, and as a result, the role of Second Vice President is more appropriate for Charlie Williams. The President explained that Mr. Williams is the Senior Executive overseeing the day-to-day activities pertaining to SESC including construction, financing, real property matters, execution of documents, and interaction with DASNY’s State

partners and the public and as such, is a more appropriate choice for the Second Vice President position. He further explained that while the Construction Division is very much involved in the SESC program, there are other aspects as well.

Chair Snyder thanked the Committee Members and Staff for the discussion and explanation. Ms. Sullivan moved to recommend approval of the revisions by the full Board. Mr. Carney seconded the motion, which was then unanimously approved.

Mission Statement and Performance Measures and Metrics to Quantify Performance Goals

Ms. Snyder asked Ms. Richards to discuss the Mission Statement and Performance Measures and Metrics. Ms. Richards stated that while the subsidiary adopts the policies and procedures of DASNY for the most part, the subsidiary must adopt its own Mission Statement, Performance Measurements and Metrics to Quantify Performance Goals. She then asked Mr. Koopman to describe these documents for the Committee Members.

Mr. Koopman explained that DASNY and its subsidiaries must adopt both a Mission Statement and Performance Measures and Metrics. He stated that the Mission Statement that the Committee is being asked to approve is consistent with the law that enacted the Social Equity Servicing Corporation and highlights the provision of loan servicing, construction management, property management, and related services for social equity licensees. Mr. Koopman further stated that the performance measures and metrics are consistent with the services to be performed and provide a way to measure the success of these provisions. He informed the Committee Members that they are being asked to recommend adoption of the Performance Measures and Metrics, and stated that during the course of the year, activities will be measured against these standards.

Mr. Koopman stated that the first provision relates to delivering projects on time consistent with DASNY standards and will measure project completion percentages against contracted timeframes for issued work orders. He further stated that, utilizing these measures, SESC will then examine program efficiency in terms of funding raised and the amount and timing of applicable expenditures. Mr. Koopman explained that the established goal is for at least 75% of available funds to be either committed or expended for applicable projects.

Mr. Koopman stated that the third provision addresses how SESC performs with respect to loan collections. He explained that as dispensaries open, SESC will transition to a loan servicing capacity. Mr. Koopman further explained that the goal, as agent for the fund, is to measure the extent to which funds are appropriately collected and expended in connection with the operations of the dispensaries. He concluded that the three goals are consistent with the services in set forth in the Mission Statement, and therefore the SESC Governance Committee is being asked to adopt these measures and metrics.

Chair Snyder inquired whether the Mission Statement, Metrics and Goals are consistent with DASNY services generally over time. Mr. Koopman responded that the general services are consistent on the construction side in terms of design build short duration projects. He noted that DASNY has much larger projects that build out over a longer period, but that generally the ability to measure whether projects are on time and on budget is consistent with DASNY goals generally.

Regarding the collections and operations side, Mr. Koopman acknowledged that the social equity program is a bit different from other DASNY programs, but that the concepts of construction, financing and loan servicing bears similarities to DASNY operations as well as the other subsidiaries in terms of collecting and servicing loans.

Ms. Sullivan asked for more information regarding the timing of the 75% goal set forth in the second metric. Mr. Koopman responded that the team examined the expected timeline from this initial planning stage to the availability of funds and the timing of the construction work orders. He stated that once fundraising begins in earnest, it is expected that there will be a pipeline of executed leases which in turn will facilitate the construction phase. Mr. Koopman informed the Committee Members that Counsel's Office and the Real Property Unit have done a very good job on the lease side, and that the Construction Division is very engaged on the construction side. He expressed optimism that all funds available will be effectively and efficiently utilized.

Mr. Ronski asked whether the Real Property work is being handled in house or by an outside firm. Mr. Koopman replied that DASNY's Counsel's Office and Office of Real Property undertake most of the work, but they coordinate with outside Counsel as well.

Ms. Sullivan moved to recommend that the full SESC Subsidiary Board adopt the Mission Statement, Performance Measures and Metrics to Quantify Performance. Ms. Snyder seconded the motion, which was then unanimously approved.

The meeting was adjourned at approximately 4:20 p.m.

Respectfully submitted,

Sara Richards
Assistant Secretary