



MINUTES OF THE MEETING OF THE
REAL ESTATE AND FINANCE COMMITTEE
OF
NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION
September 10, 2019

A meeting of the Real Estate and Finance Committee (the “Committee”) of the Board of Directors (the “Board”) of New York City Economic Development Corporation (“NYCEDC”), was held on Tuesday, September 10, 2019, at NYCEDC's offices at One Liberty Plaza, in Conference Room 13B, New York, New York.

The following members of the Committee were present:

Mitch Draizin (by conference telephone)
James McSpiritt
Patrick J. O’Sullivan, Jr.
Mark Russo (by conference telephone)
Betty Woo (by conference telephone)

Members of NYCEDC staff also were present.

The meeting was chaired by Mr. O’Sullivan and called to order at 2:02 p.m. Meredith Jones, an Executive Vice President, General Counsel and Secretary of NYCEDC, served as secretary of the duly constituted meeting, at which a quorum was present.

1. Approval of the Minutes of the July 30, 2019 Committee Meeting

It was moved that the minutes of the July 30, 2019 meeting of the Committee be approved, as submitted. Such a motion was seconded and unanimously approved.

2. Land Sale to Jughandle Realty, LLC

Mikhael Abebe, an Associate of NYCEDC, presented a proposal for NYCEDC (i) to purchase from New York City Land Development Corporation Block 14260, part of Lot 1 on the Tax Map of the Borough of Queens (the “Site”), an approximately 6.15-acre property that is a portion of an approximately 8.66-acre parcel of land (the “Jughandle Property”) owned by The City of New York (the “City”), (ii) to subsequently sell the Site to Jughandle Realty, LLC or an affiliated entity (the “Purchaser”), (Jughandle Realty, LLC is owned by Bartlett Dairy, Inc. (the “User”, or “Bartlett”), a family-owned, M/WBE qualified dairy distribution company), and (iii) to enter into and provide any related agreements and documents and consents to effectuate the development of an

approximately 54,050 square foot fluid milk and food distribution facility on the Site, all on substantially the terms set forth in Exhibit A hereto.

At this time, Sunitha Amalraj, a Senior Vice President of NYCEDC, noted that the item would be amended prior to being submitted to NYCEDC's Directors for approval to include a possible lease for the approximately 2.51-acre balance of the Jughandle Property that would be retained by the City (the "Adjacent City Property"). Mr. Abebe explained that if Bartlett later decided to expand its business operations at the Site, and NYCEDC in its sole discretion offered a lease to the Purchaser for the Adjacent City Property, in such a case the lease would include a purchase option for the first year of the lease. In answer to a second question from Mr. O'Sullivan, Ms. Amalraj stated that if the Purchaser decided to lease the Adjacent City Property, an appraisal would be done at that time to determine the purchase price. In answer to a question from Mr. McSpiritt, Ms. Amalraj explained that the purchase option would only exist if the Purchaser were leasing the space, that the Purchaser would have the first year to exercise the option, and that there would then be a right of first refusal ("ROFR") for purchase during the following four years of the lease.

In answer to an additional question from Mr. O'Sullivan, Mr. Abebe stated that after considering all the proposals NYCEDC felt that the Purchaser's proposal checked the key boxes that NYCEDC was looking for. He stated that the Purchaser's proposed project generated jobs, it returned a Queens-based business to its home borough, it had tremendous community support, and it carried the benefit of Bartlett's strong community relationships with civic associations and elected officials. Mr. Abebe then further noted that Bartlett had numerous clients throughout the City, including the New York City Department of Education and the Archdiocese of New York, that Bartlett was a well-recognized brand within the City, and that it was important to Bartlett to have its hub in the City as opposed to operating out of Newark, New Jersey, which had resulted from its relocation in 2016. In answer to another question from Mr. O'Sullivan, Mr. Abebe explained that NYCEDC relied heavily on the appraisal of the Site to determine the purchase price included in the contract of sale, which was determined to be \$70 per square foot, that various discounts were then applied to account for the use restrictions, limited development rights and areas encumbered by easements, and that the parties ultimately arrived at a final purchase price of \$4,000,000.

In answer to a question from Mr. McSpiritt, Mr. Abebe stated that this area was sensitive to trucking traffic, and that NYCEDC felt that Bartlett's proposal was sensitive to that concern. In answer to a question from Mr. O'Sullivan, Mr. Abebe stated that the Consolidated Edison Company of New York, Inc. ("ConEd") and National Grid easements were still being negotiated, but that they were already negotiated in concept and were expected to be granted at closing. Ms. Amalraj noted that the New York State Department of Transportation easement was an existing easement. Anne Sherman, a Senior Counsel of NYCEDC, then added that the terms of the ConEd and National Grid easements were nearly completed and that they were only waiting on the finalization of surveys and legal descriptions.

In answer to an additional question from Mr. O'Sullivan, Mr. Abebe explained the proposed construction schedule and that NYCEDC would review construction plans prior to closing. In answer to another question from Mr. O'Sullivan, Mr. Abebe explained that NYCEDC conducted its standard due diligence when reviewing Bartlett's proposal and establishing the pre-closing conditions. Mr. Abebe added that over the last year Bartlett had been very active in addressing the various pre-closing tasks. In answer to questions from Mr. Draizin and Mr. O'Sullivan, Mr. Abebe explained that NYCEDC tried to look at each project on its own merits with respect to what was required in terms of financing, and that NYCEDC would continue with its analysis and scrutiny of the financing and information that would be coming in as the project moved nearer to closing. Financing would have to be in place prior to closing. Mr. Abebe then added that Bartlett's extensive experience running its business and its real estate assets, enhanced NYCEDC's confidence in Bartlett's ability to deliver.

A motion was made that the Committee recommend that the Board of Directors approve the matters set forth for approval in the Proposed Resolutions section of Exhibit A hereto. Such motion was seconded and unanimously approved.

3. Adjournment

There being no further business to come before the meeting, the meeting of the Committee was adjourned at 2:26 p.m.

Assistant Secretary

Dated: _____
New York, New York

Exhibit A

**LAND SALE TO JUGHANDLE REALTY, LLC
Board of Directors Meeting
September 27, 2019**

PURCHASER:

Jughandle Realty, LLC
or an affiliated entity ("Purchaser")

Jughandle Realty, LLC is owned by Bartlett Dairy, Inc. ("User"), a family-owned, M/WBE qualified dairy distribution company.

SITE:

Block 14260, p/o Lot 1 (the "Site")
Borough of Queens
Community Board No. 13

SITE DESCRIPTION:

The Site is located immediately north of JFK Airport, along the south side of Rockaway Boulevard between 145th Avenue and 147th Avenue, just outside the JFK Gateway Industrial Business Improvement District (see Attachment 1).

The Site is approximately 6.15-acres and is a portion of an approximately 8.66-acre parcel of land that is owned by the City (the "Jughandle Property"). The Site is currently vacant land, except for an operational Consolidated Edison Company of New York, Inc. ("ConEd") substation. After sale of the Site, the City will retain ownership of the balance of the Jughandle Property, which is approximately 2.51-acres (the "Adjacent City Property") (Attachment 2) and will be provided with an easement across the Site for access to the Adjacent City Property (approximately shown in Attachment 3).

The Jughandle Property was mapped as an unbuilt portion of the Nassau Expressway. NYCEDC and the Purchaser have jointly applied to demap the Jughandle Property and allow for the disposition of the Site (the "Demapping Action").

The Site will be encumbered with multiple utilities and easements (approximately shown in Attachment 3), including the following:

- a. Approximately 0.17-acre ConEd substation with -associated cables for use by ConEd and other utilities. The ConEd substation and cables will be protected under an approximately 1.33-acre easement from the Purchaser to ConEd (the "ConEd Easement").

- b. A National Grid gas pipe runs through the site from Rockaway Boulevard down to the Nassau Expressway. This pipe will also be protected under an approximately 0.19-acre easement from the Purchaser to National Grid (the "National Grid Easement").
- c. Approximately 0.75-acre easement for the New York State Department of Transportation (the "SDOT Easement")

**PROJECT
DESCRIPTION:**

NYCEDC released a Request for Expressions of Interest (the "RFEI") in February of 2015 for the redevelopment of some or all of the Jughandle Property. In 2016, NYCEDC selected the Purchaser to acquire and develop the Site for use as a dairy distribution facility. Respondents to the RFEI and a brief summary of their proposals are listed in Attachment 4.

The Purchaser will develop the Site initially for use by the Purchaser, User and/or affiliated entities. The Site will be developed with an approximately 54,050 square foot distribution facility, comprised of an approximately 38,750 square foot distribution warehouse, an approximately 9,000 square foot mezzanine office space and an approximately 6,300 square foot vehicle repair shop (collectively, the "Project"). The Project will also include parking spaces for employee and for truck use.

The Site will be subject to a 25-year use restriction period, consisting of an initial use period ending 10 years after substantial completion of construction of the Project (the "Initial Use Period") and a following 15-year second use period (the "Second Use Period"). During the Initial Use Period, the Site may only be used by the Purchaser, User and/or their affiliates in connection with their fluid milk and food distribution business. In the Second Use Period, the Site may be used for industrial or distribution uses as permitted under certain use groups specified in the New York City Zoning Resolution, but it may not be used for self-storage or hospitality use.

During the Second Use Period, the Purchaser has the option to remove the use-restriction by making a payment in an amount set forth in the deed for the disposition of the Site to the Purchaser and Attachment 5 hereto.

The transaction also includes a transfer of development rights off of the Site onto the Adjacent City Property, which will leave approximately 55,750 square feet of development rights available for activation on the Site.

PURPOSE OF THE DISPOSITION/BENEFIT TO THE PUBLIC:

It is anticipated that the disposition of the Site will transform an underutilized City-owned land asset. The Site will become the permanent home for a family-owned, M/WBE certified business that is based in Queens, and it is anticipated will result in the retention of approximately 165 jobs that currently pay average wages of \$70,000 per year.

FINANCIAL TERMS:

NYCLDC will purchase the Site for \$1 from the City and then sell the Site for \$1 to NYCEDC. The Purchaser will then purchase the Site from NYCEDC for \$4,000,000 (the "Purchase Price").

The Purchase Price was established pursuant to a third-party appraisal, which takes into consideration the Site encumbrances (including the SDOT Easement, the ConEd Easement, and the National Grid Easement), the limited development rights available, as well as the use restrictions, outlined herein.

It is anticipated that the Purchaser will receive benefits from the IDA, including building tax stabilization of pre-improvement value for 25 years, full land tax abatement for 25 years, sales and use tax exemption on purchases of machinery and equipment, and a limited mortgage recording tax exemption. The Purchaser will also be pursuing benefits from ESDC.

APPRAISED VALUE:

Pursuant to an appraisal report by Goodman-Marks Inc., dated May 11, 2018, the estimated fair market value of the unencumbered fee simple interest of the Site is \$70 PSF (i.e. approximately \$18,752,580). After accounting for the various encumbrances and deed restrictions on the Site, the value was determined to be \$14 PSF (i.e. approximately \$3,836,889).

EXISTING ZONING:

The Site is zoned M1-1 and the proposed land use will comply with zoning Use Group 16, which is permitted as-of-right in M1-1 zoning districts.

**PUBLIC
APPROVALS:**

The Demapping Action was approved by the New York City Council by resolution on June 13, 2019. The Project received ULURP approval in June 11, 2019 and Queens Borough Board 384(b)(4) approval on July 15, 2019.

**PROPOSED
RESOLUTIONS:**

Approval for NYCEDC to (i) purchase the Site from NYCLDC, and sell the Site to the Purchaser, substantially as described herein and (ii) enter into and provide any related agreements and documents and consents to effectuate the project substantially as described herein

The Board of Directors further resolves that there is no reasonable alternative to the proposed transfer to the Purchaser that will achieve the same purpose as the transfer.

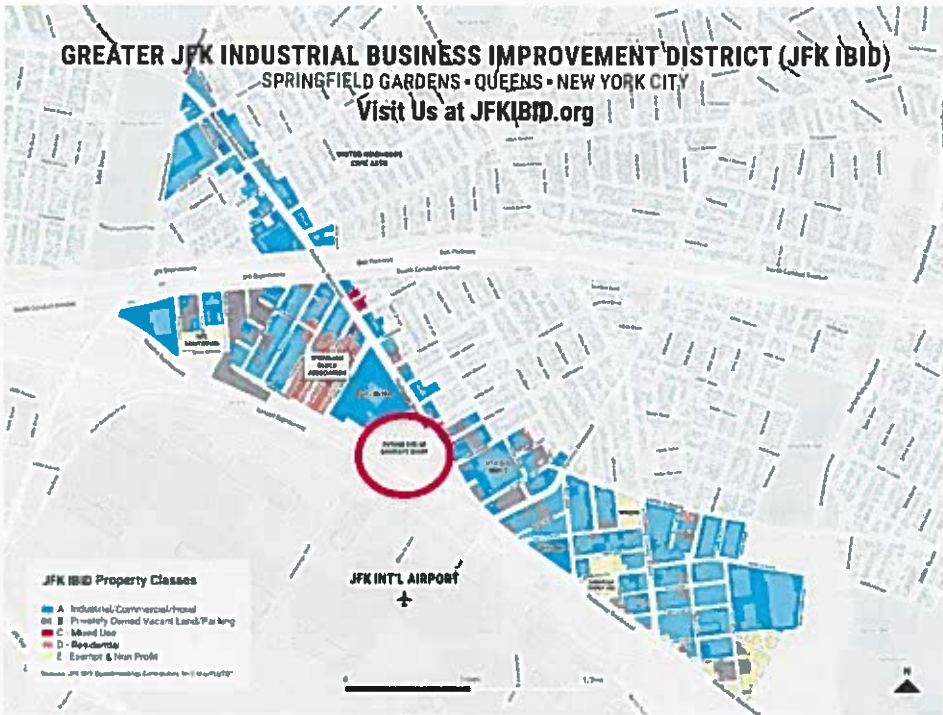
**NYCEDC
PROJECT CODE:**

5950

NYCEDC STAFF:

Jennifer Cohen, Assistant Vice President, Real Estate Transaction Services
Mikhael Abebe, Associate, Real Estate Transaction Services
Sunitha Amalraj, Senior Vice President, Real Estate Transaction Services
Anne Sherman, Senior Counsel, Legal
Carlos Guerra, Assistant Vice President, Legal

Attachment 1: Location Map

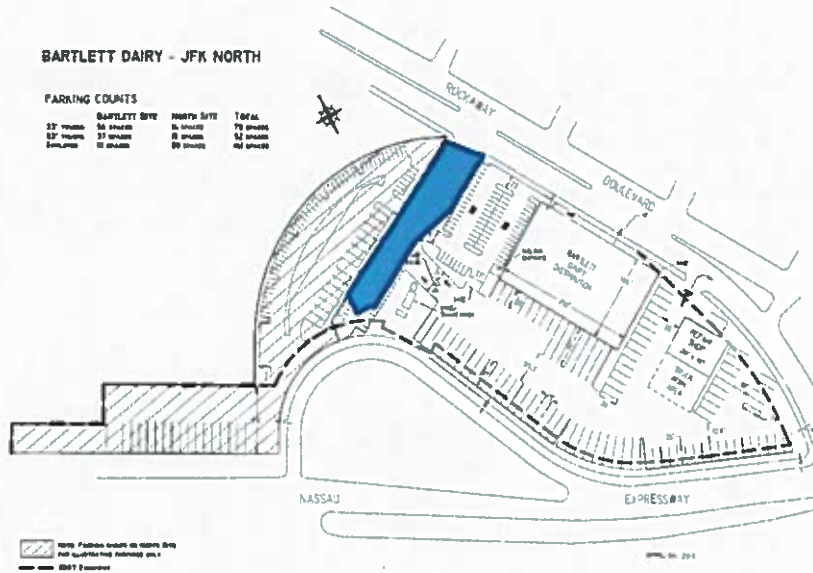


Attachment 2: Site Map

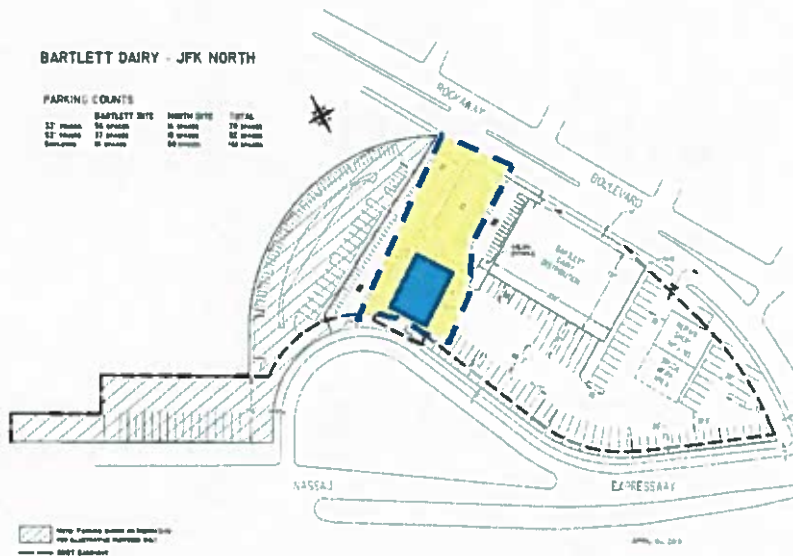


Attachment 3: Encumbrances

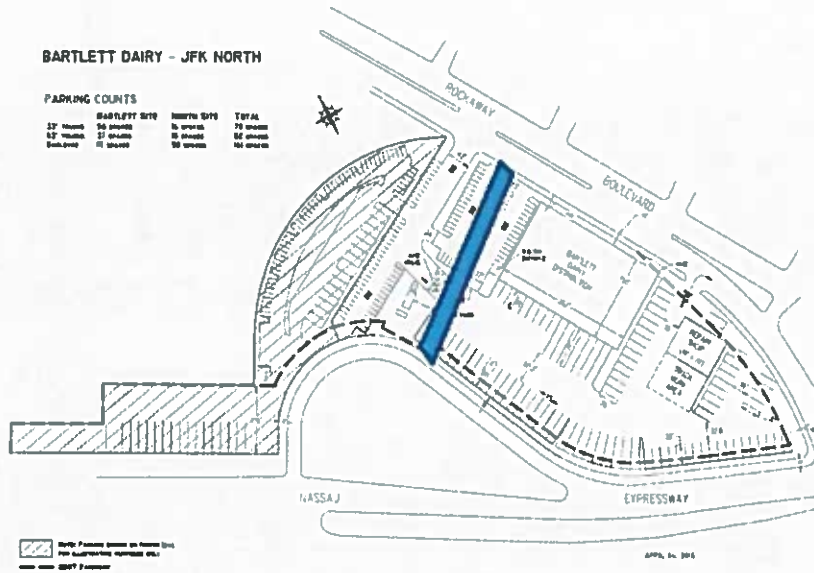
1) New York City Access Easement Area (shaded blue)



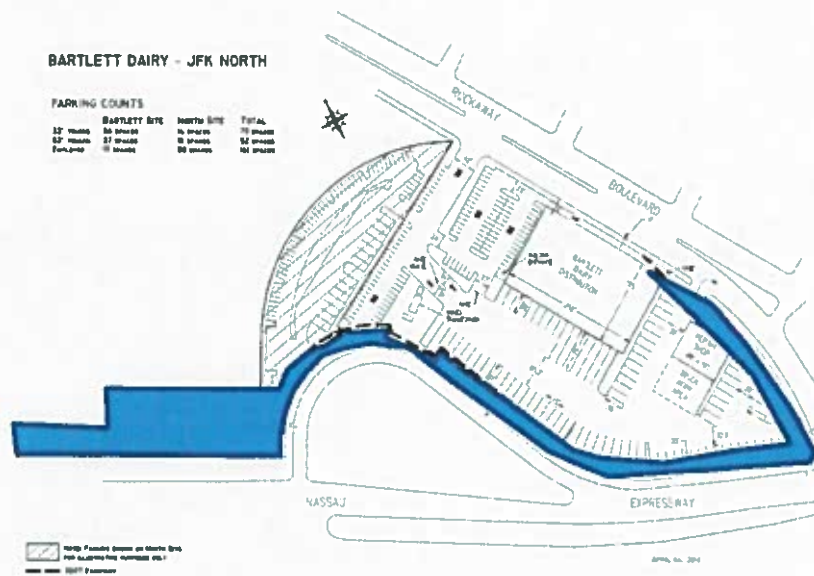
2) Con Edison Easement Area (shaded yellow) and Fenced in Area for Substation (shaded blue)



3) National Grid Easement Area (shaded blue)



4) SDOT Easement (shaded blue)



Attachment 4: RFEI – Initial Responses

Name	Value Offered	Purpose	Size of Proposed Development
Edward J. Minskoff Equities, Inc.	\$12,817,000	Class A commercial office complex	802,112 square feet
Gabrielli Truck Sales LTD.	\$8,050,000	Truck sales and fabrication, including a parts warehouse and repair shop	72,000 square feet
The McSam Hotel Group	\$7,500,000	Hotels, training school, flexible community space, rooftop farm	334,077 square feet
Bartlett Dairy, Inc.	\$7,000,000	Distribute perishable/non-perishable goods, and process and bottle milk	72,000 square feet

Attachment 5: Schedule for Payment to Remove Use Restrictions

The Second Use Period will commence on the first day after the conclusion of the Initial Use Period, which will be the 10th anniversary of the date of substantial completion of construction of the Project.

Year	Payment
Year 11	\$3,112,491
Year 12	\$3,195,491
Year 13	\$3,263,966
Year 14	\$3,314,180
Year 15	\$3,341,799
Year 16	\$3,308,381
Year 17	\$3,234,861
Year 18	\$3,113,554
Year 20	\$2,935,636
Year 21	\$2,691,000
Year 22	\$2,368,080
Year 23	\$1,953,666
Year 24	\$1,432,688
Year 25	\$787,979