



MINUTES OF THE MEETING OF THE  
REAL ESTATE AND FINANCE COMMITTEE  
OF  
NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION  
July 28, 2020

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 telephonically on Tuesday, July 28, 2020.

The following members of the Committee were present telephonically:

Mitch Draizin  
James McSpirtt  
Patrick J. O'Sullivan, Jr.  
Betty Woo

Members of NYCEDC staff also were present.

The meeting was chaired by Mr. O'Sullivan and called to order at 2:03 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 June 9, 2020 Committee Meeting

It was moved that the minutes of the June 9, 2020 meeting of the Committee be approved, as submitted. Such a motion was seconded and unanimously approved.

2. Amendment to Sublease with Our World Neighborhood Charter School

Eric Rivera, a Senior Associate of NYCEDC, presented a proposal for NYCEDC to enter into an amendment(s) to its sublease (the "Sublease") with Our World Neighborhood Charter School ("OWN") for property located at 36-12 35<sup>th</sup> Avenue in Astoria, Queens (the "Premises"), which Premises includes an approximately 43,500 square foot building and an approximately 4,000 square foot playground, to extend the Sublease term which would allow for the continued use of the Premises by OWN as a charter elementary school educating children in grades kindergarten through five, including its film curriculum, and for OWN to expend a minimum of \$800,000 on capital improvements, on substantially the terms set forth in Exhibit A hereto.

In answer to a question from Mr. O'Sullivan, Mr. Rivera stated that OWN had indicated it would perform interior and mechanical upgrades. Mr. Rivera added that OWN was required to obtain NYCEDC approval for potential capital improvements. In answer to a second question from Mr. O'Sullivan, Mr. Rivera explained that the Sublease amendment(s) would require that \$800,000 of capital improvements be completed in the initial ten year extension term.

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.

\_\_\_\_\_  
Assistant Secretary

Dated: \_\_\_\_\_  
New York, New York

DRAFT

**EXHIBIT A**

**AMMENDMENT TO SUBLEASE WITH OUR WORLD NEIGHBORHOOD  
CHARTER SCHOOL  
Board of Directors Meeting  
August 12, 2020**

**OVERVIEW:** NYCEDC proposes to enter into an amendment to a sublease with Our World Neighborhood Charter School (“OWN”) to extend its term substantially as described below.

**LESSOR:** The City of New York

**LESSEE AND  
SUBLESSOR:** NYCEDC

**SUBLESSEE:** OWN

**SITE LOCATION  
AND  
DESCRIPTION:**

The subleased property is located at 36-12 35<sup>th</sup> Avenue in Astoria, Queens (Block 640, Lot 24) (the “Premises”). The Premises includes a building that is approximately 43,500 square feet and a playground that is approximately 4,000 square feet. The property is within the former Army Pictorial Center, now known as the Astoria Studios Historic District (“ASHD”).

**PROPOSED  
EXTENSION TERM:** Ten years (October 1, 2020 – September 30, 2030), with a five year optional extension (October 1, 2030 – September 30, 2035)

**BASE RENT:** Initial Extension Term:

The base rent for the first sublease year of the extension term shall be \$522,000. Escalations will be as follows:

Year	Escalation	Rent/Yr	Rent/SF Building Space/Yr
1	0.00%	\$522,000.00	\$12.00
2	2.00%	\$532,440.00	\$12.24
3	2.25%	\$544,419.90	\$12.52
4	2.50%	\$558,030.40	\$12.83
5	2.75%	\$573,376.23	\$13.18
6	3.00%	\$590,577.52	\$13.58
7	3.00%	\$608,294.85	\$13.98
8	3.00%	\$626,543.69	\$14.40
9	3.00%	\$645,340.00	\$14.84
10	3.00%	\$664,700.20	\$15.28

The base rent for the first year of the sublease extension is approximately \$12 per square foot of building space, which is approximately \$.50 per square foot less than the appraised value. Among the reasons for charging less than the appraised value is that OWN has committed to make \$800,000 in capital improvements to the Premises (which is equal to approximately \$1.84 per square foot for each square foot of building space for each of the 10 years of the initial extension term.)

Optional 5 Year Extension Term:

A new appraisal with appraiser and scope of appraisal to be agreed upon by OWN and NYCEDC will be conducted to determine the FMV of the Premises for the optional 5 year extension term commencing October 1, 2030 (which appraisal may take into account the restrictions in the deed for the Premises from the United States described below). Base rent for Year 11 shall be set at the higher of (1) the new appraised value per square foot of building space (reduced as described in the next paragraph) or (2) a 15% increase from the previous year's base rent. Base rent for each year thereafter shall increase by three percent.

In calculating base rent, the amount of the reduction in the appraised value for Year 11 described in the above paragraph will be (a) the annual amount of amortization (per square foot of building space) of NYCEDC approved and verified capital improvements undertaken by OWN during the initial 10 year extension term of the Sublease if such amount was amortized over ten years, minus (b) \$.50 per square foot of building space.

Minimum payments for Years 2030 – 2035 are as follow:

<b>Year</b>	<b>Escalation</b>	<b>Rent/Yr</b>	<b>Rent/SF Building Space/Yr</b>
1	15.00%	\$764,405.23	\$17.57
2	3.00%	\$787,337.39	\$18.10
3	3.00%	\$810,957.51	\$18.64
4	3.00%	\$835,286.24	\$19.20
5	3.00%	\$860,344.82	\$19.78

**USE:**

Charter elementary school educating children in grades kindergarten through five.

**CAPITAL  
IMPROVEMENTS:**

OWN has committed to no less than \$800,000 in capital improvements over the initial 10 year term of the sublease extension.

**APPRAISED  
VALUE:**

Based upon a 2020 appraisal, the annual fair market rental value of a sublease for the Premises for highest and best use subject to a film related deed restriction mandated in the February 17, 1982 deed from the United States of America to the City further outlined below, is \$543,750 or approximately \$12.50/sf of building space (rounded up to \$545,000).

**PROJECT  
DESCRIPTION:**

By deed dated February 17, 1982, the United States of America conveyed to the City certain parcels ("Parcels"), including the Premises, located in the ASHD. The City leases the Parcels to NYCEDC through 2099. The Parcels are subject to a deed restriction which requires tenants to be involved with a film related use.

OWN is a New York City publicly-funded charter that has invested over \$3,500,000 in the Premises. OWN also operates a nearby middle school for grades six through eight. At the two locations, OWN educates a total of over 700 children.

As of October 1, 2000, NYCEDC entered into an Agreement of Lease (the "Sublease") for the Premises for a term of 10 years with one five-year renewal period, which Sublease, as amended, was further amended and assigned by the then sublessee to OWN in 2007. The Sublease was extended by 5 years as of October 1, 2015, following an RFP for the Premises.

On December 31, 2019, NYCEDC released a new RFP for the sublease of the Premises and received one response-from OWN (other respondents withdrew after a fuller understanding of RFP requirements). Rather than enter into a new sublease for the Premises, NYCEDC proposes to amend the current Sublease to extend its term. OWN proposed to continue its current use of the Premises including its film curriculum and to expend at a minimum \$800,000 on capital improvements.

OWN will reimburse NYCEDC \$17,450 for appraisal costs and costs of a building conditions report associated with the RFP for the Premises.

With the extension of the Sublease, OWN will be able to carry out its current charter term, plan for the next one and be able to finance its committed improvements. The Sublease provides and will continue to provide that the Sublease may be terminated in the event that OWN no longer has charter school accreditation.

**PURPOSE OF DISPOSITION/  
BENEFIT TO THE PUBLIC:**

In addition to contributing to overall economic activity and increasing tax revenues, the proposed Sublease extension(s) will retain permanent jobs in New York and allow OWN to educate approximately 500 students.

**ZONING:**

M1-5 (subject to deed restriction for film-related use)

**PUBLIC APPROVALS:**

No public approvals required

**PROPOSED RESOLUTIONS:**

The approval of amendment(s) to the Sublease between NYCEDC and OWN to permit extensions of the Sublease substantially as described above.

The Board of Directors further resolves that there is no reasonable alternative to the proposed Sublease amendment(s) that will achieve the same purpose as such transfer.

**NYCEDC PROJECT CODE:**

5297

**STAFF:**

Susan Goldfinger, Senior Vice President, Real Estate Transaction Services  
Eric Rivera, Senior Associate, Real Estate Transaction Services  
Darryl Connelly, Senior Vice President, Asset Management  
Jinquan Liang, Assistant Vice President, Asset Management  
Randi Cohen, Senior Counsel, Legal

# Attachment A – Aerial Map

## Site Location

**Borough:** Queens  
**Neighborhood:** Astoria  
**Block:** 640 Lot: 24  
**Community Board:** 1



Site



NYCEDC MGIS <7/24/12>