



MINUTES OF THE MEETING OF THE
REAL ESTATE AND FINANCE COMMITTEE
OF
NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION
January 19, 2021

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, January 19, 2021.

The following members of the Committee were present telephonically:

William Candelaria
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 2:33 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 October 26, 2020 Committee Meeting

It was moved that the minutes of the October 26, 2020 meeting of the Committee be approved, as submitted. Such a motion was seconded and unanimously approved.

2. Vodou Foods Corporation: Amendment to Lease for Coney Island Amusement Area

Sean Freas, an Assistant Vice President of NYCEDC, presented a proposal for an amendment to NYCEDC’s existing lease (the “Lease”) with Vodou Foods Corporation (the “Tenant”) for an approximately 37,000 square foot property located on the corner of West 12th Street and the Riegelmann Boardwalk in Coney Island, Brooklyn, which property is primarily used for amusement rides and entertainment, to adjust the rent for calendar year 2021 and for the balance of the Lease term, which term will expire on December 31, 2027, on substantially the terms set forth in Exhibit A hereto. A fair market rental value appraisal would now be undertaken in 2021 for 2022 rent instead of in 2020 for 2021 rent as originally provided.

In answer to a question from Mr. McSpirtt, Mr. Freas stated that this was a unique property with unique comps for the appraisal. Mr. Freas added that the property had been closed in 2020 due to the COVID-19 pandemic, and that having the amusements reopened would be beneficial to the amusement park and property. In answer to a question from Mr. O'Sullivan, Mr. Freas explained that the Tenant was currently in arrears for 2020 because of its inability to operate and generate revenue due to the pandemic, and that NYCEDC was working with the Tenant on restructuring its past due rent for 2020. In answer to a second question from Mr. O'Sullivan, Mr. Freas stated that NYCEDC was close to working out a deal for the Tenant's past due rent. At this time, Winthrop Hoyt, a Senior Vice President of NYCEDC, explained that the Tenant was very cooperative and had proactively come to NYCEDC seeking rent relief assistance. Mr. Hoyt stated that the plan was to get the appraisal done and figure out what the market rent would be, while separately, but on a similar track, working on how the Tenant would work through its rent arrears with NYCEDC. The Board had previously approved possible relief for NYCEDC tenants impacted by the pandemic.

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

3. 2021 COVID-19 Surge Staffing Loan Fund

Eric Clement, a Managing Director of NYCEDC, presented a proposal for NYCEDC and/or a limited liability company newly formed by NYCEDC (the "new NYCEDC Entity") to borrow and lend funds and to enter into agreements, to provide for the implementation and administration of an emergency loan program (the "Program") to aid hospital and nursing home organizations in the City of New York (the "City") for hiring and operating needs to respond to increasing COVID-19 cases, on substantially the terms set forth in Exhibit B hereto. The funding mechanism would be in place in the event that an increase in staffing was needed.

At this time, Mark Silversmith, a Special Counsel and Assistant Secretary of NYCEDC, noted that this was a somewhat atypical item to come before the Committee. He explained that one of the duties of the Committee was to approve a borrowing by NYCEDC, and that because this item involved such a borrowing, it was now coming before the Committee prior to being heard by the Executive Committee of NYCEDC's Board.

In answer to a question from Mr. Draizin, Mr. Clement explained that NYCEDC put together a request for proposals ("RFP") and sent it to the investment banking departments and commercial banking departments of a number of major banks. He added that it was anticipated that some of the borrowing hospitals and nursing homes would be in low- and moderate-income neighborhoods. In answer to a second question from Mr. Draizin, Mr. Clement stated that because an expedited RFP process was needed, NYCEDC directed the RFP to its contacts at various institutions, and that it was then up to those institutions to route the RFP to the appropriate departments.

In answer to a question from Mr. McSpiritt, Mr. Clement explained that the City came to NYCEDC for this Program because of NYCEDC's ability to act quickly, its extensive relationships with banking institutions, and its experience with structuring loan vehicles. He stated that NYCEDC's plan was to create the new NYCEDC Entity specifically to borrow the up to \$50 million from the bank(s) for the sole purpose of this transaction, and that the new NYCEDC Entity would then disburse funds to the requisite hospitals and skilled nursing facilities. He further explained that NYCEDC had already listed in the RFP that the loans would be non-recourse to NYCEDC, and that the City's commitment was to provide up to \$50 million of funds, if appropriated, for the Program. Mr. Clement added that the banking institutions would know that the risk they were taking was very specific and associated with the approval of the appropriation.

In answer to a question from Mr. Draizin, Mr. Clement stated that ideally NYCEDC was looking to transact with one bank, and that in such a scenario NYCEDC would allow the ability for the one bank to then syndicate the loan. In answer to another question from Mr. Draizin, Mr. Clement stated that loan analysis, administration and servicing would be performed by outside entities. In answer to a question from Mr. O'Sullivan, Mr. Clement stated that it was anticipated that the bank's security would be the future appropriation by the City. In answer to another question from Mr. Draizin, Mr. Clement stated that the loan agreement was anticipated to be between the new NYCEDC Entity and the bank(s), and that there would then be separate loan agreements from the new NYCEDC Entity to the hospitals and nursing home organizations.

Following a question from Ms. Woo, a discussion ensued regarding whether the payments by the hospitals and health facilities to the new NYCEDC Entity would also be pledged to repay to the bank(s) the new NYCEDC Entity's loan. Mr. Clement explained that this was a scenario that NYCEDC was considering. Lastly, in answer to an additional question from Mr. Draizin, Mr. Clement noted that the City was only willing to provide an appropriation of up to \$50 million, that the risk to the bank(s) was if for some reason the appropriation were to not come through, and that the City was unwilling to take on any more risk than that.

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

4. Adjournment

There being no further business to come before the meeting, the meeting of the Committee was adjourned at 3:00 p.m.

Assistant Secretary

Dated: _____
Brooklyn, New York

DRAFT

EXHIBIT A

DRAFT

**VODOU FOODS CORPORATION: AMENDMENT TO LEASE FOR CONEY ISLAND
AMUSEMENT AREA
Board of Directors Meeting
February 3, 2021**

**PROJECT
OVERVIEW:**

NYCEDC proposes to amend its existing Coney Island lease (the “Lease”) with Vodou Foods Corporation (“Vodou”) to adjust the rent for calendar year 2021 and for the balance of the Lease term. The property currently leased under the Lease is located on the corner of West 12th Street and the Boardwalk in Coney Island (the “Site”) and is primarily used for amusement rides and entertainment. Due to impacts from COVID-19, NYCEDC was unable to procure an appraisal to fulfill an existing Lease provision to reset the rent at fair market value on January 1, 2021. As a result, NYCEDC proposes to amend the rent provisions of the Lease substantially as described below. Other than as provided below, the terms of the existing Lease will remain in force.

CURRENT LEASE

Lessor: NYCEDC

Lessee: Vodou

Site and Use The Site is an approximately 37,000 square foot property and is approximately depicted on the site plan attached hereto as Attachment A (referred to as “Deno’s Wonder Wheel”). A one story single tenant commercial building is located on the Boardwalk and the remaining areas of the property are utilized for amusement and food uses, including the landmark Wonder Wheel.

Lease Term: The Lease term will expire on December 31, 2027.

AMENDMENT TO LEASE

Base Rent: The Lease currently provides for an appraisal to be conducted in 2020 to determine the fair market value of the rent for the Site for the highest and best use (the “Fair Market Rent”) for 2021 and for that year the rent would be the greater of the 2020 rent or the Fair Market Rent. Thereafter, each calendar year through the end of the Lease term annual rent would be equal to the previous calendar year’s annual rent, increased by a percentage equal to the percentage increase in the Consumer Price Index the previous calendar year. Due to impacts from COVID-19, NYCEDC was unable to procure an appraisal in 2020.

As a result, NYCEDC proposes to amend the provisions of the Lease relating to rent as follows. From January 1, 2021 to December 31, 2021 annual rent will be \$238,678.50, the same as 2020 annual rent. In 2021 there will be an appraisal conducted to determine the Fair Market Rent for 2022. For the 2022 calendar year the annual rent will be the greater of the 2021 calendar year rent or the Fair Market Rent for 2022. Thereafter, each calendar year commencing as of January 1, 2023 and ending December 31, 2027, annual rent will be equal to the previous calendar year's annual rent, increased by a percentage equal to the percentage increase in the Consumer Price Index the previous calendar year.

BENEFIT TO PUBLIC:

This amendment will allow for a Fair Market Rent appraisal in calendar year 2021 and related rental increase in 2022. Maintaining 2021 annual rent under the Lease at the 2020 level will also provide the Lessee with needed rent relief in the current year after being significantly impacted by the COVID-19 pandemic, when, due to the pandemic, the Coney Island Amusement Park, including Lessee's business, was prevented from operating. Supporting Lessee's business will continue the City's goal of strengthening the historic Coney Island Amusement Park and maintaining jobs for the Coney Island community.

PROPOSED RESOLUTION:

The approval of NYCEDC entering into an amendment to the Lease substantially as described above

NYCEDC PROJECT CODE:

7874

STAFF:

Sean Freas, Assistant Vice President, Asset Management
Sabrina Lippman, Vice President, Asset Management
Winthrop Hoyt, Senior Vice President, Asset Management
Karen Lapidus, Senior Counsel, Legal

Attachment A



EXHIBIT B

DRAFT

2021 COVID-19 SURGE STAFFING LOAN FUND
Executive Committee Meeting
February 3, 2021

Project Description: The implementation and administration of an emergency loan program to aid hospital and nursing home organizations in the City. The project will fund loans for hiring needs and operating needs to respond to increasing Covid-19 cases, and related fees and other expenses for the project.

Type of Funds Anticipated to be Used by NYCEDC for the Project: City Tax Levy funds, NYCEDC programmatic budget funds (anticipated to be reimbursed from City Tax Levy funds), and/or Federal funds

Procurement Method: Targeted Solicitation—Although a competitive process is being used to select the bank(s) and the Loan Administrator (hereinafter described) for the Project, the selection method will be considered to be sole source procurement under NYCEDC’s Amended and Restated Contract with the City, as amended (the “Annual Contract”) with the City, since a different competitive process is being used than is specified in NYCEDC’s Annual Contract with the City.

**Matters
to be
Approved:**

- (i) NYCEDC or a limited liability company newly formed by NYCEDC (the “new NYCEDC Entity”) will procure a commercial loan from one or more banks in the amount of up to \$50 million less the Loan Fund Costs (described in (iv) below), on terms to be determined through the process for the selection of the bank(s), and will enter into related agreements with the bank(s) to provide funding for the loans to hospitals and nursing homes and certain matters described below (the “Credit Agreements”), and other ancillary agreements;
- (ii) the proceeds of the bank loan will be used by NYCEDC or the new NYCEDC Entity to create a loan fund to provide emergency loans to hospitals and nursing homes in the City for staffing and operating needs in connection with the COVID-19 pandemic;
- (iii) NYCEDC or the new NYCEDC Entity will procure loan administration services for the loan fund from a service provider (the “Loan Administrator”) and will enter into an agreement with the Loan Administrator (the “Loan Administrator Agreement”) pursuant to which the Loan Administrator will be provided with funds to administer loans for the Project and may receive an administrative fee. NYCEDC or the new NYCEDC Entity will make loans to hospitals and nursing homes in the City in amounts to be determined by applicants’ demonstrated need, with terms expected to be not longer than three years.

(iv) the City has agreed to provide up to \$7 million (the “Loan Fund Costs”) to NYCEDC through the Annual Contract, to provide for the costs and expenses of the loan fund, including costs and expenses of the Loan Administrator (the exact amount of the Loan Fund Costs will depend on what is required by the bank or banks and the Loan Administrator; NYCEDC may advance the Loan Fund Costs pending anticipated receipt from the City);

(v) the City will (anticipated to occur in City Fiscal Year 2024), subject to, and only to the extent of, funds having been appropriated for the purpose, provide to NYCEDC through the Annual Contract the amount owed by NYCEDC or the new NYCEDC Entity to the bank(s), up to the sum of (x) \$43 million plus (y) \$7 million less the Loan Fund Costs provided by NYCEDC and the NYCEDC Entity;

(vi) upon receipt of the amount described in (v) above, NYCEDC or the new NYCEDC Entity will apply the funds to repay the bank loan(s), provided that neither NYCEDC nor the new NYCEDC Entity shall have any obligation to make any such payment in excess of what NYCEDC and the new NYCEDC Entity receive from the City; and

(vii) the lending bank or banks may have a security interest in loan payments made by hospitals and nursing homes until the loans made by the bank or banks to NYCEDC and the new NYCEDC Entity are repaid in full; thereafter such payments shall be made to NYCEDC or the new NYCEDC Entity.

Proposed Resolution: To authorize NYCEDC to and/or NYCEDC as the member of the new NYCEDC Entity to cause the new NYCEDC Designated Entity to:

- (i) enter into the Credit Documents and the Loan Administrator Agreement and related ancillary agreements
- (ii) make loans and enter into related ancillary agreements
- (iii) take all necessary or appropriate actions in connection with the Credit Documents and the Loan Administrator Agreement and creating the new NYCEDC Entity, and enter into and take all necessary or appropriate actions in connection with other necessary or appropriate agreements related to implementing the Credit Documents and the Loan Administrator Agreement,

all substantially as described herein

Relevant Staff: Eric Clement, Managing Director, Strategic Investments Group
Julia Schneider, Vice President, Strategic Investments Group
Jasper Wilson, Assistant Vice President, Strategic Investments Group
Adam Lewis, Senior Counsel, Legal

Project Code: 9643