



MINUTES OF THE MEETING OF THE
REAL ESTATE AND FINANCE COMMITTEE
OF
NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION
July 29, 2022

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 Friday, July 29, 2022, in Conference Room 13B, at the offices of NYCEDC at One Liberty Plaza, New York, New York.

The following members of the Committee were present:

Mitch Draizin (by conference telephone)
James McSpirtt (by conference telephone)
Patrick J. O’Sullivan, Jr. (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 2:04 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. (Attached hereto as Attachment 1 is a definition sheet that contains the definitions of certain frequently used terms that may be contained in the Exhibit attached hereto.)

1. Approval of the Minutes of the September 14, 2021 Committee Meeting

It was moved that the minutes of the September 14, 2021 meeting of the Committee be approved, as submitted. Such a motion was seconded and unanimously approved.

2. Deed Modification: Harmony Rockaway LLC

Kati Chen, an Associate of NYCEDC, presented a proposal for NYCEDC to enter into a modification to the deed, as amended, from NYCEDC conveying Block 16124, Lot 33 on the Tax Map of the Borough of Queens (the “Site”), which Site contains an historic building (the “Building”), to Harmony Rockaway LLC (“Harmony”), to provide for (i) modifications to the permitted uses of the Site and Building, and (ii) an extension of the use and transfer restrictions to 20 years from the effective date of the proposed deed modification, on substantially the terms set forth in Exhibit A hereto.

In answer to a question from Mr. Draizin, Ms. Chen explained that the Building was originally designated for medical use because at the time of transfer there was thought to be demand in the community for medical space, but that several competitive spaces opened in the area during project construction and the demand was no longer there. In answer to a question from Ms. Woo, Ms. Chen stated that it was proposed that medical use would no longer be a requirement, but that it would still be a permitted use and Harmony could seek medical office tenants.

At this time, following a question from Ms. Woo, a discussion ensued among the Committee members and NYCEDC staff regarding the Mayoral zoning override that was issued in 2014 based on the medical use component of the project, and other more recent zoning actions. It was determined by the Committee that, because it was now possible and permissible that the Building could be used entirely by non-medical office tenants, NYCEDC should make sure that the zoning override was still in effect and would not impair the developer from obtaining a certificate of occupancy. Sunitha Amalraj, a Senior Vice President of NYCEDC, stated that NYCEDC would follow up and make sure that there were no problems with the zoning given the current status and proposed use of the Site and Building. In answer to a question from Mr. McSpirtt, Ms. Amalraj stated that, assuming the zoning override turns out to be fine, the Board's approval of the proposed deed modification would allow for a range of uses, from ambulatory and medical, to medical and office, to commercial office entirely, and non-residential community facility uses, and that Harmony could proceed with its search for tenants.

In answer to a question from Mr. O'Sullivan, Ms. Chen stated that based on conversations that Harmony has had and its outreach, there were some smaller, local businesses interested in leasing office space. In answer to a second question from Mr. O'Sullivan, Ms. Amalraj stated that it would be easy to do the build-out if it turns out the Building is to be used for only non-medical offices. In answer to another question from Mr. O'Sullivan, Ms. Chen stated that the local stakeholders were very supportive of reactivating the Building with the broader set of permitted uses, and that they were excited to see it brought back to life after such a long period of inactivity.

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. It was understood that NYCEDC would review the zoning questions to make sure that the override was still in effect.

3. Adjournment

There being no further business to come before the meeting, pursuant to a motion made, seconded and unanimously approved the meeting of the Committee was adjourned at 2:24 p.m.

Assistant Secretary

Dated: _____
New York, New York

DRAFT

ATTACHMENT 1

DEFINITIONS

Apple	Apple Industrial Development Corp.
Armand	Armand Corporation d/b/a Armand of New York
BAT	Brooklyn Army Terminal
Bovis	Bovis Lend Lease LMB, Inc.
CDBG	Federal Community Development Block Grant
CDBG-DR Funds	Federal Community Development Block Grant-Disaster Recovery Program funds
CEQR	City Environmental Quality Review process
City DEP	New York City Department of Environmental Protection
City DOT	New York City Department of Transportation
City Parks	New York City Department of Parks and Recreation
City Planning	New York City Department of City Planning or City Planning Commission
CM	A construction manager
CM Contract	A construction management contract
DCAS	New York City Department of Citywide Administrative Services
EIS	Environmental Impact Statement
ESDC	New York State Urban Development Corporation d/b/a Empire State Development Corporation
FEMA	Federal Emergency Management Agency
FM	A facilities manager
FM/CM Contract	A facilities management/construction management contract
Funding Source Agreement	Any agreement necessary to obtain funds for the Project, including IDA Agreements
Gilbane.....	Gilbane Building Company
HDC	New York City Housing Development Corporation
HPD	New York City Department of Housing Preservation and Development
Hunter Roberts	Hunter Roberts Construction Group, L.L.C.
IDA	New York City Industrial Development Agency
IDA Agreement	Agreement with IDA pursuant to which IDA retains NYCEDC to accomplish all or part of the Project and reimburses NYCEDC for the costs of the work
LiRo	LiRo Program and Construction Management, PE P.C.
LMDC	Lower Manhattan Development Corporation
McKissack	The McKissack Group, Inc. d/b/a McKissack & McKissack

MOU	A memorandum of understanding
NYCEDC	New York City Economic Development Corporation, survivor of a November 1, 2012 merger of a local development corporation (the “LDC”) named New York Economic Development Corporation with and into New York City Economic Growth Corporation. References to NYCEDC prior to such merger are references to the LDC.
NYCHA	New York City Housing Authority
NYCLDC	New York City Land Development Corporation
Noble Strategy	Noble Strategy NY Inc.
OMB	New York City Office of Management and Budget
Port Authority	The Port Authority of New York and New Jersey
RFP	Request for Proposals
Sanitation	New York City Department of Sanitation
SBS	New York City Department of Small Business Services
SEMO	New York State Emergency Management Office
SEQR	State Environmental Quality Review process
Skanska	Skanska USA Building Inc.
State DEC	New York State Department of Environmental Conservation
State DOS	New York State Department of State
State DOT	New York State Department of Transportation
State Parks	New York State Office of Parks, Recreation and Historic Preservation
Tishman	Tishman Construction Corporation of New York
Turner	Turner Construction Company
ULURP	Uniform Land Use Review Procedure

EXHIBIT A

DEED MODIFICATION: HARMONY ROCKAWAY LLC
Board of Directors Meeting
August 9, 2022

OWNER: Harmony Rockaway LLC, a New York limited liability company, or an affiliated entity (“Harmony”)

SITE LOCATION: Block 16124, Lot 33 (the “Site”)
90-01 Beach Channel Drive
Borough of Queens
Community Board No. 14

SITE DESCRIPTION: The Site is located on Beach Channel Drive and Beach 90th Street, near to the Cross Bay Bridge, with easy access to locations throughout the Rockaways, Broad Channel, and Howard Beach. The Site measures approximately 20,095 square feet and contains an historic building (the “Building”) that contained approximately 24,000 square feet at the time of sale by NYCEDC. The Building functioned as a municipal courthouse until 1962, but has been vacant since then and required a complete rehabilitation in order to be restored to an active use. Rehabilitation and reconstruction of the building, including the replacement of all major building systems, and an increase in the building size to approximately 40,000 square feet, was completed and a Temporary Certificate of Occupancy was issued in 2021

BACKGROUND: Following a Request for Expressions of Interest that was issued in 2012, NYCEDC selected Harmony to purchase the Site and sold the Site to Harmony on March 6, 2015 for \$50,000. The deed (the “Original Deed”) conveying the Site required Harmony to rehabilitate and reconstruct the Building so as to provide for at least 28,000 square feet of medical space, including at least 10,000 square feet for the provision of surgical procedures (the “Project”). The Project was to include a minimum of three operating rooms and one procedure room as well as pre-operation and recovery rooms. The Original Deed also contained restrictions on transfer of the Site.

In August 2013, Rockaways ASC Development, LLC (“ASC”), a consortium of ten physicians, signed a long-term lease with Harmony to operate a surgical center in a portion of the Building. However, in May

2015, Harmony notified NYCEDC that ASC had issued a notice cancelling the lease. Harmony has been unable to find a replacement tenant for ASC that complied with the use restrictions.

In August 2018, NYCEDC entered into an amended and restated deed which modified the use requirement in the Original Deed by removing the requirement that certain space be used for surgical procedures and permitting the entire Building to be used for specific medical purposes (the "First Deed Modification"). The restrictions on use and transfer were extended to 20 years from construction completion.

**PROPOSED REQUIREMENTS
OF
MODIFIED DEED:**

It is proposed to modify the permitted uses (i) to add offices included in Use Group 6B in the City's Zoning Resolution, and (ii) to allow as-of-right community facility uses, listed in Use Groups 3 and 4 of the City's Zoning Resolution, except no residential or overnight uses will be permitted. These uses are in addition to the medical uses that are currently permitted in the amended and restated deed. In addition, use and transfer restrictions will be extended to 20 years from the effective date of the deed modification.

**RATIONALE FOR
MODIFICATION:**

Since 2018, Harmony has been unable to secure a medical tenant for the Site. Harmony has conducted extensive marketing and outreach to potential tenants that would conform to this permitted use. While Harmony had conversations with several potential medical tenants, none of them resulted in leases in the Building.

The alternative to the deed modification would be to initiate reacquisition litigation against Harmony, during which the Site would likely remain inactive.

PUBLIC APPROVALS:

ULURP for the disposition of the Site was approved in 1978. Pursuant to Section 384(b)(4) of the New York City Charter, the Queens Borough Board approved the disposition to Harmony in July 2013.

The amended and restated deed was approved by the NYCEDC Board of Directors in November 2017.

The New York City Board of Standards and Appeals granted a zoning variance in July, 2022 to allow the Building as rehabilitated and reconstructed by Harmony, which is currently located in an R4-1 Zoning District, to be occupied by Use Group 6B office tenants, as set forth in Section 32-15(b) of the Zoning Resolution of the City of New York.

Harmony consulted with Community Board 14, City Councilmember Joann Ariola and other community stakeholders, regarding the proposed modified project.

PROPOSED RESOLUTION: Approval of NYCEDC to enter into a deed modification substantially as described herein

NYCEDC PROJECT CODE: 5033

STAFF: Kati Chen, Associate, Real Estate Transaction Services
Sunitha Amalraj, Senior Vice President, Real Estate Transaction Services
Jill Braverman, Assistant General Counsel, Legal
Shin Mitsugi, Senior Vice President/Director, Compliance

Attachment A

