



MINUTES OF THE MEETING OF THE
REAL ESTATE AND FINANCE COMMITTEE
OF
NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION
April 11, 2023

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, April 11, 2023, in Conference Room 13-59, on the 13th Floor at the offices of NYCEDC at One Liberty Plaza, New York, New York.

The following members of the Committee were present by Zoom:

Mitch Draizin
James McSpiritt
Patrick J. O'Sullivan, Jr.
Mark E. Russo
Betty Woo

Members of NYCEDC staff also were present.

The meeting was chaired by Mr. O'Sullivan and called to order at 2:05 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 July 29, 2022 Committee Meeting

It was moved that the minutes of the July 29, 2022 meeting of the Committee be approved, as submitted. Such a motion was seconded and unanimously approved.

2. Deed Modification for Flushing Commons – Phase 2

Gabriel Seidel, an Assistant Vice President of NYCEDC, presented a proposal for NYCEDC (i) to enter into an amendment (the "Third Deed Modification") to the deed (the "Deed") for NYCEDC's sale of Block 4978, Lot 25 on the Tax Map of the Borough of Queens for a two-phase development (the "Project") of an approximately 211,000 square foot parcel in the heart of Flushing, Queens (the "Site"), which Deed was amended previously by two separate deed modifications, primarily to (a) modify the owner/developer for the portion of the Site on which Phase 2 of the Project will be developed, and (b) modify the deadline for commencement of construction for Phase

2A, which modification will automatically change the commencement date for Phase 2B and completion of construction dates for Phases 2A and 2B, and (ii) in connection with the developer's obligation to convey a community facility condominium unit (the "YMCA Unit") to the YMCA of Greater New York ("YMCA") as part of the Project on the Site, to enter into a memorandum of understanding ("MOU") or agreement pursuant to which YMCA may receive from NYCEDC \$500,000 of a \$1,000,000 Phase 2A construction commencement extension fee (the "Fee") if paid to NYCEDC, all on substantially the terms set forth in Exhibit A hereto.

In answer to a question from Mr. Russo, Mr. Seidel stated that NYCEDC believed that the restructuring of the joint venture (the "JV") agreement for the developer was the primary reason for the delays, and that the developer had represented to NYCEDC that it could meet the expectations of the revised timeline. In answer to a second question from Mr. Russo, Mr. Seidel explained that with respect to the YMCA unit there was a work letter between the developer and YMCA, that the developer would be constructing the unit, and that YMCA would need to post a small portion of the construction budget as its contribution to acquire the unit. In answer to a third question from Mr. Russo, Mr. Seidel stated that the splitting of the Fee was done primarily so that YMCA could extend the life of its current building until the new facility was ready.

In answer to another question from Mr. Russo, Mr. Seidel stated that the Third Deed Modification was structured such that it incentivized the developer to remobilize and move toward construction commencement over an initial 24-month period, and that the developer would also have an additional one-year extension option if needed. In answer to a question from Ms. Woo, Mr. Seidel clarified that the current requirement was to commence Phase 2 project construction in June 2022, but that if this Third Deed Modification was approved the developer's requirement would then be to commence construction within 24 months from the execution date, and that such arrangement was provided for in exchange for paying a \$1,000,000 fee and obtaining a letter of credit. In answer to a question from Mr. O'Sullivan, Mr. Seidel stated it was anticipated that the Third Deed Modification could be executed shortly following Board approval. In answer to a question from Ms. Woo, Mr. Seidel stated that it was NYCEDC's understanding that the plan was for the execution to occur coincident with the developer restructuring being finalized.

In answer to a question from Mr. Draizin, Hester Muis, an Executive Vice President of NYCEDC, explained some of the terms and details of the ownership restructuring. In answer to a question from Ms. Woo, Christina Rausch, a Senior Vice President of NYCEDC, stated that the transfer of the interest within and between JV members was not subject to NYCEDC approval under the current deed terms. In answer to a question from Mr. Russo, Mr. Seidel stated that going forward NYCEDC would have approval rights on new parties who were not permitted developers or permitted transferees in the deal. Ms. Muis added that F&T Group would need to retain a 15% ownership in the JV and to be the managing member.

At this time, Ms. Rausch noted that the language pertaining to the YMCA's acquisition of the YMCA unit in the item that the Committee received would be slightly

revised for the upcoming meeting of NYCEDC's Board of Directors. Following discussion among members of the Committee and NYCEDC staff, Mark Silversmith, a Special Counsel and Assistant Secretary of NYCEDC, explained that this language involved the unlikely potential scenario where YMCA would not be the community facility user, and that the revised item for the Board would provide more detail as to what NYCEDC's and the developer's options would be and what would have to happen in such a scenario. He briefly explained the proposed changes to the language.

A motion was then made that the Committee recommend that the Board of Directors approve the matters set forth for approval in the Proposed Resolution section of Exhibit A hereto. Such motion was seconded and approved. Mr. O'Sullivan recused himself from voting on this matter.

3. Coney Island Amusements: City Thunderbolt Lease and Amendment of City Lease, Central Amusement International, Inc. 7th Amendment to Lease, and Vodou Foods Corporation (Denos) 2nd Amendment to Lease

Malia Teske, an Assistant Vice President of NYCEDC, presented a proposal for (i) New York City Land Development Corporation ("NYCLDC"), as tenant, to enter into a new Coney Island lease (the "New Thunderbolt Lease") with The City of New York (the "City") for certain property located at Block 7074, Lot 190 on the Tax Map of the Borough of Brooklyn (the "Thunderbolt Property"), which property is primarily used as the site of the Thunderbolt rollercoaster, (ii) NYCEDC to assume the interest of NYCLDC as tenant under the New Thunderbolt Lease, (iii) NYCEDC to enter into an amendment of (a) the lease with the City (the "City Lease") for certain property in Coney Island located at Block 7074, Lots 2, 370 and 450, and Block 8695, Lot 500 on the Tax Map of the Borough of Brooklyn (together, the "2019 Additional Premises"), (b) the lease with Central Amusement International, Inc. ("CAI") (the "CAI Lease") for certain property located at Block 8695, Lot 85; Block 8696, part of Lot 211; Block 8696, Lot 212; Block 7074, Lots 190 and 382 on the Tax Map of the Borough of Brooklyn, and the 2019 Additional Premises (together, the "CAI Leased Premises"), which CAI Leased Premises are primarily used as the site of Luna Park and for other amusement and entertainment operations, and (c) the lease with Vodou Foods Corporation for certain property located at Block 8696, Lot 75, part of Lot 145, Lot 166 and part of Lot 210 on the Tax Map of the Borough of Brooklyn (the "Denos Lease"), which is for NYCEDC owned property and primarily used as a portion of the site of the Wonder Wheel and other amusement and entertainment operations, to extend the term of each of the City Lease, the CAI Lease and the Denos Lease, (iv) an agreement or MOU (the "Parks Agreement") with the New York City Department of Parks and Recreation ("City Parks") to provide for payments to City Parks in connection with the Denos Lease and (v) NYCEDC to enter into documents ancillary thereto, including documents related to the expenditure of funds that are in a fund (the "Coney Island Fund") that is maintained by NYCEDC and used at the direction of the City for the acquisition of additional parkland by the City and/or capital improvements to park and recreational facilities within the Coney Island area, all on substantially the terms set forth in Exhibit B hereto.

In answer to a question from Mr. Russo, Ms. Teske stated that in addition to the

work that the tenants had done during the pandemic to improve their sites, the extensions would allow subleases of CAI to be restructured so that these subtenants would get easier rents for the next 10 years and be able to readjust their financing to help get through the hurt that happened as a result of the pandemic. In answer to a second question from Mr. Russo, Ms. Teske explained that NYCEDC's Coney Island tenants gross revenues were currently trending upwards after 2021 being a partially-impacted year and 2020 being a non-existent season. In answer to a question from Mr. O'Sullivan, Ms. Teske stated that the primary reason for choosing to do these extensions now, as opposed to some time in the future, was to allow the changes to fold into the subleases so that the small business subtenants could feel relief right away.

In answer to a second question from Mr. O'Sullivan, Ms. Teske explained that Coney Island had some special legislation related to the CAI and Denos extensions. Karen Lapidus, a Senior Counsel of NYCEDC, then provided an additional, detailed explanation regarding the special process through the New York City Council that was provided for by the State alienation legislation to approve the amusement leases.

In answer to a third question from Mr. O'Sullivan, Ms. Teske explained that the Denos Lease was currently structured to be set by fair market value ("FMV") appraisal with increases every few years and that NYCEDC was continuing that structure for Denos in the extension term. She added that it was anticipated that the total amount that CAI paid for base rent and percentage rent would exceed its appraised value and that NYCEDC therefore would receive higher than FMV. In answer to another question from Mr. O'Sullivan, Ms. Teske stated that NYCEDC held the funds that went into the Coney Island Fund and then released money for proposed uses at City Parks' request. In answer to a question from Mr. McSpiritt, Ms. Teske stated that the last appraisal for Denos was done in January 2022, and that for the renewal term another appraisal would be done in 2027.

A motion was made that the Committee recommend that the Board of Directors 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, pursuant to a motion made, seconded and unanimously approved the meeting of the Committee was adjourned at 2:46 p.m.

Mark Silvermith
Assistant Secretary

Dated: July 25, 2023
New York, New York

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 FOR FLUSHING COMMONS-PHASE 2
Board of Directors Meeting
April 27, 2023

OVERVIEW: On February 6, 2013, NYCEDC's Board of Directors (the "Board") approved NYCEDC's sale of Block 4978, Lot 25, Queens (the "Site") to Flushing Commons LLC or an affiliated entity for \$20,000,000 (all cash) and a two-phase development plan. On December 19, 2013, the Board approved a revised phasing plan. Terms for a further revised phasing plan and development timeline were approved by the Board on August 13, 2019. Thereafter, NYCEDC and the Developer entered into an amended and restated deed (the "First Deed Modification"). On September 28, 2021, the Board approved a further modification to project deadlines as a result of interruptions caused by the COVID-19 pandemic (the "Second Deed Modification," together with the First Deed Modification, the "Deed Modifications"). As part of the project on the Site (the "Project") the Developer is obligated to convey a community facility condominium unit to the YMCA of Greater New York (the "YMCA") in accordance with the terms of a contract between Developer and YMCA which requires the Developer to contribute \$25,000,000 to the construction cost of the unit. This requirement is to be further amended in connection with the proposed Third Deed Modification to require the Developer to spend approximately \$29,000,000 on construction of the unit. Due to market conditions impacting interest rates and construction costs, and due to restructuring of the Developer ownership, certain deadlines in the Deed Modifications must be revised, substantially as described below.

**OWNER/
DEVELOPER:** Flushing Commons Property Owner LLC, a partnership managed by a joint venture among affiliates of Rockefeller Group International, Inc., F&T Group, and AECOM Technology Corporation, developed Phase 1 of the Project. It is anticipated that the portion of the Site on which Phase 2 of the Project will be developed, will be sold to TDC FC2 LLC ("TDC"), which is controlled by an affiliate of F&T Group, with an affiliate of AECOM Technology Corporation retaining an interest in Phase 2B of the Project. TDC will become the Developer and will develop Phase 2 of the Project and for Phase 2 is successor to Flushing Commons Sponsor Phase II JV LLC, which is an affiliate of Flushing Commons Property Owner LLC. On execution of the currently proposed deed modification, it is anticipated that TDC will be the Project sponsor, and F&T Group will be the entity managing Developer.

**SITE
DESCRIPTION:** The Site is an approximately 211,000 square foot parcel in the heart of

Downtown Flushing, Queens that had been used as an approximately 1,100 space municipal parking lot since the 1940s. Phase 1 has been delivered in accordance with the requirements of the original deed. Phase 2 is currently undeveloped pending approval of the revised delivery milestones to be specified in the Third Deed Modification. The proposed program for Phase 2 is unchanged from that previously approved, as outlined in the table below.

Phase 2A	Phase 2B
<p>Two buildings that include:</p> <ul style="list-style-type: none"> • Not less than approximately 100,000 gsf of mixed-use commercial; • Not less than approximately 160,000 gsf of residential; • YMCA space currently anticipated to be approximately 62,000 gsf, but still subject to negotiation; • Not less than 27 parking spaces; and, <p>Approximately one acre of open space</p>	<p>One building that includes:</p> <ul style="list-style-type: none"> • Not less than approximately 300,000 gsf of residential; • Not less than approximately 35,000 gsf of mixed-use commercial; • Not less than a number of parking spaces (so that the total number of parking spaces in Phases 1, 2A, and 2B will be 1,600 parking spaces); and, <p>Open space (so that the total open space in Phases 1, 2A and 2B will be approximately 1.5 acres)</p>

**PROJECT
STATUS:**

The Developer completed Phase 1 in August 2017. At this time, the Developer's next obligation is to commence construction on Phase 2A.

MODIFICATIONS: As described above, the Owner/Developer for Phase 2B will be modified to TDC and it is anticipated that an affiliate of AECOM Technology Corporation will have an interest in Phase 2B of the Project. This modification will simplify the ownership structure of the Owner/Developer of the Site. In addition, NYCEDC proposes modifying the deadline for commencement of construction for Phase 2A, which modification will automatically change the commencement date for Phase 2B and completion of construction dates for Phases 2A and B.

There are no modifications to the Project program. In addition, payment guarantees of liquidated damages would remain.

The Project sequencing and extension terms would be modified substantially as described in the table below:

	Current Phase 2A Requirements	Current Phase 2B Requirements	Proposed Phase 2A	Proposed Phase 2B
Construction Commencement Date	June 1, 2022	June 1, 2023, which shall be extended on a day-for-day basis such that Phase 2B commencement shall be twelve months following any revised Phase 2A commencement date	24-months from time of deed modification execution, with payment of \$1,000,000 fee and \$2,250,000 letter of credit posted at time of deed modification execution	Unchanged, subject to changed date resulting from changed construction commencement date for Phase 2A
Construction Commencement Extension Option	One year extension option to June 1, 2023 upon posting \$2,250,000 letter of credit	Four years of extensions as follows: First year for \$500,000 fee; second year for \$750,000 fee; third year for \$1,250,000 fee; fourth year for \$1,500,000 letter of credit	One year extension option for \$1,000,000 fee. \$500,000 of this fee shall be shared with YMCA if YMCA is expected to be the community facility user at the time the option extension is exercised. Additionally Owner is obligated to increase letter of credit by \$750,000 to \$3,000,000 total. Conditions evidencing readiness to	Unchanged

			commence are a prerequisite of this extension option	
Construction Completion	42 months from commencement, with one, one-year extension as per below. If extension exercised, maximum 54 months from commencement	36 months from commencement, with one, one-year extension as per below. If extension exercised, maximum 48 months from commencement	Unchanged	Unchanged
Construction Completion Extension	\$500,000 per annum. Pro-rated if extension is shorter than one year	\$500,000 per annum. Pro-rated if extension is shorter than one year	Unchanged	Unchanged

Additionally, in the event that the YMCA is unable to proceed with the acquisition of the community facility condominium unit, NYCEDC shall continue to have an option to either (i) assume ownership of the community facility unit at no acquisition cost or (2) receive a payment in lieu of the assuming ownership of the community facility. However, the payment amount will increase from the previously authorized \$25,000,000 to \$27,000,000. As in the Second Deed Modification, either option (to either take ownership of the unit or receive a payment) would require additional approval from the Board.

The payment to the YMCA of 50% of the \$1,000,000 option fee for the extension of the commencement date for Phase 2A is to help offset the impacts to the YMCA from the delay in construction commencement of its unit, including potential monetary impacts from the YMCA having to continue to use its existing old suboptimal facility for longer than originally anticipated. This would help enable the YMCA to continue being involved with the Project. If the YMCA were to exit the project, it would risk delay in the delivery of the community facility unit and uncertainty as to the nature of the community facility.

PROPOSED

RESOLUTION: Approval for NYCEDC to enter into (i) a deed amendment reflecting the terms of the transaction modified substantially as described above and (ii) an MOU or agreement pursuant to which YMCA may receive from NYCEDC

\$500,000 of a \$1,000,000 Phase 2A construction commencement extension fee paid to NYCEDC substantially as described above

**NYCEDC
PROJECT
CODE:**

3017

STAFF:

Hester Muis, Executive Vice President, Real Estate Transaction Services
Christina Rausch, Senior Vice President, Real Estate Transaction Services
Gabriel Seidel, Assistant Vice President, Real Estate Transaction Services
Solveig Entwistle, Associate, Real Estate Transaction Services
Tiffany Lacker, Senior Counsel, Legal

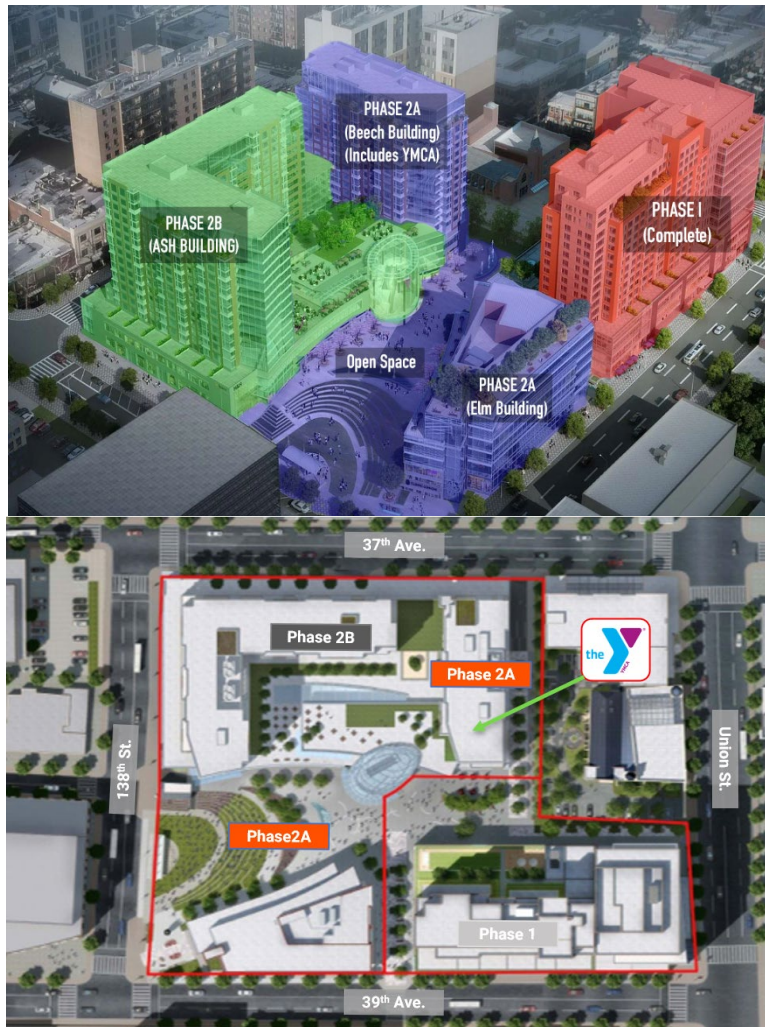


EXHIBIT B

**CONEY ISLAND AMUSEMENTS:
CITY THUNDERBOLT LEASE AND AMENDMENT OF CITY LEASE,
CENTRAL AMUSEMENT INTERNATIONAL, INC 7th AMENDMENT TO LEASE
and
VODOU FOODS CORPORATION (DENOS) 2nd AMENDMENT TO LEASE**

**Board of Directors Meeting
April 27, 2023**

**PROJECT
OVERVIEW:**

NYCEDC currently leases certain properties in Coney Island. They are:

- a lease (the “Current Thunderbolt Lease”) with the City for property in Coney Island that is primarily used as the site of the Thunderbolt rollercoaster, the term of which lease ends on December 31, 2027
- a lease (“*City Lease*”) with the City, dated as of April 30, 2021, for certain property in Coney Island
- a lease (the “*CAI Lease*”) with Central Amusement International, Inc. (“*CAI*”), which includes property covered by the City Lease and Current Thunderbolt Lease and NYCEDC owned property and is primarily used as the site of Luna Park and for other amusement and entertainment operations
- a lease (the “*Denos Lease*”) with Vodou Foods Corporation (“*Denos*”), which is for NYCEDC owned property and is primarily used as a portion of the site of the Wonder Wheel and other amusement and entertainment operations

NYCEDC proposes to:

- enter into a new lease with the City for the Thunderbolt site (the “*NewThunderbolt Lease*”) for a ten year period from January 1, 2028 through December 31, 2037 (the “*Extension Term*”)
- extend the term of the City Lease for the Extension Term
- extend the term of the CAI Lease for the Extension Term
- extend the term of the Denos Lease for the Extension Term
- enter into an agreement or MOU with City Parks to provide for payments to City Parks in connection with the Denos Lease

Amusement parks experienced prolonged State and City mandated closures and faced disproportionate impacts from the COVID-19 pandemic. CAI and Denos chose to continue investing in the Coney Island amusement district with the construction of new amusement rides and other entertainment options during the shutdown. The entrance into the New Thunderbolt Lease and the extension of the term of the CAI and Denos Leases will allow CAI and Denos to recoup significant losses that occurred during the pandemic and continue to invest in their leaseholds.

The terms of the proposed lease, amendments, and agreement/MOU with City Parks will be substantially as indicated below.

NEW THUNDERBOLT LEASE

Lessor: The City

Lessee: NYCLDC

Assignee: NYCEDC

Property: Block 7074, Lot 190 on the Tax Map of the Borough of Brooklyn (the “*Thunderbolt Property*”) See Exhibit A

Lease Term: Ten years, from January 1, 2028 to December 31, 2037.

Rent: 50% of all revenues received by NYCEDC from the tenant’s operation of the Thunderbolt Property.

Uses: Amusement uses and other uses consistent with the Special Coney Island District in the Zoning Resolution of The City of New York

The City currently leases the Thunderbolt Property to NYCEDC through the Current Thunderbolt Lease for an annual rent of \$1. To permit CAI to operate the Thunderbolt for the Extension Term, the City proposes to enter into the New Thunderbolt Lease with NYCLDC. NYCLDC will assign its interest in the New Thunderbolt Lease to NYCEDC for nominal consideration and NYCEDC will assume the New Thunderbolt Lease, which shall be merged into the Current Thunderbolt Lease.

AMENDMENT OF CITY LEASE

Lessor: The City

Lessee: NYCEDC

Property: Block 7074, Lot 2; Block 7074, Lot 370; Block 7074, Lot 450; and Block 8695, Lot 500 on the Tax Map of the Borough of Brooklyn (together, the “*2019 Additional Premises*”)

Lease Term: The City Lease term shall be extended by ten years and shall expire on December 31, 2037.

Rent: Effective May 1, 2019, 50% of all revenues received by NYCEDC from the tenant’s operation of the CAI Leased Premises (defined below); except that revenues paid with respect to the Thunderbolt Property

need only be paid either under the Current Thunderbolt Lease or the City Lease. All of the rent payable to the City under this lease and the Current Thunderbolt Lease, shall be paid into a fund (the “Coney Island Fund”) maintained by NYCEDC and used at the direction of the City for the acquisition of additional parkland by the City and/or capital improvements to park and recreational facilities, within the Coney Island area.

The City entered into the City Lease on April 30, 2021 for a term expiring on December 31, 2027, for further sublease to CAI pursuant to the CAI Lease. NYCEDC proposes to enter into this amendment to the City Lease to extend the term for the Extension Term, in order to effectuate an extension of the term of the CAI Lease for the Extension Term.

AMENDMENT TO CAI LEASE

Lessor: NYCEDC

Lessee: CAI

Property: Block 8695, Lot 85; Block 8696 p/o 211; Block 8696, Lot 212; Block 7074, Lot 190; Block 7074, Lot 382 on the Tax Map of the Borough of Brooklyn, and the following properties referred to as the 2019 Additional Premises: Block 7074, Lot 2; Block 7074, Lot 370; Block 7074, Lot 450; and Block 8695, Lot 500 on the Tax Map of the Borough of Brooklyn (together, the “*CAI Leased Premises*”) See Exhibit A.

Use: Amusement uses and other uses consistent with the Special Coney Island District in the Zoning Resolution of The City of New York

Lease Term: The CAI Lease term shall be extended by ten years and will expire on December 31, 2037.

Base Rent: Base Rent commencing January 1, 2028 will be \$216,291 for the first year, a five percent (5%) increase from annual Base Rent for 2027, and will thereafter increase by two percent (2%) in each following year.

Percentage Rent: Effective January 1, 2023 Percentage Rent for the property leased under the CAI Lease excluding the 2019 Additional Premises for the period through December 2027 will be changed by the amendment. These new percentages and the Percentage Rent for such property for the Extension Period take into account CAI’s assumption of the obligation to pay all real estate taxes for a portion of the CAI Leased Premises owned by NYCEDC for which CAI formerly did not pay full real estate taxes.

Percentage Rent for the period from January 1, 2023 through December 2027, excluding the 2019 Additional Premises, will be:

- 5% of Gross Receipts from \$2,000,000 - \$5,000,000 annually (No Change);
- 7% of Gross Receipts from \$5,000,000 - \$7,000,000 annually (No Change);
- 8% of Gross Receipts over \$7,000,000 from January 1, 2023 to December 31, 2023 (Previously, 11.5% of Gross Receipts);
- 8.5% Gross Receipts over \$7,000,000 from January 1, 2024 to December 31, 2024 (Previously, 12% of Gross Receipts);
- 9% of Gross Receipts over \$7,000,000 from January 1, 2025 to December 31, 2025 (Previously, 12.5% of Gross Receipts);
- 9.5% of Gross Receipts over \$7,000,000 from January 1, 2026 to December 31, 2026 (Previously, 13% of Gross Receipts);
- 10% of Gross Receipts over \$7,000,000 from January 1, 2027 to December 31, 2027 (Previously, 13% of Gross Receipts);

With respect to the property leased under the CAI Lease excluding the 2019 Additional Premises, Percentage Rent for the Extension Term will be:

- 5% of Gross Receipts from \$2,000,000 - \$5,000,000 annually;
- 7% of Gross Receipts from \$5,000,000 - \$7,000,000 annually;
- 10% of Gross Receipts over \$7,000,000 annually from January 1, 2028 to December 31, 2032;
- 11% of Gross Receipts over \$7,000,000 annually from January 1, 2033 to December 31, 2037.

With respect to the 2019 Additional Premises, Percentage Rent for the period through December 2027 is unchanged and will remain in effect throughout the Extension Term:

- Site B (Block 7074, Lot 2): 6% of Gross Receipts over \$1,000,000 annually;
- Site C (Block 7074, Lot 370): 6% of Gross Receipts over \$200,000 annually;
- Site D (Block 7074, Lot 450): 6% of Gross Receipts over \$300,000 annually;
- Site E (Block 8695, Lot 500): 5% of Gross Receipts over \$120,000 annually;

**Appraised
Value:**

An independent appraisal of the property leased under the CAI Lease performed in June 2022 indicates that fair market rental value for the property for highest and best use given legally required use restrictions would be \$1,400,000 in the initial year of the Extension Term with 3% increases annually. Although the Base Rent in the Extension Term will

be less than the appraisal, it is anticipated that CAI will pay at least the appraised value in aggregate annual Base Rent and Percentage Rent for the property.

Real Estate

Taxes: Commencing on the execution of the amendment to the CAI Lease, CAI will pay an increased amount in respect of real estate taxes. CAI will make payments of real estate taxes payable with respect to the NYCEDC – owned property in an amount equal to the real estate taxes payable by NYCEDC and will make payments in lieu of real estate taxes with respect to the City-owned property in the amount of real estate taxes that would be payable with regard to such property but for City ownership.

AMENDMENT TO DENOS LEASE

Lessor: NYCEDC

Lessee: Denos

Premises: Block 8696, Lot 75; Block 8696, p/o Lot 145; Block 8696, Lot 166; Block 8696, p/o Lot 210 on the Tax Map of the Borough of Brooklyn. See Exhibit A.

Uses: Permitted uses will be amusement uses consistent with the Special Coney Island District in the Zoning Resolution of The City of New York instead of just amusement uses.

Lease Term: The Denos Lease term shall be extended by ten years and shall expire on December 31, 2037.

Base Rent: Base Rent commencing January 1, 2028 will then be equal to the fair market rental value of the property, as determined by an independent appraisal for the first year. Thereafter Base Rent will increase by 2% annually.

Appraised Value: An independent appraisal of the property leased under the Denos Lease will be performed in 2027 to determine the fair market rental value for highest and best use given legally required use restrictions.

Real Estate Taxes: Denos shall continue to make payments to the City of real estate taxes with respect to the property leased under the Denos Lease. Once title to the property is transferred from NYCEDC to the City, Denos will make payments in lieu of real estate taxes equal to the amount of real estate taxes that would be payable with regard to the property but for City ownership.

CITY PARKS AGREEMENT/MOU

NYCEDC shall enter into an agreement or MOU with City Parks with regard to the share of revenues received by NYCEDC under the CAI Lease and the Denos Lease. The agreement with regard to revenues under the CAI Lease will be set forth in the City Lease. However, since the property leased under the Denos lease is an asset of NYCEDC, there is no lease between the City and NYCEDC relating to this property. Accordingly, this City Parks-NYCEDC agreement or MOU will provide that effective May 1, 2019, 50% of all revenues received by NYCEDC from the tenant's operation of the property leased under the Denos Lease will be paid to the City. All of the revenues payable to the City in connection with both the CAI Lease and the Denos Lease shall be paid into the Coney Island Fund maintained by NYCEDC and used at the direction of the City for the acquisition of additional parkland by the City and/or capital improvements to park and recreational facilities within the Coney Island area.

BOARDWALK SUBLEASES

EXTENSIONS: At the same time as NYCEDC extends the term of the CAI Lease for the Extension Term, CAI will extend its subleases with certain of its subtenants on the Riegelmann Boardwalk. This extension will allow these small business subtenants operating on the Riegelmann Boardwalk to recoup severe financial losses experienced during the pandemic. This extension will also facilitate a favorable rent restructure for the subtenants with their landlord CAI and allow for additional financing for long-term and continued investment.

PUBLIC

APPROVALS: The December 27, 2021 Third Amendment to Agreement for Special Process for New York City Council Review and Approval of Coney Island Amusement Park Project Plan, approved by the City Council and Mayor de Blasio, encouraged NYCEDC to use its reasonable efforts to cause the expiration date of the CAI Lease and the Denos Lease to be extended to not later than December 31, 2037. The City will only enter into the New Thunderbolt Lease and amendment of City Lease to enable the amendment to CAI Lease and amendment to Denos Lease.

On October 6, 2022, the Brooklyn Borough Board voted to approve the disposition by lease of the Thunderbolt Property to NYCLDC pursuant to Section 384(b)(4) of the New York City Charter.

PROPOSED

RESOLUTION: The approval of (i) NYCLDC, as tenant, entering into the New Thunderbolt Lease, (ii) NYCEDC assuming the interest of NYCLDC as tenant under the New Thunderbolt Lease, (iii) NYCEDC entering into

an amendment of (a) the City Lease, (b) the CAI Lease and (c) the Denos Lease, (iv) an agreement or MOU with City Parks and (v) NYCEDC entering into documents ancillary thereto, including documents related to the expenditure of funds in the Coney Island Fund, on substantially the above described terms.

**NYCEDC
PROJECT
CODE:**

6698

STAFF:

Malia Teske, Assistant Vice President, Asset Management
Sean Freas, Vice President, Asset Management
Sabrina Lippman, Senior Vice President, Asset Management
Karen Lapidus, Senior Counsel, Legal

Exhibit A

