



MINUTES OF THE MEETING
OF
THE REAL ESTATE AND FINANCE COMMITTEE
OF
NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION
September 11, 2024

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 Wednesday, September 11, 2024, in Conference Room 13B (*Sunset Park*), 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:

Paula Roy Carethers
James McSpiritt
Patrick J. O’Sullivan, Jr.
Mark E. Russo

Members of NYCEDC staff also were present.

The meeting was chaired by Mr. O’Sullivan and called to order at 9:15 a.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 10, 2024 Special Meeting of the Committee

It was moved that the minutes of the June 10, 2024 special meeting of the Committee be approved, as submitted. Such a motion was seconded and unanimously approved.

2. East New York Industrial Building Subleases

Elizabeth Eichenberger, an Assistant Vice President of NYCEDC, presented a proposal for NYCEDC (i) to sublease to Lambo Mechanical Inc. (“Lambo”) an approximately 5,000 square foot unit, known as Unit N1 (“Unit N1”), in the building known as the East New York Industrial Building (the “Building”) located at Block 3729, Lots 1, 2, 5, 7, 10, 13, 15, 17, 20, 22, 24 and 38 on the Tax Map of the Borough of Brooklyn (the “Site”), and provide to Lambo the right to use approximately 4,900 square

feet of parking area adjacent to Unit N1, and (ii) to sublease to Centsible House, Inc. ("Centsible") an approximately 5,000 square foot unit, known as Unit N2 ("Unit N2"), in the Building located at the Site, and provide to Centsible the right to use approximately 4,900 square feet of parking area adjacent to Unit N2, on substantially the terms set forth in Exhibit A hereto.

In answer to a question from Mr. Russo, Ms. Eichenberger stated that currently there were two tenants in the Building, explained their use of their space, and stated that each was leasing two units. In answer to a second question from Mr. Russo, she stated that she was not sure whether Lambo had any union affiliations or provided any training for unions. In answer to questions from Ms. Carethers, Scott Shostak, a Senior Legal Counsel of NYCEDC, explained that generally NYCEDC tried to work with tenants struggling to fulfill their obligations and that NYCEDC could consider providing an exit strategy or other assistance when appropriate for tenants in such scenarios, but that the provision of any assistance was within NYCEDC's discretion. Mr. Shostak further stated that tenants would need to come back to NYCEDC for approval for any use of the space other than their own. In answer to an additional question from Ms. Carethers, Ms. Eichenberger stated that Lambo never had a physical location before, that it had managed its energy and electrification upgrade teams remotely, and that the proposed sublease would give Lambo a centralized home base for management of its staff. In answer to another question from Ms. Carethers, Ms. Eichenberger stated that NYCEDC reviewed Lambo's financials and felt confident that Lambo would be able to meet its obligations.


In answer to a question from Mr. Russo, Ms. Eichenberger explained that in the request for proposals ("RFP") for the space to be sublet NYCEDC had asked respondents to propose a rent that they would be comfortable paying, and that the proposed rents therefore were based on each tenant's financial standing and future plans and projections. In answer to another question from Ms. Carethers, Ms. Eichenberger stated that some training provisions would be written as a requirement under Lambo's lease. In answer to a question from Mr. O'Sullivan, Ms. Eichenberger explained that the RFP gave respondents the option to apply for either 10,000 square feet or 5,000 square feet, but that once NYCEDC received the 10 responses NYCEDC decided it was in the best interest of The City of New York and NYCEDC to select two separate tenants, each for 5,000 square feet of space, both to diversify and spread out NYCEDC's risk and to create an ecosystem of tenants in NYCEDC's target industries for the Building. Ms. Eichenberger further noted that NYCEDC returned to one of the respondents which had wanted 10,000 square feet of space to ask if it might be interested in only 5,000 square feet, and that such respondent stated that it needed the full 10,000 square feet for its planned use. She then added that the rent offered was not NYCEDC's highest priority, and that NYCEDC was more focused on how respondents ranked based on the various other selection criteria. In answer to a final question from Mr. O'Sullivan, Ms. Eichenberger confirmed that there would be provisions in each of the leases with respect to matters like hiring and various other pieces of the selection criteria.

A motion then 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 and further resolve that there is no reasonable alternative to the proposed transfers to Lambo and Centsible that will achieve the same purpose as the transfers. Such motion was seconded and unanimously approved.

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 9:34 a.m.


Assistant Secretary

Dated: October 23, 2024
New York, New York

EXHIBIT A

EAST NEW YORK INDUSTRIAL BUILDING SUBLEASES
Board of Directors Meeting
September 27, 2024

East New York Industrial Building

SITE LOCATION: Block 3729, Lots 1, 2, 5, 7, 10, 13, 15, 17, 20, 22, 24 and 38
(the "Site")
Borough of Brooklyn
Community Board No.16
171-201 Powell Street

SITE DESCRIPTION: The Site contains a one story building of approximately 30,000 square feet with six units, along with outside parking areas that total approximately 29,500 square feet.

The building on the Site was constructed in 1992 and is a 'U' shaped building that is divided into six approximately 5,000 square foot units.

NYCEDC is in the final stages of an approximately \$9,000,000 modernization project that includes renovations to the interior and exterior portions of the Site.

CITY LEASE: The Site is leased to NYCEDC by the City, acting by and through DCAS, pursuant to an agreement of lease dated as of August 18, 2018.

Sublease of Unit N1

SUBLESSOR: NYCEDC

SUBLESSEE: Lambo Mechanical Inc.

**DESCRIPTION
AND LOCATION OF
SUBLEASED
PROPERTY:**

Approximately 5,000 square feet, known as Unit N1, in the building at the Site will be sublet (the "N1 Subleased Premises"). In addition, Lambo Mechanical Inc. will have the right to use approximately 4,900 square feet of parking area adjacent to Unit N1.

TERM: Five years with a five-year option to renew

BASE RENT: Approximately \$12.00 psf of building space per annum (annual rent of \$60,000) for the entire initial term and renewal period if the option to renew is exercised.

FREE RENT: Six months of free rent.

USE: Industrial use by Lambo Mechanical Inc., which is anticipated to primarily be manufacturing HVAC construction parts and providing other welding and construction services. Additionally, Lambo Mechanical Inc. has represented that it will provide construction and welding training.

APPRAISED VALUE: The appraised value for the N1 Subleased Premises is \$17.60/SF/YR when limited to uses for manufacturing and \$22.00/SF/YR when appraised for highest and best use. The appraiser considered that the parking area would be provided.

Sublease of Unit N2

SUBLESSOR: NYCEDC

SUBLEESSEE: Centsible House, Inc.

DESCRIPTION AND LOCATION OF SUBLEASED PROPERTY:

Approximately 5,000 square feet, known as Unit N2, in the building at the Site will be sublet (the "N2 Subleased Premises"). In addition, Centsible House, Inc. will have the right to use approximately 4,900 square feet of parking area adjacent to unit N2.

TERM: Five years with a five-year option to renew

BASE RENT: Approximately \$18.00 psf of building space per annum (annual rent of \$90,000) for the entire initial term, escalating by 3% annually for the renewal period if the option to renew is exercised.

FREE RENT: Six months of free rent.

USE: Industrial use by Centsible House, Inc., which is an energy management company, anticipated to primarily be a training facility and basecamp/gathering place for trained service delivery personnel (i.e., people who will be delivering energy

efficiency and electrification services, as well as other specialty trade services, to Centsible House's customers), an office for energy efficiency and electrification incentive management and project implementation, and a storage facility for key installation components.

**APPRAISED
VALUE:**

The appraised value for the N2 Subleased Premises is \$17.60/SF/YR when limited to uses for manufacturing and \$22.00/SF/YR when appraised for highest and best use. The appraiser considered that the parking area would be provided.

Project Description/Purpose of Disposition/Benefit to the Public of the Subleases

In September 2023, a request for sublease proposals ("Subleasing RFP") was issued by NYCEDC for Units N1 and N2. Lambo Mechanical Inc. and Centsible House, Inc. are two of the ten respondents to the Subleasing RFP. These subtenants were chosen based on selection criteria that included: number of jobs created or relocated to the unit, familiarity with the East New York Community, priority for target industries, proposed plans, use and programs for hiring and other matters, and proposed rent. A summary of the responses to the Subleasing RFP is attached hereto as Exhibit A. Rent was not the highest priority in choosing the subtenants. The other criteria were considered to be more important.

The new subleases will enable Lambo Mechanical Inc. and Centsible House, Inc. to provide jobs and workforce development training in the East New York neighborhood. Tenanting these spaces will activate the only two vacant units at the Site.

Proposed Resolutions

The approval of:

- NYCEDC to sublease Unit N1 to Lambo Mechanical Inc. and provide for the use of the adjacent parking area by Lambo Mechanical Inc., substantially as described herein; and
- NYCEDC to sublease Unit N2 to Centsible House, Inc. and provide for the use of the adjacent parking area by Centsible House, Inc., substantially as described herein.

The Board further resolves that there is no reasonable alternative to the proposed transfers to Lambo Mechanical Inc. and Centsible House, Inc. that will achieve the same purpose as the transfers.

NYCEDC
PROJECT CODE: 10605

STAFF: Elizabeth Eichenberger, Assistant Vice President, Asset Management
Patrick Conway, Vice President, Asset Management
Sean Freas, Vice President, Asset Management
Scott Shostak, Senior Legal Counsel, Legal

Exhibit A: Summary of RFP Responses Received

Ranking	Company	SF	Rent	Use
1	Lambo Mechanical Inc.	5K	\$12.00	Welding services and welding workforce development
1	Working and Learning Together Electronics Recycling Inc.	10K	\$12.00	Electronics and environmental recycling services
2	Centsible House, Inc.	5K-10K	\$18.00	Field office and training facility for energy management company
2	Cypress Plumbing & Heating Supplies, Inc.	10K	\$12.00	Sales and fabrication of plumbing/heating supplies
2	Dean Trading Corp	5K	\$27.40	Sorting recycled textiles/clothing, and manufacturing wiping cloths
2	RT Capital Corp	5K-10K	\$12.00	Line striping field office
3	Studio Practice NYC LLC	10K	\$15.00	Architectural millwork and fabrication
4	New Farm Inc	10K	\$8.50	Produce packing
4	New York Sun Works, Inc	2.5K	\$7.60	Sustainability science, climate education, and hydroponic farming in schools
5	New York Carnival Band Leaders Association Inc.	5K	\$10.80	Caribbean cultural center and coffee shop