

MINUTES OF THE MEETING OF THE
REAL ESTATE AND FINANCE COMMITTEE
OF
NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION
June 12, 2018

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, June 12, 2018, at NYCEDC's offices at 110 William Street, in Conference Room 5B, New York, New York.

The following members of the Committee were present by conference telephone:

William Candelaria
David Lichtenstein
James McSpiritt
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 2:02 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 Exhibits attached hereto.)

1. Approval of the Minutes of the April 24, 2018 and May 7, 2018 Committee Meetings

It was moved that the minutes of the April 24, 2018 meeting of the Committee and the May 7, 2018 special meeting of the Committee be approved, as submitted. Such a motion was seconded and unanimously approved.

2. Disposition of 383 Gold Street, Brooklyn

George Bergamo, an Assistant Vice President of NYCEDC, presented a proposal for NYCEDC (i) to purchase from the City of New York (the "City") Block 2060, Lot 8 on the Tax Map of the Borough of Brooklyn (the "Site"), and subsequently to sell the Site to 385 Gold Property Investors IIA, LLC or an affiliated entity (the "Purchaser"), and (ii) to enter into and provide any related agreements, documents and consents to effectuate this project, on substantially the terms set forth in Exhibit A hereto.

In answer to questions from Mr. Lichtenstein concerning the price for the Site, Jeffrey Nelson, an Executive Vice President of NYCEDC, explained that whereas the comps in the immediate area were for as-of-right residential projects, the Site involved a blend of residential and commercial development. He also explained other differences between the Site and the comp properties, including a Mandatory Inclusionary Housing requirement for the Site that does not exist for the comp properties. Mr. Nelson added that there also would be an ongoing maintenance obligation for the Site, which was factored into consideration. In answer to a question from Mr. O'Sullivan, Mr. Nelson stated that the project at the Site would help to facilitate the delivery of commercial development that the City had originally envisioned for the area with the 2005 rezoning.

In answer to additional questions, Mr. Nelson stated that NYCEDC estimated the value to the City for the maintenance of the Site in perpetuity to be approximately \$1.5 million and that the construction cost of rebuilding the plaza was estimated to be between approximately \$50,000 and \$100,000. In answer to a question from Mr. O'Sullivan, Mr. Bergamo stated that construction was expected to start within 12 months of closing.

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 approved. Mr. Lichtenstein abstained from voting on this matter.

3. Battery Maritime Building (update)

At this time, Mr. Nelson presented an update regarding the Battery Maritime Building ("BMB") project, which involved the redevelopment of the BMB, a four-story, City-owned building located at Block 2, Lot 2 on the Tax Map of Manhattan, also known as 10 South Street (the "Property"), by Centaur Properties, LLC ("Centaur") and Cipriani USA, Inc. ("Cipriani" and together with Centaur, the "Joint-Venture" or "JV").

Mr. Nelson explained that the project, which was last presented to and approved by NYCEDC's Board of Directors on September 29, 2017, had seen significant progress and that the JV intended to bring in Midtown Equities ("Midtown") as a mezzanine lender following the closing, as part of the JV's restructuring of the deal. He further noted that Midtown had rights to convert its position to an equity position, that this was permitted by the lease, and that he wished to update the Committee since it was expected that Midtown would convert its position shortly after closing, after the JV received the necessary approvals.

In answer to a question from Mr. O'Sullivan, Mr. Nelson stated that the goal was to complete the Midtown financial deal by August. In answer to a second question from Mr. O'Sullivan, Mr. Nelson stated that construction was expected to resume in late Fall or early Winter, and that the construction period was expected to be about 18 months. In answer to a question from Mr. McSpiritt, Mr. Nelson stated that the total project budget was approximately \$100,000,000. In answer to an additional question from Mr. McSpiritt, Mr. Nelson stated that the Committee should think of Midtown as an ongoing partner that was joining the deal in a mezzanine position, but that shortly thereafter Midtown would become an equity partner. Mr. Nelson added that it was expected that

each of Centaur, Cipriani and Midtown ultimately would hold approximately one-third of the equity.

This matter was presented to the Committee for information only.

4. Adjournment

There being no further business to come before the meeting, the meeting of the Committee was adjourned at 2:27 p.m.

Mark Schermitz
Assistant Secretary

Dated: July 24, 2018
New York, New York

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
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

DISPOSITION OF 383 GOLD STREET, BROOKLYN
Board of Directors Meeting
June 27, 2018

PURCHASER: 385 Gold Property Investors IIA, LLC or an affiliated entity (the "Purchaser")

SITE LOCATION: Block 2060, Lot 8 (the "Site")
Borough of Brooklyn
Community Board No. 2
383 Gold Street

SITE DESCRIPTION: The Site is an approximately 2,651 square foot parcel, zoned C6-6 with approximately 39,764 buildable square feet of development rights. Currently, the Site is an open space. The Site is depicted in Attachment A.

PROJECT DESCRIPTION: The existing open space on the Site will be redeveloped and maintained by the Purchaser as an open space (the "Open Space") in accordance with (a) open space plans approved by NYCEDC, HPD and City Planning and (b) a Declaration of Development and Public Access (the "Public Access Agreement") that will be recorded against the Site. Additionally, Purchaser intends to utilize the Site's development rights on the lots adjacent to the Site (also shown in Attachment A), which Purchaser also owns (the "Adjacent Property"). The Adjacent Property was purchased by the Purchaser through a private transaction.

Purchaser will construct a new building (the "New Building") on the Adjacent Property of approximately 310,065 square feet of "floor area". It is expected that the New Building will be used for the construction of a commercial office building. Purchaser also has the option to pursue a mixed-use residential (compliant with the City's Mandatory Inclusionary Housing program ("MIH")) and commercial building. Purchaser and its successors and assignees shall be responsible for maintaining the Open Space in perpetuity.

It is expected that Purchaser shall have commenced construction of the New Building within twenty-four (24) months from the date of the closing, subject to force majeure delays. Purchaser has the right to purchase a one-time, twelve (12) month extension of the construction commencement deadline for \$195,000.

It is expected that Purchaser will complete construction of the New Building, defined as obtaining a temporary certificate of occupancy, within thirty-six (36) months of the commencement of construction, subject to force majeure delays. Purchaser has the right to purchase a one-time, twelve (12) month extension of the construction completion deadline for \$408,500.

Purchaser shall complete construction of the Open Space no later than six (6) months after completion of the New Building, subject to force majeure delays. Purchaser shall then operate and maintain the open space in accordance with the terms in the Public Access Agreement, and will ensure that it remains open to the public in perpetuity.

Purchaser shall have the right to transfer the Site or an interest therein but all construction and maintenance requirements shall apply to the then owner of the Site.

The existing urban renewal plan requires that the Site be maintained as open space until 2044 and the City wishes to preserve the Site as open space in perpetuity. Given this, the only entity that would be willing to buy and maintain the Site would be the owner of the Adjacent Property which could use the development rights of the Site. An RFP, therefore, was not undertaken to dispose of the Site.

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

The disposition of the Site will provide for the renovation and ongoing maintenance and operation of the open space on the Site, as well as support the development of the adjacent New Building that will activate the streetscape and deliver residential housing pursuant to MIH and/or commercial space, which will provide space for new jobs in Downtown Brooklyn.

**PURCHASE
PRICE:**

NYCEDC will purchase the Site for \$1 from the City and then sell the Site for \$3,890,065 (all cash) to Purchaser.

**APPRAISED
VALUE:**

Pursuant to a 2018 appraisal, the as-is value of the fee simple interest of the Site is approximately \$3,890,000, which value takes into account the restrictions set forth in the urban renewal plan covering the Site and zoning. Given the irregular shape of the Site, the inability to fully utilize the development rights on the Site and the urban renewal requirement that the Site be maintained as open space until 2044, the appraisal assumed

that there would be a transfer of the development rights to an adjacent site. As a result, the appraisal's as-is value assumed a \$60,000 construction cost and a perpetual maintenance requirement resulting from the transfer of development rights (notwithstanding the expiration of the urban renewal plan in 2044).

**EXISTING
ZONING:**

The Site is located within the Special Downtown Brooklyn District, which was established through a rezoning in 2004 to support housing and economic development opportunities and to build upon Downtown Brooklyn's strengths as a major multimodal transportation hub.

On November 16, 2016, the Site and the Adjacent Property received ULURP approval for a rezoning to C6-6. The zoning allows up to 9 FAR of residential and up to 15 FAR of commercial.

**PUBLIC
APPROVALS:**

It is anticipated that the approval for the terms of the transaction pursuant to Section 507(2)(d) of the New York State General Municipal Law will be obtained in August or September of 2018.

**PROPOSED
RESOLUTIONS:**

Approval (i) for NYCEDC to purchase the Site from the City and sell the Site to the Purchaser substantially as described herein, and (ii) for NYCEDC to enter into and provide any related agreements, documents and consents to effectuate the project substantially as described herein.

The Board of Directors further resolves that there is no reasonable alternative to the proposed transfer to the Purchaser that would achieve the same purpose as the transfer.

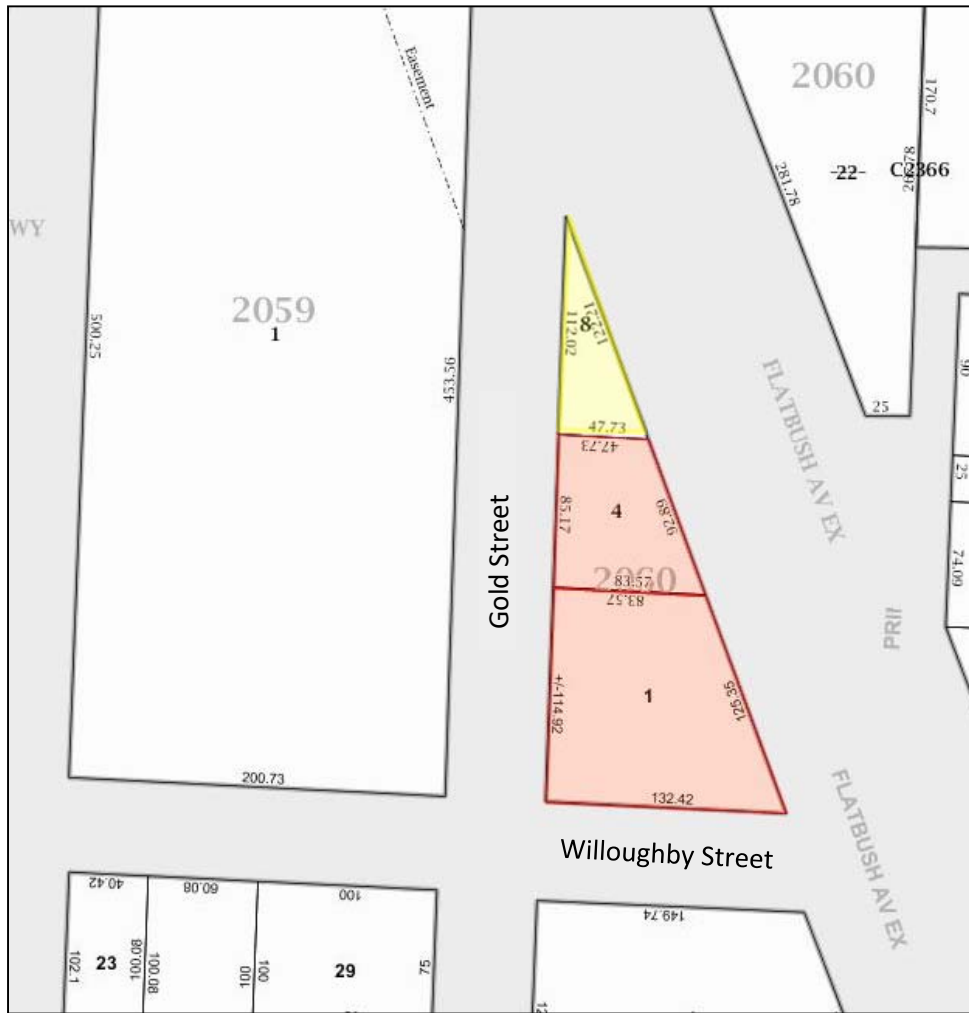
**NYCEDC
PROJECT CODE:**

6036

STAFF:

George Bergamo, Assistant Vice President, Real Estate Transactions
Sunitha Amalraj, Senior Vice President, Real Estate Transactions
Anne Sherman, Counsel, Legal

Attachment A: Site Location Map



- The Site**
- Adjacent Property**