

MINUTES OF THE MEETING OF THE
REAL ESTATE AND FINANCE COMMITTEE
OF
NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION
July 24, 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, July 24, 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:

James McSpirtt
Patrick J. O'Sullivan, Jr. (by conference telephone)
Mark Russo (by conference telephone)
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 June 12, 2018 Committee Meeting

It was moved that the minutes of the June 12, 2018 meeting of the Committee be approved, as submitted. Such a motion was seconded and unanimously approved.

2. Long Term Ground Lease to YMCA of Greater New York

Maxwell Padden, an Assistant Vice President of NYCEDC, presented a proposal for authorization (A) for New York City Land Development Corporation ("NYCLDC") (i) to lease from the City of New York (the "City") Block 4905, part of Lot 2002 and part of Lot 2 (expected to be renamed Lot 2002) on the Tax Map of the Borough of the Bronx (the "Site"), (ii) to assign such lease to the Young Men's Christian Association of Greater New York or an affiliated entity (the "YMCA"), and (iii) to license Block 4905, part of Lot 2002 and part of Lot 2 (expected to be renamed Lot 30) on the Tax Map of the Borough of the Bronx (the "License Area") from the City and subsequently assign such license to the YMCA, and (iv) for NYCLDC and NYCEDC to enter into any related agreements and documents and consents to effectuate the development and operation of a community and recreational facility at the Site and at the License Area, (B) for

NYCEDC to license the License Area from the City for nominal consideration and subsequently sublicense the License Area to the YMCA for nominal consideration, and (C) for NYCEDC to enter into one or more funding agreements with the YMCA, on substantially the terms set forth in Exhibit A hereto.

At this time, Mr. Padden noted that both the Site and the License Area consisted of Block 4905, part of Lot 2002 and part of Lot 2, as opposed to only part of Lot 2002 as indicated in the meeting item.

In answer to a question from Mr. Russo, Hester Muis, a Senior Vice President of NYCEDC, explained that with regard to the proposed funding agreements for up to \$12 million, approximately \$7 million may be NYCEDC programmatic budget funds, approximately \$2 million may be from a City Council member, and approximately \$3 million may be from the Bronx Borough President. In answer to a question from Mr. O'Sullivan, Mr. Padden stated that to fund the total cost of the project, the YMCA likely would take out a joint construction loan for this and another project in the Bronx, that there would be a capital campaign drive, and that the YMCA also would utilize some cash on hand. In answer to a question from Mr. Russo, Mr. Padden stated that the YMCA had started its capital campaign, but still had more to raise. He added that the YMCA currently had approximately \$12 million in dedicated funding, and that there also was expected to be a substantial contribution of approximately \$24 million from the New York State Assembly.

In answer to a question from Mr. O'Sullivan, Mr. Padden stated that early construction work was expected to start within the next two months and that the lease would be executed once the full project financing was secured, which NYCEDC expected would be sometime in December or January. In answer to a question from Mr. Russo, Mr. Padden stated that if the YMCA did not have the requisite funding in time to close on the lease, NYCEDC could then either pull out of the deal or renegotiate the deal to extend the time. In answer to a question from Mr. McSpirtt, Mr. Padden stated that the YMCA was undertaking at risk early work related to relocating New York City Administration for Children's Services facilities and that it had funding in place for that work. In answer to a question from Mr. O'Sullivan, Mr. Padden stated that the YMCA would have 36 months from lease execution to complete the entire project, but that NYCEDC expected it would be completed within 24 months (which was an aggressive schedule) and that the proposed building would be open and operational by the end of 2020. In answer to a question from Mr. Russo, Mr. Padden stated that NYCEDC did not anticipate that the budget would be very different from what was currently anticipated.

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 unanimously approved.

3. East New York Industrial Building Lease and Sublease

Stacy Yan, an Assistant Vice President of NYCEDC, presented a proposal for (i) NYCLDC to enter into a lease for 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 "ENY Site") from the City, (ii)

NYCLDC to assign the lease for the ENY Site to NYCEDC, (iii) NYCEDC to assume the lease for the ENY Site from NYCLDC, (iv) NYCEDC to sublease Units C1 and C2 at the ENY Site to, and sublease to and/or provide for the use of parking space by, Trans Union Transport Inc. ("Trans Union"), and (v) NYCLDC and NYCEDC to enter into any related agreements, documents and consents to effectuate this project, on substantially the terms set forth in Exhibit B hereto.

In answer to a question from Mr. McSpiritt, Darryl Connelly, a Senior Vice President of NYCEDC, stated that the plan was to market the balance of the space upon completion of construction. He added that NYCEDC also had an offer from Calypso Wholesale Distributors, L.L.C. ("Calypso"), an existing tenant, for some space and that terms were being negotiated. In answer to a second question from Mr. McSpiritt, Mr. Connelly explained that the negotiated rent for Trans Union was considerably lower than the appraised value because Trans Union would occupy space immediately while the building was being renovated, would maintain a certain number of jobs per square foot and jobs in the area, was providing job training to its employees and was willing to be moved and deal with interruptions while construction was being performed. In answer to another question from Mr. McSpiritt, Mr. Connelly stated that Trans Union currently had approximately 20 jobs on site.

In answer to a question from Mr. O'Sullivan, Mr. Connelly explained that Calypso was interested in continuing to have space at the ENY Site, but that at present NYCEDC was still in very preliminary discussions with Calypso. In answer to another question from Mr. O'Sullivan, Mr. Connelly stated that currently there were two other tenants in the building, and that those two tenants were expected to move out by mid-August. In answer to an additional question from Mr. O'Sullivan, Mr. Connelly stated that the renovation work would include the roof, sprinklers, replacement of the façade and parking lot repairs. In answer to a question from Mr. Russo, Mr. Connelly stated that the lack of bids equal to appraised value was thought to be primarily due to the deferred maintenance on the property, but that NYCEDC expected to see more interest after the renovations were done. At this time, Mr. O'Sullivan noted that he was not surprised that the offers were lower than the appraisal, as appraisals for industrial space in this part of Brooklyn had traditionally come in higher than the true market.

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 B hereto. Such motion was seconded and unanimously approved.

4. Brooklyn Renaissance Plaza LLC Lease

Jinquan Liang, an Associate of NYCEDC, presented a proposal for NYCLDC (i) to sub-sublease from the City the 20th and 21st floors (the "Project Property") of the building located at 335 Adams Street, on Block 140, Lot 27 on the Tax Map of the Borough of Brooklyn, and (ii) to assign the sub-sublease for the Project Property to Brooklyn Renaissance Plaza LLC and/or an affiliate ("BRP"), on substantially the terms set forth in Exhibit C hereto.

In answer to a question from Mr. O'Sullivan, Patrick Conway, a Vice President of NYCEDC, stated that the appraised value was initially approximately \$3.1 million, but

that the amount that NYCEDC would be charging under the sub-sublease would initially be approximately \$2.7 million. Mr. Conway explained that BRP would be paying approximately the same price that BRP was charging the City under the master lease pursuant to which the City was sub-subleasing the property to NYCLDC.

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 C hereto. Such motion was seconded and unanimously approved.

5. 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 2:39 p.m.



Assistant Secretary

Dated: September 18, 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

**LONG TERM GROUND LEASE TO YMCA OF GREATER NEW YORK
Board of Directors Meeting
August 8, 2018**

LESSOR: The City of New York (the "City")

**LESSEE/
LEASE ASSIGNOR:** NYCLDC

LEASE ASSIGNEE: The lease assignee will be the Young Men's Christian Association of Greater New York or an affiliated entity (the "YMCA").

**LEASE SITE
LOCATION:** Block 4905, p/o Lot 2002 (expected to be renamed Lot 2002) (the "Site")
1250 East 229th Street
Borough of the Bronx
Community Board No. 12

LICENSE AREA: Block 4905, p/o Lot 2002 (expected to be renamed Lot 30) (the "License Area")
Borough of the Bronx
Community Board No. 12

**SITE AND LICENSE
AREA DESCRIPTION:** The approximately 121,700 square foot Site is in the northeast Bronx. The Site is generally defined by East 229th Street to the east and Schieffelin Place to the north. The south edge abuts a residential lot (Block 4905, Lot 31) and a portion of the mapped but closed Needham Avenue, while the west edge is defined by the Christopher School (Block 4905, Lot 2), a residential facility operated by the New York City Administration for Children's Services ("ACS"). The permitted use at the Site will be limited to 65,000 square feet of development rights (so that the City may allow the remainder of the development rights for the Site to be used elsewhere). The License Area is approximately 5,950 square feet and comprises a mapped but unbuilt portion of Needham Avenue.

The License Area comprises a mapped but closed road and will therefore be licensed to the YMCA

rather than leased. It is expected to be used for surface parking.

The combined Site and License Area are approximately depicted in Attachment A.

**PROJECT
DESCRIPTION:**

On October 30, 2015, NYCEDC, on behalf of the City, issued an RFP seeking proposals for the development and operation of a community and recreational facility at the Site and at the License Area (the "Project"). In July of 2016, after receiving a single RFP response, NYCEDC selected the YMCA to construct and operate the Project.

The Project is required to include a community and recreation facility totaling approximately 53,000 square feet (but may be up to 65,000 square feet) and containing space for administration, other support space, multi-purpose rooms, a wellness center, an aquatic center and a gymnasium. The Project will also include a surface parking lot of sufficient size to accommodate approximately 150 vehicles.

ACS currently maintains a number of recreational and logistical assets both on the Site and License Area, including a vehicular entrance to the Christopher School, a guardhouse, basketball courts, a picnic area, and perimeter fencing (the "ACS Assets").

The YMCA will also be required, as part of the Project, to relocate and/or replace all ACS Assets (primarily off-Site) in a manner, and in accordance to specifications, approved by NYCEDC and ACS (the "ACS Early Work").

It is anticipated that the ACS Early Work, which will be undertaken pursuant to a construction license, will be completed by the end of the calendar year. It is further anticipated that the lease (and any associated transaction documents) will close a few months thereafter. Construction is expected to be completed within 36 months of lease execution, subject to force majeure events and possible permitted extensions.

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

The Site will be converted from an underutilized, heavily wooded area into a vibrant community and recreation facility. The Project is anticipated to generate approximately 101 construction and 100 permanent, jobs. The YMCA will work with NYCEDC and the community to implement HireNYC and M/WBE program goals and initiatives. The YMCA will also conduct workforce outreach in the community in partnership with local organizations and educational partners.

LEASE TERMS:

It is anticipated that the City (as Lessor) and NYCLDC (as Lessee) will enter into a long term lease for the Site. It is further anticipated that NYCLDC will then assign such lease to the YMCA. The term of the lease will be 99-years, with an initial term of 49-years, and two options to renew for 25-years each. Rental for the Site will be set initially at \$29,825 per annum. Rental will be subject to periodic escalations, and will be subject to reappraisal and adjustment in lease years 24, 49, and 74.

It is anticipated that NYCEDC will act as lease administrator.

APPRAISAL:

Pursuant to a 2018 appraisal by Goodman Marks, which took into account the ACS Early Work, the appraised value for the initial year of the lease with 65,000 square feet of development rights (i) for highest and best use is \$55,000 and (ii) as restricted by the use restrictions of the lease is \$0.

**EXISTING
ZONING:**

The Site is zoned R5.

**PUBLIC
APPROVALS:**

ULURP approval for the proposed lease of the Site has been obtained. Pursuant to Section 384(b)(4) of the City Charter, on May 24, 2018 the Bronx Borough Board approved the proposed lease of the Site by the City.

**LICENSE OF
LICENSE AREA:**

It is anticipated that the City will license, pursuant to a revocable license agreement, for nominal consideration, the License Area either (i) to the YMCA, (ii) to NYCLDC, which will assign the license agreement to the YMCA, or (iii) to NYCEDC which will sublease the License Area to the YMCA for nominal consideration. It is anticipated that NYCEDC will act as license administrator.

**FUNDING
AGREEMENT:**

It is anticipated that up to \$12,000,000 will be made available, on a sole source basis, to the YMCA, for the Project. Such funds may be directed to the Project pursuant to one or more NYCEDC funding agreements. Up to \$7,000,000 of those funds may be NYCEDC programmatic budget funds and up to \$5,000,000 may be City Capital Budget funds made available by the Bronx Borough President and a City Council member.

**PROPOSED
RESOLUTIONS:**

Approval for NYCLDC (i) to lease the Site from the City, (ii) to assign such lease to the YMCA, and (iii) to license the License Area from the City and subsequently assign such license to the YMCA, and for NYCLDC and NYCEDC to enter into any related agreements and documents and consents to effectuate the Project, substantially as described herein

Approval for NYCEDC to license the License Area from the City for nominal consideration and subsequently sublicense the License Area to the YMCA for nominal consideration, substantially as described herein

Approval for NYCEDC to enter into one or more funding agreements with the YMCA, substantially as described herein

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

NYCEDC

PROJECT CODE: 5786

STAFF:

Maxwell Padden, Assistant Vice President, Real Estate Transaction Services

Hester Muis, Senior Vice President, Real Estate Transaction Services

Jeffrey Nelson, Executive Vice President, Real Estate Transaction Services

Busayo Olupona, Counsel, Legal

ATTACHMENT A
PROJECT LOCATION

Project Location (Combined Project Site and License Area) 

License Area 



EDENWALD NEIGHBORHOOD MAP

-  BUS STOP
-  Bx30/Bx31 BUS ROUTES



Exhibit B

**EAST NEW YORK INDUSTRIAL BUILDING LEASE AND SUBLEASE
Board of Directors Meeting
August 8, 2018**

Master Lease

LESSOR: The City of New York (the "City")

**LESSEE AND
LEASE ASSIGNOR:** NYCLDC

LEASE ASSIGNEE: NYCEDC

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
191-201 Powell Street

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

TERM: Twenty years with a ten year option to renew

BASE RENT: Base rent will be \$1 per year for both the initial and renewal period. NYCLDC will assign the lease to NYCEDC for nominal consideration.

USE: Job intensive industrial and commercial use

**APPRAISED
VALUE:** Based upon an appraisal, as of November 30, 2017, the annual fair market rental value as is is \$13.50 per square foot ("psf") for a 5,000 square foot unit and \$12.50 psf for a 10,000 square foot unit, and as anticipated to be renovated will be \$17.50 psf for a 5,000 square foot unit and \$16.50 psf for a 10,000 square foot unit.

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

The building on the Site was constructed in 1992 and is a 'U' shaped building that is evenly divided into six 5,000 square foot units. In August 1993, the City of New York and NYCEDC entered into a 25 year lease for the Site that expires on August 17, 2018. The proposed new lease from the City to NYCEDC, which lease would be assigned to NYCEDC, will commence on August 18, 2018.

The City has allocated approximately \$6 million in City capital funds to renovate the interior and exterior portions of the Site.

The project shall provide for and retain quality jobs in the neighborhood, retain economic activity in the area, and attract and grow new job-intensive businesses and preserve and grow improved industrial space in the East New York Industrial Business Zone.

NYCEDC acts as a representative of the City for economic development purposes. The proposed master lease is being entered into by the City and assigned to and assumed by NYCEDC at the wish of the City in order to enable NYCEDC to undertake economic development services for the City with regard to the Site. Therefore, there was no RFP for the disposition of the Site by NYCEDC.

In December 2017, an RFP was issued by NYCEDC for it to sublease units at the Site. The RFP indicated that the Site would be renovated and units possibly would not be usable during the renovation period. Two proposals were received from two existing tenants, Trans Union Transport Inc. ("Trans Union") and Calypso Wholesale Distributors, L.L.C. ("Calypso"). Both of the proposals were for rents below the appraisal value. It is proposed to have the Board approve a sublease to Trans Union at this time and at a later time to approve (i) a sublease to Calypso if terms are satisfactorily negotiated with it and (ii) subleases for the remaining units at the Site.

ZONING:

M1-4

**PUBLIC
APPROVALS:**

The Brooklyn Borough Board approved the proposed master lease pursuant to Section 384(b)(4) of the City Charter on July 10, 2018.

Sublease of Units C1 and C2

SUBLESSOR: NYCEDC

SUBLESSEE: Trans Union

**DESCRIPTION
AND LOCATION OF
SUBLEASED
PROPERTY:**

Approximately 10,000 square feet in the building at the Site known as Units C1 and C2 will be sublet. In addition, Trans Union may sublease and /or have the right to use parking space at the Site.

TERM: Five years with a five year option to renew

BASE RENT: \$8.75 psf of building space per annum for the initial term and \$9.99 psf of building space for the renewal period if the option to renew is exercised.

USE: Industrial use by Trans Union anticipated to primarily be for storage, packaging, containering and/or distribution of commercial goods, household appliances, furnishings and personal possessions, and related office purposes.

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

Trans Union currently uses the space to be sublet. The new sublease will enable it to continue to operate in and provide jobs in the neighborhood, keeping a portion of the Site occupied and active. Without the new sublease, the subtenant might relocate from the area, providing fewer jobs and less economic activity in the neighborhood. Trans Union was the only respondent to the RFP for the Site with regard to its space. NYCEDC will be making improvements to the Site, including Units C1 and C2. During the period of renovating Units C1 and C2, Trans Union may be permitted to use other space at the Site.

Propose Resolutions

The approval of:

- NYCLDC to enter into the lease for the Site from the City;
- NYCLDC to assign the lease for the Site to NYCEDC;
- NYCEDC to assume the lease for the Site from NYCLDC;
- NYCEDC to sublease Units C1 and C2 to, and sublease to and/or provide for the use of parking space by, Trans Union;

all of the above substantially as described herein; and

- NYCLDC and NYCEDC to enter into 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 sublease to Trans Union that will achieve the same purpose as the transfer.

NYCEDC

PROJECT CODE: 1472

STAFF:

Stacy Yan, Assistant Vice President, Asset Management-Revenue

Darryl Connelly, Senior Vice President, Asset Management-Revenue

Scott Shostak, Senior Counsel, Legal

Exhibit C

BROOKLYN RENAISSANCE PLAZA LLC LEASE
Board of Directors Meeting
August 8, 2018

**PROJECT
PROPERTY:**

Space at 335 Adams Street, Brooklyn
The entire 335 Adams Street is
Block 140, Lot 27 and is referred to herein as the "Premises".
Community Board No. 2
City Council District No. 33

The Project Property is the 20th and 21st floor of the building
located at the Premises.

LESSOR:

The City of New York (the "City")

**LESSEE/
ASSIGNOR:**

NYCLDC

**LEASE
ASSIGNEE:**

Brooklyn Renaissance Plaza LLC and/or an affiliate ("BRP")

**SITE
DESCRIPTION:**

The Project Property is two floors of the building at the
Premises. It is used as office space for New York City
Employees' Retirement System ("NYCERS").

**PROJECT
DESCRIPTION:**

The City, as landlord, leases the Premises to BRP, as ground
lessee, until 2086.

BRP developed a 32 story mixed use building on the Premises,
and, as sublessor, subleased back to the City, as subtenant, the
8th through 21st floors of the Premises under the Amended and
Restated Agreement of Lease (the "Master Lease") dated as of
June 27, 1996. The Master Lease expires August 31, 2028.

The City then sub-subleased the Project Property to the
corporation then known as New York City Economic
Development Corporation (the "Old Lease"), which assigned the
Old Lease to BRP. The Old Lease expires August 31, 2018.

BRP then sub-sub-subleased the Project Property to NYCERS.
The term of the NYCERS sub-sub-sublease is to April 4, 2020,
with two 5 year renewal options (the "NYCERS Lease"). Rather
than there being two 5-year options, the NYCERS Lease may
be changed to include up to the additional 10-year option

periods upfront. The NYCERS Lease extends about two years beyond the Master Lease, during which period BRP would be holding the Project Property under its ground lease from the City and be directly subleasing it to NYCERS. NYCERS pays BRP rent that is capped at an amount below fair market value.

The City now seeks to provide a new sub-sublease of the Project Property to NYCLDC, which shall assign such new lease to BRP, for a term from September 1, 2018 to April 4, 2020, with further renewal terms contingent upon NYCERS occupying the Project Property pursuant to the NYCERS Lease, with a term to not exceed August 31, 2028 (the "New Lease"). The initial term and renewal option periods may be included as one term rather than an initial term with option periods.

The City wants NYCERS to continue to occupy the Project Property at a below fair market rent. BRP is willing to charge such a rent and as a result the New Lease was proposed. No competition for the New Lease was undertaken because the purpose of the transaction could only be achieved in the manner proposed.

**APPRAISED
VALUE:**

A 2018 appraisal by Aaron Valuation determined that the initial fair market rent value of the Project Property is \$_____ per annum, which is higher than the Possession Rent proposed to be charged under the New Lease.

NEW LEASE TERMS:

Term:

September 1, 2018 to April 4, 2020 with two renewal options – (from April 5, 2020 – April 4, 2025; and April 5, 2025 – August 31, 2028), contingent upon NYCERS continuing to occupy the Project Property pursuant to the NYCERS Lease. The initial term and renewal option periods may be included as one term rather than an initial term and option periods.

Rent:

BRP shall pay rent that is the total of: (1) **Sublessee's Possession Rent** in an amount equal to 14.29% of the City's obligation for Possession Rent or Bond Support Payments under the Master Lease (which Possession Rent is currently approximately \$1,700,000 per annum and will increase in September 2018 to approximately \$2,700,000 per annum); (2) **Operating Expense Reimbursement** in an amount equal to 14.29% of the Tenant's Operating Expense Payment due under the Master Lease; and (3) **Additional Rent** in the amount of all other charges payable by the City under the Master Lease

ascribed to the Project Property. These terms are substantially the same as in the Old Lease.

Use: Executive, general offices and attendant filing and storage and for no other purposes.

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

The New Lease allows NYCERS to legally occupy the Project Property without operation interruption beyond August 31, 2018 and preserve approximately 400 jobs at the Project Property. It also allows NYCERS to pay below fair market rent, benefiting the members, retirees and beneficiaries of NYCERS.

NYCERS' mission is to administer the statutory pension benefits of its members, retirees, and beneficiaries. Today, NYCERS has grown into the largest municipal public employee retirement system in the United States with more than 350,000 active members and retirees including civilian employees such as clerical workers, accountants and social workers, and uniformed employees who provide vital public services that affect the lives of people living in the City.

ZONING: C5-4 Commercial

PUBLIC APPROVALS: City Planning approved the disposition of the Premises pursuant to ULURP on May 14, 1986. The Brooklyn Borough Board approved the proposed New Lease pursuant to Section 384 (b)(4) of the City Charter on July 10, 2018.

PROPOSED RESOLUTIONS: Approval for NYCLDC (i) to sub-sublease the Project Property from the City and (ii) to assign the sub-sublease for the Project Property to BRP, on substantially the terms set forth herein

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

**NYCEDC
PROJECT CODE:** 3943

STAFF: Jinqun Liang, Associate, Asset Management - Revenue
Patrick Conway, Vice President, Asset Management - Revenue

Project Property Area

Brooklyn Renaissance Plaza

