



New York City Economic Development Corporation

MINUTES OF THE MEETING OF THE  
REAL ESTATE AND FINANCE COMMITTEE  
OF  
NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION  
October 24, 2017

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, October 24, 2017, at NYCEDC's offices at 110 William Street, in Conference Room 5B, New York, New York.

The following members of the Committee were present:

David Lichtenstein (by conference telephone)  
James McSpiritt (by conference telephone)  
Patrick J. O'Sullivan, Jr. (by conference telephone)  
Mark Russo (by conference telephone)

Members of NYCEDC staff also were present.

The meeting was chaired by Mr. O'Sullivan and called to order at 2:07 p.m. Meredith Jones, an Executive Vice President, General Counsel and Secretary of NYCEDC, served as secretary of the duly constituted meeting, at which a quorum was present. (Attached hereto as Attachment 1 is a definition sheet that contains the definitions of certain frequently used terms that may be contained in the Exhibit attached hereto.)

1. Approval of the Minutes of the September 14, 2017 Committee Meeting

It was moved that the minutes of the September 14, 2017 Committee meeting be approved, as submitted. Such a motion was seconded and unanimously approved.

2. Deed Modification: Harmony Rockaway LLC

John Corcoran, a Vice President of NYCEDC, presented a proposal for NYCEDC to enter into a deed modification to amend the March 6, 2015 deed (the "Original Deed") from NYCEDC conveying Block 16124, Lot 33 on the Tax Map of the Borough of Queens (the "Site") to Harmony Rockaway LLC or an affiliated entity ("Harmony"), on substantially the terms set forth in Exhibit A hereto.

Mr. Corcoran stated that the deed modification would permit the entire building on the Site to be used for medical purposes with no surgical requirement. He stated that Harmony had not been able to find a surgical tenant for a portion of the Site and that it would be difficult to get a needed certification for a surgical center. He stated the area was medically underserved and needed other kinds of medical services. In answer to a question from Mr. O'Sullivan, Mr. Corcoran stated that Harmony had approval from the New York City Department of Buildings, a contractor on board, and a term sheet with a bank and expected to receive historic tax credits. It, therefore, expected to be ready to begin construction shortly after the closing of its financing and execution of the deed modification. In answer to a second question from Mr. O'Sullivan, Mr. Corcoran stated that NYCEDC expected to close on the deed modification about the same time as the closing of Harmony's financing. In answer to an additional question from Mr. O'Sullivan, Mr. Corcoran explained that the only change to the construction timeline was that the timeline would run from the date of the deed modification, instead of the original closing on the property. Jeff Nelson, an Executive Vice President of NYCEDC, additionally noted that although the deed modification would have a 12 month period for Harmony to begin construction, NYCEDC expected that construction would commence much earlier than that 12 month outside date.

In answer to a question from Mr. Russo, Mr. Nelson stated that this was not a landmarked building, but rather it was on the National Register of Historic Places. In answer to a question from Mr. O'Sullivan, Mr. Corcoran stated that Harmony had one lease in place for 16,000 square feet and was in talks with various other medical groups, but was unable to complete additional deals until the deed modification was in place. In answer to another question from Mr. O'Sullivan, Mr. Corcoran stated that NYCEDC had discussions with the Queens Borough President's team, local community board and local civic association several times, and that NYCEDC had received letters from the civic association and community board indicating that they did not have objections to the project moving forward as proposed. Mr. Corcoran added that the Queens Borough President's Office was very happy with how responsive NYCEDC had been to the community regarding this project. In answer to a question from Mr. Russo, Mr. Corcoran explained that parking was not expected to be an issue, as the developer had purchased two adjacent lots that it planned to use for parking and struck a deal with the Knights of Columbus for some additional parking spaces on that block.

A motion was made that the Committee recommend that the Board of Directors approve the matter set forth for approval in the Proposed Resolution section of Exhibit A hereto. Such motion was seconded and unanimously approved.

3. Adjournment

There being no further business to come before the meeting, the meeting of the Committee was adjourned at 2:20 p.m.

Mark Silvermitt  
Assistant Secretary

Dated: April 27, 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

**DEED MODIFICATION: HARMONY ROCKAWAY LLC  
Board of Directors Meeting  
November 9, 2017**

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

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

**SITE DESCRIPTION:** The Site is located on Beach Channel Drive and Beach 90<sup>th</sup> Street, adjacent to the Cross Bay Bridge, with easy access to locations throughout the Rockaways, Broad Channel, and Howard Beach. The Site measures approximately 20,095 square feet and contains an approximately 24,000 square foot historic building (the "Building"). The Building functioned as a municipal courthouse until 1962, but has been vacant since then and requires a complete rehabilitation – including the replacement of all major building systems – in order to be restored to an active use.

**BACKGROUND:** In response to a competitive Request for Expressions of Interest in 2012, NYCEDC selected Harmony to purchase the Site and sold the Site to Harmony on March 6, 2015 for \$50,000. The deed (the "Original Deed") conveying the Site requires Harmony to rehabilitate and reconstruct the existing Building into at least 28,000 square feet of medical space, including at least 10,000 square feet for the provision of surgical procedures (the "Project"). The Project was to include a minimum of three operating rooms and one procedure room as well as pre-operation and recovery rooms.

In August 2013, Rockaways ASC Development, LLC ("ASC"), a consortium of ten physicians, signed a long-term lease with Harmony to operate a surgical center in a portion of the Building. However, in May 2015, Harmony notified NYCEDC that ASC issued a notice cancelling the lease. To date, Harmony has not found a replacement tenant for ASC that complies with the use restrictions.

**REQUIREMENTS OF MODIFIED DEED:**

It is proposed to modify the use requirement in the Original Deed to remove the requirement that certain space be used for surgical procedures and to permit the entire Building to be used for medical purposes (the "Modified Project").

Further, the requirements in the Original Deed to commence construction within 12 months, complete major work within 21 months, and complete construction within 27 months, which formerly ran from the date of the Original Deed, will now run from the closing of the deed modification. In addition, the deed modification will add that such dates may be extended by reason of force majeure.

The initial potential tenants for space in the entire Building must be approved by NYCEDC and must have a term of at least five years. It is also proposed to extend the restrictions on use and transfer until 20 years from construction completion.

**RATIONALE FOR MODIFICATION:**

Since the departure of ASC, Harmony has been unable to secure an ambulatory surgical services provider for the Site and this is unlikely to change. However, Harmony has identified interested providers of medical diagnostic and treatment facilities. Discussions with potential tenants are ongoing.

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

**PUBLIC APPROVALS:**

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

NYCEDC and Harmony consulted with Queens Borough President Katz, Community Board No. 14, and Rockaway Beach Civic Association regarding the Modified Project.

**PROPOSED RESOLUTION:**

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

**NYCEDC PROJECT CODE:** 5033

**STAFF:** John Corcoran, Vice President, Real Estate  
Transaction Services  
Sara Tranter, Senior Vice President, Real Estate  
Transaction Services  
Tiffany Lacker, Senior Counsel, Legal



**Attachment A**

