

MINUTES OF THE  
MEETING OF THE BOARD OF DIRECTORS  
OF  
NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY  
HELD AT THE 110 WILLIAM STREET OFFICES OF  
NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION  
DECEMBER 11, 2018

The following directors and alternates were present, constituting a quorum:

James Patchett, Chairman  
Marlene Cintron  
Brian Cook, alternate for Scott M. Stringer,  
Comptroller of The City of New York  
Khary Cuffe  
Albert De Leon  
Barry Dinerstein, alternate for Marisa Lago  
the Chair of the City Planning Commission of The City of New York  
Jacques-Philippe Piverger  
Carl Rodrigues, alternate for Alicia Glen,  
Deputy Mayor for Housing and Economic Development of The City of New York  
Robert Santos  
Shanel Thomas  
Betty Woo, alternate for Zachary W. Carter, Esq.,  
Corporation Counsel of The City of New York

The following directors were not present:

Andrea Feirstein

Also present were (1) members of New York City Economic Development Corporation (“NYCEDC”) staff and interns, (2) Scott Singer from Nixon Peabody LLP, (3) Arthur Cohen from Hawkins Delafield & Wood LLP, (4) Anne Rabbino from Bryant Rabbino LLP, and (5) other members of the public.

James Patchett, President of NYCEDC and Chairman of the New York City Industrial Development Agency (the “Agency” or “NYCIDA”), convened the meeting of the Board of Directors of NYCIDA at 9:00 a.m., at which point a quorum was present.

1. Adoption of the Minutes of the November 7, 2018 Board of Directors Meeting

Mr. Patchett asked if there were any comments or questions relating to the minutes of the November 7, 2018 Board of Directors meeting. There were no comments or questions; a motion to approve such minutes was made, seconded and unanimously approved.

2. Financial Statements for October 31, 2018 (Unaudited)

Carol Ann Butler, Assistant Vice President of NYCEDC, presented the Agency's Financial Statements for the four-month period ending October 31, 2018 (Unaudited). Ms. Butler reported the following. For the month of October, the Agency recognized revenues in the amount of \$527,000, which came from project finance fees from two transactions. The Agency recognized revenues derived from compliance, application, post-closing, recapture and termination fees in the amount of \$399,000 for the four-month period. The Agency recognized operating expenses, largely consisting of the monthly management fee, in the amount of \$1,500,000 for the four-month period ending in October 31, 2018. The Agency spent \$862,000 in special costs largely relating to the Workforce One project.

3. Appointment of Assistant Treasurer

Eric Clement, a Senior Vice President of NYCEDC and Executive Director of the Agency, presented for review and adoption a resolution to appoint Amy Chan as an Assistant Treasurer of the Agency. A motion to adopt the resolution was made, seconded and unanimously approved.

4. Bronx Hub Development LLC

Mac Thayer, an Assistant Vice President for NYCEDC and an Assistant Secretary for the Agency, presented for review and adoption a Commercial Program inducement and authorizing resolution for the benefit of Bronx Hub Development LLC, an associated deviation from the Agency's UTEP and recommended the adoption of a SEQRA negative declaration that the project would not have a significant adverse effect on the environment. Mr. Thayer described the project and its benefits as set forth in Exhibit A.

In response to a question from Ms. Cintron, Mr. Thayer stated that Zeta would be supervising the charter school, which has two locations; one in Inwood and one in Mott Haven. In response to a question from Ms. Cintron, Mr. Thayer stated that the non-profit is a large and old organization with 37 programs and serves more than 17,000 children and families annually across the City including the Bronx. The non-profit chose to be a tenant at the project location to support their additional programming and existing programs. Mr. Piverger asked how Agency staff calculated the total jobs to be created, whether the assumption is that these are new jobs and how Agency staff is tracking them. Mr. Piverger also asked whether these companies that are already located in the Bronx are going to move to this building.

Mr. Thayer stated that Agency staff's job estimate assessment is based on estimates for the tenants that the developer will bring in. Mr. Thayer stated that the school will bring 100 new jobs and the non-profit will bring 47 jobs retained from other locations in the City. In response to a question from Mr. Piverger, Mr. Thayer stated that the project cost is about supporting an existing neighborhood and its development by providing additional resources. Mr. Clement stated that when Agency staff assess new jobs versus retained jobs, even if an existing company is moving from another part of the city and brings jobs to this particular location. Mr. Clement stated that currently there are no jobs at the project location so this new building will have these two non-profits as tenants which will bring jobs into the Bronx where they were not before.

In response to a question from Ms. Cintron, Mr. Thayer stated that the two non-profits are not related to each other. Mr. Patchett stated that the non-profits are co-locating and will be able to work together. In response to a question from Ms. Cintron, Mr. Thayer stated that the school would serve children in Kindergarten through 8<sup>th</sup> Grade. Ms. Cintron stated that this location is an unusual place for a school because there is a facility for troubled teens about a block away. Ms. Cintron stated that she doesn't know who will send their children to this school since it is in a relatively commercial zone. Ms. Cintron stated that people would have to come by public transportation, which is not necessarily the right demographic. Mr. Thayer stated that there are a couple of large planned developments nearby that may bring additional residence to that area, which is largely commercial, including the "La Central" affordable housing project.

Mr. Patchett stated that Ms. Cintron brings up a good point: Finding suitable space is one of the biggest challenges for charter schools in the City and charter schools often end up in locations that are not ideal. Mr. Patchett stated that he has worked with charter schools in largely commercial areas that have been successful because they offer high-quality educational options that people are willing to travel to even if they're not in the immediate vicinity. Mr. Patchett stated that if the school had the option of a residential location then Agency staff would be fully supportive of that but that given the locations available, the school is excited to have their own new facility which is a really good thing for a charter school. Mr. Patchett stated that Ms. Cintron's point is really well taken.

Ms. Cintron stated that there are a number of charter schools in the Bronx already that are looking for space and that this project will help develop a brand new charter school. Mr. Omolade stated that within the new facility there will be approximately 11,000 square feet of outdoor space on top of the roof and terraces so the students will be able to use that space as recreation space and there will be an indoor gym. Mr. Omolade stated that there will be adequate recreational space in the new facility despite the fact that the larger neighborhood is a mostly commercial area.

In response to a question from Mr. De Leon, Mr. Omolade stated that there will be two separate entrances and the non-profit will occupy the first three stories of the building and the school will occupy the upper five stories so there wouldn't be much interaction between the

two tenants. In response to a question from Mr. Piverger, Mr. Omolade stated that Agency staff could share the projections for future revenues with the Board. Mr. Piverger asked why the 1.4x debt service ratio does not include the usual information that is provided to Board members consistent with past projects. Mr. Piverger requested this information be provided to the Board so that it could give a better sense of whether or not the Agency should give them incentives depending on what they're going to be charging and the revenues they have and whether they could support the project without the incentives. Mr. Omolade stated that the tenants will be charged market rents which is estimated to be between about \$30 to \$35 per square foot, which is right in line with office space pricing in that area of the Bronx.

In response to a question from Mr. Piverger, Mr. Omolade stated that the price per square foot is for brand new office space and that Agency staff will share the revenue projections with the Board. Mr. Omolade stated that Agency staff's analysis is based on the company's existing performance as well as the specific project assuming it will be successful. Mr. Omolade stated that the savings made through the benefits offered by the Agency will offset the costs of building the structure, which will reduce expenses paid by the tenants.

Mr. Piverger asked whether the revenue received matters from the City's perspective with respect to making these decisions or whether the revenue received matters to Agency staff. Mr. Piverger stated that he wanted to have the appropriate lens to make the correct types of determinations required by Agency staff.

Mr. Clement stated that it depends what type of deal we're actually talking about since, if Agency staff and the Board are discussing a commercial-related transaction, we would look at the returns that will be generated by developers. Mr. Clement stated that in this case it was a little bit different because the tenants of this particular facility are non-profits who are the types of tenants that Agency staff want to see in the area because it is a very commercial area.

In response to a question from Mr. Piverger, Mr. Clement stated that while it's true that the developer is charging market rate rent, Agency staff reviewed the numbers and determined that the rent is not the same as a purely commercial, for-profit entity would be charged. Mr. Clement stated that this project is structured through the Agency, which usually does not induce deals for non-profits, but the developer is a purely for-profit entity that is receiving Agency benefits. Given this unique structure and the non-profit tenants, Agency staff thought all these elements supported the project. Mr. Clement stated that Agency staff absolutely look at the returns of other types of deals because it's a better comparison for those types.

Mr. Patchett stated that since he had more questions about this transaction this project should be presented at the next board meeting. Mr. Patchett stated that he would like Agency staff to provide more answers to the Board regarding the ability of the school to perform in this location. Mr. Patchett stated that he is confident Agency staff will provide the necessary information to the Board by the next Board meeting. Mr. Cook asked whether this space could be converted into office space if the school fails. Mr. Cook suggested that if the project involves financing a community facility or school, if either fail the facility could be used as

[*indecipherable*] a potential office. Mr. Cook asked whether the city is required to locate charter schools or to find the space for them. Mr. Cook asked whether the school could be relocated into a school building if it did not move into a building like this.

Mr. Patchett stated that the City is legally required under state law to find locations for charter schools and it is a constant struggle with the City's Department of Education because of a lack of space in their facilities. Mr. Patchett stated that principals of local schools want to make sure that they have the full facility, even if it's not full at the moment, so it's a constant struggle. In response to a question from Mr. Cook, Mr. Thayer stated that the allowances for bad debts in 2017 in their finances is a mistake. In response to a question from Mr. Santos, Mr. Omolade stated that the environment in the outdoor space is going to be designed by the developer to accommodate children.

There were no further comments or questions.

5. 2395 Abram LLC

Jenny Osman, a Project Manager for NYCEDC, presented for review and adoption a Food Retail Expansion to Support Health Program ("FRESH") authorizing resolution for the benefit of 2395 Abram LLC. Ms. Osman described the project and its benefits as set forth in Exhibit B.

There being no comments or questions, a motion to approve the authorizing resolution for the benefit of 2395 Abram LLC attached hereto as Exhibit C was made, seconded and unanimously approved.

6. Adjournment

There being no further business to come before the Board of Directors at the meeting, pursuant to a motion made, seconded and unanimously approved, the meeting of the Board of Directors was adjourned at 9:28 a.m.



Assistant Secretary

Dated: 2/12/19  
New York, New York

**Exhibit A**

### Project Summary

Bronx Hub Development LLC, a New York limited liability company affiliated with AB Capstone LLC, an owner, operator and developer of commercial and residential real estate (the "Applicant") seeks financial assistance in connection with the construction, furnishing and equipping of an 8-story, approximately 125,000 square foot commercial building on two contiguous parcels of land totaling approximately 18,525 square feet (the "Facility") located at 601 Bergen Avenue, Bronx, New York and 423-425 Westchester Avenue, Bronx, New York. The Facility will be owned by the Applicant and leased to an affiliated to-be-formed real estate holding company (the "Company"), all to be used by commercial tenants and not-for-profit organizations (the "Project"). Based on a review of the Project, Agency staff has concluded that the Project is likely to be completed within two years of the closing date.

#### Applicant Location

33-06 88<sup>th</sup> Street, Suite 210  
Jackson Heights, NY 11372

#### Project Locations

423-425 Westchester Avenue  
Bronx, NY 10455

601 Bergen Avenue  
Bronx, NY 10455

### Actions Requested

- Inducement and Authorizing Resolution for an Industrial Program transaction.
- Adopt a negative declaration for this Project. The proposed Project will not have a significant adverse effect on the environment.

### Anticipated Closing

February 2019

### Impact Summary

Employment	
Jobs at Application:	0
Jobs to be Created at Project Location (Year 3):	147
<b>Total Jobs (full-time equivalents)</b>	<b>147</b>
<b>Projected Average Hourly Wage (excluding principals)</b>	<b>\$20.50</b>
<b>Highest Wage/Lowest Wage</b>	<b>\$26.00/hr / \$15/hr</b>

Estimated City Tax Revenues	
One-Time Impact of Renovation	\$2,354,809
<b>Total impact of operations and renovation</b>	<b>\$2,354,809</b>
<b>Additional benefit from jobs to be created</b>	<b>\$5,485,460*</b>
<b>*Economic impact of displaced existing activity</b>	<b>\$170,185</b>

Estimated Cost of Benefits Requested: New York City	
MRT Benefit	\$731,250
Sales Tax Exemption	\$1,672,808
Agency Financing Fee	(687,500)
<b>Total Value of Benefits provided by Agency</b>	<b>1,716,558</b>
Available As-of-Right Benefits (ICAP)	\$0
Agency Benefits In Excess of As-of-Right Benefits	1,716,558

## **Bronx Hub Development LLC**

<b>Costs of Net City Benefits Per Job</b>	
Estimated Net Cost of NYCIDA Benefits per Jobs in Year 3	\$11,677
Estimated Net City Tax Revenue per Total Jobs in Year 3	\$53,332

<b>Estimated Cost of Benefits Requested: New York State</b>	
MRT Benefit	\$393,750
Sales Tax Exemption	\$1,626,341
<b>Total Cost to NYS</b>	<b>\$2,020,091</b>

## **Sources and Uses**

Sources	Total Amount	Percent of Total Financing
Commercial Loans	\$45,000,000	64%
Equity	\$25,856,574	36%
<b>Total</b>	<b>\$70,856,574</b>	<b>100%</b>

Uses	Total Amount	Percent of Total Costs
Land Costs	\$8,107,537	11.4%
Hard Costs	\$50,708,262	71.5%
Soft Costs	\$3,771,538	5.3%
Closing Costs	\$3,638,936	5.1%
Leasing Costs	\$2,669,529	3.9%
Capitalized Interest	\$1,960,772	2.8%
<b>Total</b>	<b>\$70,856,574</b>	<b>100%</b>

## **Fees**

	Paid At Closing	On-Going Fees (NPV, 10 Years)
Agency Fee	\$687,500	
Project Counsel	Hourly	
Annual Agency Fee	\$1,250	9,092
<b>Total</b>	<b>\$688,750</b>	
<b>Total Fees</b>	<b>\$697,842</b>	

## **Financing and Benefits Summary**

The Project will be financed with traditional debt and funds of the Applicant or its affiliates. Bank Hapoalim will provide an interest-only, \$45,000,000, 30-month construction loan with a 12-month extension at an expected interest rate of 30-day LIBOR plus 3.50%. AB Capstone LLC will provide \$25,000,000 in equity. Construction hard costs are estimated at \$45,000,000, or approximately \$360 per square foot. The Applicant will receive tax incentives in the form of an abatement of Mortgage Recording Taxes, and an exemption of sales and use taxes. Based on a review of the projected income statement the Project is anticipated to have a debt service coverage ratio of 1.41x upon stabilization in 2022.

## **Bronx Hub Development LLC**

### **Company Performance and Projections**

In September of 2017, the Applicant acquired 425 Westchester Avenue in the Hub/Third Avenue Business Improvement District in the Melrose section of the Bronx. The 19,155 square foot site was most recently used as a parking lot and is zoned C4-4, which allows for up to approximately 125,000 square feet of development in a combination of commercial and community facility uses. The Applicant intends to develop an 8-story Class A mixed use building for office and community uses. There will also be a small retail component to take advantage of the first floor corner location, planned as approximately 3,000 square feet. The Facility will primarily be occupied by two tenants: The Zeta Charter School and the Jewish Child Care Association. In addition to these tenants approximately 3,000 square feet will be leased to a to-be-determined retail tenant.

The Project is located near a busy transportation intersection, the epicenter of which is the 3rd Av-149 Street subway stop for the 2 and 5. There are currently several real estate developments underway in the area, including the La Central project. The area is distressed, with a poverty rate of 28% and average income of 50% of the Area Median Income. The Project will result in the creation of approximately 151 direct and indirect construction jobs and 147 permanent jobs which will generate economic activity and provide critical education space in the burgeoning area. Tenants at the Facility will control their own separate facilities within the Project building with dedicated entrances, lobbies and security systems, with the landlord remaining responsible for maintaining the building's structure and envelope.

### **Inducement**

- I. The Project will help catalyze the development of commercial office space in the outer boroughs in support of quality jobs and economic development.
- II. But for the assistance provided by the Agency, the Project would not move forward.

### **UTEP Considerations**

The Agency finds that the Project meets one or more considerations from Section I-B of the Agency's Uniform Tax Exemption Policy ("UTEP"), including the following:

- I. The Project will create or retain permanent private-sector jobs.
- II. Financial assistance is required to induce the Project.
- III. The Project is expected to generate approximately \$70 million in private-sector investment.
- IV. The Project is likely to be completed in a timely manner.

### **Deviation from UTEP**

Under UTEP, Commercial Program projects are targeted for use by certain high-growth industries. A deviation from UTEP is necessary because the initial tenants at the Facility are not in high-growth industries.

### **Applicant Summary**

AB Capstone Group, an affiliate of the Applicant and the Company ("AB Capstone") is a vertically integrated real estate company with expertise in investment, development and construction of residential and commercial projects. AB Capstone was founded by Meir Babaev in 2007. Over the last decade, AB Capstone and its affiliates have been involved in over 1.5 million square feet of ground-up development and value-add real estate projects throughout the five boroughs of New York City.

AB Capstone has developed multi-family, student housing, retail strip centers, medical facilities and office centers. Each AB Capstone property is transit-oriented, located minutes away from major public transportation. AB Capstone has developed properties in Central Harlem, Sunnyside Queens, the South Bronx, and Midwood Brooklyn, near major subway stops. In addition to seeking financial returns, AB Capstone puts equal emphasis on responsible development, enhancement of New York communities and energy-efficient design.

## **Bronx Hub Development LLC**

### **Meir Babaev, CEO**

Meir Babaev has over 10 years of experience developing ground-up projects throughout the metro New York area. He is the Managing Member of AB Capstone LLC, a real estate investment and development company specializing in transit-oriented residential, commercial, and mixed-use development and value-add projects. Mr. Babaev is responsible for managing the operations of the company with an emphasis on deal sourcing, acquisitions, financing, leasing, property management, investor relations, as well as all pre-development aspects of the business. Mr. Babaev holds an M.S. in Real Estate Development from New York University-Schack Institute of Real Estate and a B.A. in Business Management from Queens College.

### **Employee Benefits**

Tenant companies are expected to provide benefits including health insurance, retirement benefits and on the job training.

### **Recapture**

Pursuant to UTEP, all benefits subject to recapture for a 10-year period.

### **SEQRA Determination**

No significant adverse environmental impacts, staff recommends the Board adopt a Negative Declaration for this project. The completed Environmental Assessment Form for this Project has been reviewed and signed by Agency staff.

### **Due Diligence**

The Agency cleared a background investigation of the Applicant and its principals and found no derogatory information.

<b>Compliance Check:</b>	Not Applicable
<b>Living Wage:</b>	Compliant
<b>Paid Sick Leave:</b>	Compliant
<b>Affordable Care Act:</b>	ACA Coverage Offered
<b>Bank Account:</b>	Bank Leumi 579 Fifth Avenue New York, NY
<b>Bank Check:</b>	Relationships are reported to be satisfactory.
<b>Supplier Checks:</b>	Relationships are reported to be satisfactory.
<b>Customer Checks:</b>	Relationships are reported to be satisfactory.
<b>Unions:</b>	Not Applicable
<b>Vendex Check:</b>	No derogatory information was found.
<b>Attorney:</b>	Yuriy Mava, Esq. MAVA LAW PLC

**Bronx Hub Development LLC**

87-10 Northern Blvd, Suite 212  
Jackson Heights, NY 11372

**Accountant:**

George Matayev  
DGM CPA PC  
363 7th Ave, Fl 18  
New York, NY 10001

**Consultant/Advisor:**

Sunil Aggarwal  
ThinkForward Financial Group  
27 Whitehall St, 4th Fl  
New York, NY 10004

**Community Board:**

Bronx, CB #1

**BRONX HUB DEVELOPMENT LLC**

87-10 Northern Boulevard, Suite 210

Jackson Heights, NY, 11372

October 19, 2018

The Board Members  
NYC Industrial Development Agency  
110 William Street  
New York, NY 10038

RE: Bronx Hub Development LLC (an affiliate of AB Capstone, LLC) Benefits Application

Dear Board Members:

AB Capstone, LLC ("AB Capstone" or the "company"), on behalf of Bronx Hub Development LLC (the Applicant), is pleased to submit this application and letter to the New York City Industrial Development Agency, requesting financial assistance for the Company's new 125,000 sf mixed use, commercial and community facility in the Bronx.

AB Capstone is a vertically integrated real estate company with expertise in investment, development and construction of commercial and residential projects. Over the last decade AB Capstone and its affiliates have been involved in over 1.5 million SF of ground-up development and value-add real estate projects, including multi-family, student housing, retail strip centers, medical facilities and office centers. While financial returns are important, AB Capstone puts equal emphasis on responsible development, enhancement of New York communities and energy-efficient design.

AB Capstone is converting a parking lot of about 19,000 sf into a 125,000 sf office and community facility at total cost of about \$71 million. The current plan is specifically to tenant the building to a Charter School which will occupy five floors of about 85,000-90,000 SF and a children's services non-profit occupying two floors of about 35,000 SF.

The project is located right in the center of The Hub / Third Avenue Business Improvement District -- a severely distressed area, with poverty rate of 28.8% and average income of 50% of AMI. The property is surrounded by a great deal of development activity, most prominent being the La Central project (a five-building, 992-unit mixed-use project at Westchester/Brook Avenues) which is directly across the street from this development property.

Due to the construction of predominantly residential buildings, as well as other facilities, this project would fill a tremendous demand for classroom space in the area. The project would result in many construction jobs, permanent jobs, generate economic activity, and provide a critical educational space in the burgeoning area. An economic impact study indicates that the project would create over 280 new permanent jobs in the area.

**BRONX HUB DEVELOPMENT LLC**

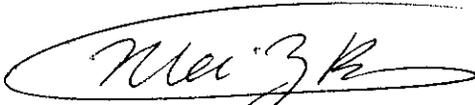
87-10 Northern Boulevard, Suite 210

Jackson Heights, NY, 11372

The cost to build the facility is very high – over \$71 million – and requires a substantial amount of debt and equity. The company is seeking benefits in the form of waiver of mortgage recording taxes and exemption on sales taxes for construction materials. These benefits would reduce capital costs and the resulting debt load on the project, enabling the company to set its rental rates at levels more affordable to the not-for-profit institutions that the company has identified as tenants. Additionally, while the leases are long-term, the company is very concerned about the long-term viability of the project in an area of severe economic distress, should any of the tenants experience economic hardship and become unable to fulfill their lease obligations. A reduction in debt service requirements through lower capital costs would make rental rates more attractive to new prospective tenants.

We request that NYCIDA provide the financial assistance that we are seeking for this project in order to move forward. We look forward to working with NYCIDA on this project. If you have any questions or additional requests, please do not hesitate to ask.

Best Regards,

A handwritten signature in cursive script, appearing to read "Meir Babaev", enclosed within a large, hand-drawn oval.

Meir Babaev  
Managing Member

**Exhibit B**

### Project Summary

2395 CDM Meat & Produce Corp., a supermarket operating company (the “Company”), and 2395 Abram LLC, an affiliated real estate holding company (the “Applicant”), seek financial assistance in connection with the construction, renovation, furnishing, and equipping of a supermarket retail space of approximately 7,341 square feet and an approximately 6,011 square feet cellar storage and prepared foods “prep” space to be developed within a to-be-constructed approximately 86,000 square feet mixed-use new development with 75 affordable housing units on floors 2-14 on an approximately 9,625 parcel of land at 2395 Frederick Douglass Boulevard in the Central Harlem neighborhood of Manhattan. The new supermarket at 2395 Frederick Douglass Boulevard will be located at the same address as the Applicant’s previous Bravo Supermarket. The new supermarket will be double the size of the previous Bravo Supermarket at this location and also include added kitchen facilities and additional storage space (the “Project”). The total project cost is approximately \$1,395,414.

### Project Location

2395 Frederick Douglass Boulevard  
New York, New York 10027

### Actions Requested

- Authorization Resolution for a Food Retail Expansion to Support Health Program transaction.

### Prior Action

- Inducement Resolution approved November 7, 2018.
- Adoption of SEQRA determination that the proposed project is a Type II action and therefore no further environmental review is required.

### Anticipated Closing

March 2019

### Impact Summary

<b>Employment</b>	
Jobs at Application:	0
Jobs to be Created at Project Location (Year 3):	20.5
<b>Total Jobs (full-time equivalents)</b>	<b>20.5</b>
<b>Projected Average Hourly Wage (excluding principals)</b>	<b>\$ 16.73</b>
<b>Highest Wage/Lowest Wage</b>	<b>\$25/hr / \$15/hr</b>

<b>Estimated City Tax Revenues</b>	
Impact of Operations (NPV 25 years at 6.25%)	\$725,833
One-Time Impact of Renovation	61,526
<b>Total impact of operations and renovation</b>	<b>\$787,359</b>
<b>Additional benefit from jobs to be created</b>	<b>\$1,908,226</b>

## 2395 Abram LLC

Estimated Cost of Benefits Requested: New York City	
Building Tax Exemption (NPV, 25 years)	\$607,280
Land Tax Abatement (NPV, 25 years)	\$75,790
Sales Tax Exemption	\$33,300
Agency Financing Fee	(\$10,300)
<b>Total Cost to NYC Net of Financing Fee</b>	<b>\$706,070</b>
Available As-of-Right Benefits (ICAP)	\$330,643
Agency Benefits In Excess of As-of-Right Benefits	\$375,427

Costs of Net City Benefits Per Job	
Estimated Net Cost of NYCIDA Benefits per Jobs in Year 3	\$18,314
Estimated Net City Tax Revenue per Total Jobs in Year 3	\$131,492

Estimated Cost of Benefits Requested: New York State	
Sales Tax Exemption	\$32,375
<b>Total Cost to NYS</b>	<b>\$32,375</b>

## Sources and Uses

Sources	Total Amount	Percent of Total Financing
Landlord Work Letter	\$600,000	43%
Supplier Loan	\$500,000	36%
Equity	\$295,414	21%
<b>Total</b>	<b>\$1,395,414</b>	<b>100%</b>

Uses	Total Amount	Percent of Total Costs
Hard Costs	\$700,000	50%
Soft Costs	\$80,000	5.7%
Furnishings, Fixtures & Equipment	\$250,000	18%
Excess and Contingency Funds	\$320,000	23%
Fees	\$45,414	3.3%
<b>Total</b>	<b>\$1,395,414</b>	<b>100%</b>

## Fees

	Paid at Closing	On-Going Fees (NPV, 25 Years)
Agency Fee	\$10,300	
Project Counsel	25,000	
Annual Agency Fee	750	9,364
<b>Total</b>	<b>36,050</b>	<b>9,364</b>
<b>Total Fees</b>	<b>\$45,414</b>	

## **2395 Abram LLC**

### **Financing and Benefits Summary**

The Project will be financed with approximately \$294,414 in Company equity and two loans from the Applicant's landlord and Alpha 1 Marketing Corp., the parent company for the Company's supplier, Krasdale. The landlord will loan up to \$600,000 to the Applicant which will bear interest, at the annual rate of 6%, commencing to accrue on the completion of the Company's buildout and construction to be repaid in monthly installments for 60 months until paid in full. Any default in payment will be treated as a default in rent payment and will be dealt with similarly. Alpha 1 Marketing Corp. will loan up to \$500,000 to the Applicant to complete the fit-out of the Project. The loan will be repaid over five years on a weekly basis at an annual interest rate of 5.19%. The loan is secured by a personal guarantee by the Applicant. The Company will be able to service the debt as the projected first year financials indicate a DSCR of 1.16x. The financial assistance proposed to be conferred by the Agency will consist of payments in lieu of City real property taxes and exemption from City and State sales and use taxes.

### **Company Performance and Projections**

The Company successfully operated the supermarket for 26 years. During the last few years of ownership the supermarket did not earn as much as it did previously due to unmet expansion, renovation and equipment update needs. The new supermarket, made possible by the FRESH program, projects year-over-year gross profit percentage growth of 29.8% for the first three years of operation and will be nearly twice as large as the previous supermarket.

### **Applicant Summary**

Diomedes Abreu was born in the Dominican Republic on September 28, 1956. In 1970, at the age of 14, Mr. Abreu and his family arrived in the United States. He graduated from Flushing High School and later attended Queens College where he earned an accounting degree in 1981.

Ten years later, Mr. Abreu opened the original Bravo Supermarket at 2395-99 Frederick Douglass Boulevard in 1991. In 2001, his landlord acquired an adjacent building but Mr. Abreu did not have the fiscal capability at the time to expand the supermarket into that lot. Mr. Abreu had operated the upper Manhattan Bravo Supermarket for 26 years until January 2017 when it was closed in advance of the demolition of the building to make way for a mixed-use development, including 75 affordable housing units and an expansion of the store. The demolition was completed in June 2017, and the construction of the new mixed-use project which will contain the new store began in July 2017. The supermarket is anticipated to commence operations in October 2019.

Mr. Abreu is also an owner of a supermarket operating under the C-Town banner in the Bronx.

### **Employee Benefits**

Employee benefits include health coverage, access to a 401K plan, sick days, personal days and on-the-job training.

### **Recapture**

Pursuant to UTEP, all benefits subject to recapture for a 10-year period.

## **2395 Abram LLC**

### **Due Diligence**

The Agency conducted a background investigation of the Company and its principals and found no derogatory information.

<b>Compliance Check:</b>	Not Applicable
<b>Living Wage:</b>	Exempt
<b>Paid Sick Leave:</b>	Compliant
<b>Affordable Care Act:</b>	Exempt
<b>Bank Account:</b>	JP Morgan Chase Bank, N.A.
<b>Bank Check:</b>	Relationships are reported to be satisfactory
<b>Supplier Checks:</b>	Relationships are reported to be satisfactory
<b>Customer Checks:</b>	Not Applicable
<b>Unions:</b>	Not Applicable
<b>Vendex Check:</b>	No derogatory information was found
<b>Attorney:</b>	Steven Polivy, Esq Akerman LLP 666 Fifth Avenue, 20 <sup>th</sup> Floor New York, NY 10103
<b>Accountant:</b>	Melvin Fastow Interactive Business Services 229 Jericho Turnpike New Hyde Park, NY 11040
<b>Community Board:</b>	Manhattan, CB 10

BRAVO SUPERMARKET  
2395 FREDERICK DOUGLASS BLVD  
NEW YORK, NY 10027  
TEL: 212-678-0589

July 14, 2017  
Tida Infahsaeng  
Assistant Vice President | FRESH Director  
New York City Economic Development Corporation  
110 William Street  
New York, NY 10038

Re: 2395 Frederick Douglass Blvd.  
Manhattan, Block 1955, Lots 12 and 14  
FRESH Application: 2395 CDM Meat & Produce Corp. (Operator)

Dear Ms. Infahsaeng,

We are requesting assistance from the New York City Industrial Development Agency (the "Agency"), through the FRESH program, in the form of real property tax relief on the land and improvements, sales tax exemption on capital purchases of equipment and furnishings and energy benefits, in connection with our proposed lease of approximately 13,455 s.f., approximately 7,341 s.f. on the ground floor and 6,111 s.f. in the cellar, to be occupied by a Bravo Supermarket in a mixed-used development located at 2395 Frederick Douglass Boulevard, New York, New York. The building will be a 15-story tower with 100% affordable housing above the ground floor retail space.

The original Bravo Supermarkets, a small grocer of approximately 4,000 square feet was originally located on a portion of the land (Lot 12) currently under development in 1991. The owner acquired an adjacent building in 2001 with the intention of eventually expanding his original supermarket to nearly double its size. Due to a variety of circumstances, the expansion plan could not be realized by Mr. Abreu on his own.

In 2016, Mr. Abreu began working with a real estate developer who proposed to purchase both tax lots, demolish the original Bravo Supermarket and build a mixed-use building on the property that could house the expanded supermarket that Mr. Abreu had always intended. In January 2017, Mr. Abreu closed Bravo Supermarket, after being the community's local grocer for 26 years so that the new development could commence.

While Mr. Abreu strongly desires that he be able to re-open his Bravo Supermarket at its former location, the increase in property taxes that would result from the new development makes it impossible for him to reopen without property tax relief from the FRESH program. In addition, the capital expenditure increase required to pay the sales taxes due on capital equipment, such as shelving, refrigeration and kitchen equipment will severely restrict Mr. Abreu and jeopardize his ability to proceed.

The neighborhood urgently needs a local grocer; one that can provide healthy fruits, vegetables and meats to the residents of the area. With the benefits afforded by the Agency under the FRESH program, Bravo Supermarkets can reopen in its original location, better able to serve the neighborhood it has long been a part of, with expanded retail space for general food products intended for home preparation, consumption and utilization, expanding the perishable foods sections including dairy, fresh meats, poultry, fish and frozen foods, and with added capacity to provide fresh produce to the neighborhood.

Thank you for considering our application for FRESH benefits.

Sincerely,



Diomedes Abreu  
Managing Member

**Exhibit C**

Resolution authorizing and approving the execution and delivery of agreements in connection with a Straight-Lease Project for 2395 CDM Meat & Produce Corp. and its affiliate, 2395 Abram LLC

WHEREAS, the New York City Industrial Development Agency (the “Agency”) is authorized under the laws of the State of New York, and in particular the New York State Industrial Development Agency Act, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended, and Chapter 1082 of the 1974 Laws of New York, as amended (collectively, the “Act”), to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of industrial, manufacturing, warehousing, commercial and research facilities and thereby advance the job opportunities, general prosperity and economic welfare of the people of the State of New York and to improve their prosperity and standard of living; and

WHEREAS, 2395 Abram LLC, a real estate holding company (the “Applicant”), has entered into negotiations with officials of the Agency for the construction, renovation, furnishing and equipping of a facility constituting a separate commercial condominium unit, consisting of a ground floor supermarket of approximately 7,341 square feet and an approximately 6,011 cellar storage and prepared foods space (collectively, the “Facility”) to be developed within an approximately 86,000 square foot mixed-use facility, on an approximately 9,625 square foot parcel of land located at 2395 Frederick Douglass Boulevard, New York, New York, all for use by 2395 CDM Meat & Produce Corp., an affiliate of the Applicant (the “Company”), in its operations as a full service retail Bravo supermarket, for lease to the Agency by the Applicant, or another affiliate of the Applicant to be formed, and sublease by the Agency to the Applicant for subsequent sub-sublease in whole to the Company, and having a total project cost of approximately \$1,395,414 (the “Project”); and

WHEREAS, on November 7, 2018, the Agency adopted a resolution approving the taking of preliminary action with respect to providing financial assistance in the form of a straight-lease transaction; and

WHEREAS, in order to finance the costs of the Project, (i) 2395 FDB JB LLC, the landlord of the Facility (or such other affiliate entity, the “Developer”), has agreed to loan up to \$600,000 to the Applicant to be paid as additional rent under the lease agreement between the Developer with the Applicant, (ii) Alpha 1 Marketing Corp., the merchandising and marketing company for the Applicant as a Bravo supermarket, has agreed to loan up to \$500,000 to the Applicant, and (ii) the Applicant and the Company have agreed to finance approximately \$295,414 of the Project cost with equity; and

WHEREAS, in order to provide financial assistance to the Applicant and the Company for the Project, the Agency intends to grant the Applicant and the Company financial assistance through a straight-lease transaction in the form of real property tax abatements and sales tax exemptions, all pursuant to the Act;

NOW, THEREFORE, NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY, HEREBY RESOLVES AS FOLLOWS:

Section 1. To accomplish the purposes of the Act and to provide financial assistance to the Applicant and the Company for the Project, a straight-lease transaction is hereby authorized subject to the provisions of this Resolution and the Lease Agreement hereinafter authorized.

Section 2. The execution and delivery of an Agency, Owner and Developer Agreement among the fee owner of the Facility, the Developer and the Agency, a Company Lease Agreement from the Applicant subleasing the Facility to the Agency, an Agency Lease Agreement from the Agency sub-subleasing the Facility to the Applicant (the "Lease Agreement") (for sub-sub-sublease to the Company), a Sales Tax Agent Authorization Letter from the Agency to the Company and the Applicant, and the acceptance of a Guaranty Agreement from the Company, the Applicant and the Applicant's and the Company's owners and/or principals in favor of the Agency (the "Guaranty Agreement") (each document referenced in this Section 2 being, collectively, the "Agency Documents"), each being substantively the same as approved by the Agency for prior transactions, is hereby authorized. The Chairman, Vice Chairman, Executive Director, Deputy Executive Director and General Counsel of the Agency are each hereby authorized to execute, acknowledge and deliver each such Agency Document. The execution and delivery of each such agreement by one of said officers shall be conclusive evidence of due authorization and approval.

Section 3. All covenants, stipulations, obligations and agreements of the Agency contained in this Resolution and contained in the Agency Documents shall be deemed to be the covenants, stipulations, obligations and agreements of the Agency to the full extent authorized or permitted by law, and such covenants, stipulations, obligations and agreements shall be binding upon the Agency and its successors from time to time and upon any board or body to which any powers or duties affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law. Except as otherwise provided in this Resolution, all rights, powers and privileges conferred and duties and liabilities imposed upon the Agency or the members thereof by the provisions of this Resolution or the Agency Documents shall be exercised or performed by the Agency or by such members, officers, board or body as may be required by law to exercise such powers and to perform such duties.

No covenant, stipulation, obligation or agreement herein contained or contained in the Agency Documents shall be deemed to be a covenant, stipulation, obligation or agreement of any member, director, officer, agent or employee of the Agency in his or her individual capacity and neither the members nor the directors of the Agency nor any officer executing any Agency Document shall be liable personally for any amounts payable thereunder or arising from claims thereon or be subject to any personal liability or accountability by reason of the execution and delivery or acceptance thereof.

Section 4. The officers of the Agency are hereby designated the authorized representatives of the Agency, and each of them is hereby authorized and directed to execute and deliver any and all papers, instruments, opinions, certificates, affidavits and other documents and to do and cause to be done any and all acts and things necessary or proper for

carrying out this Resolution. The Agency recognizes that due to the unusual complexities of the transaction it may become necessary that certain of the terms approved hereby may require modifications which will not affect the intent and substance of the authorizations and approvals by the Agency herein. The Agency hereby authorizes the Chairman, Vice Chairman, Executive Director, Deputy Executive Director or General Counsel to approve modifications to the terms approved hereby which do not affect the intent and substance of this Resolution. The approval of such modifications shall be evidenced by a certificate of determination of an Agency officer.

Section 5. This Resolution shall take effect immediately.

ADOPTED: December 11, 2018