

MINUTES OF THE MEETING
OF THE BOARD OF DIRECTORS
OF
NEW YORK CITY LAND DEVELOPMENT CORPORATION
May 10, 2018

A meeting of the Board of Directors of New York City Land Development Corporation ("NYCLDC") was held on Thursday, May 10, 2018, at the Governors Room, City Hall, 260 Broadway, New York, New York.

The following members of the Board of Directors were present:

Henry Berger
Jon Cohen
Carl Rodrigues
Kim Vaccari

Mr. Rodrigues chaired the meeting. Also present were Mark Silversmith, Secretary of NYCLDC, who served as secretary of the duly constituted meeting, at which a quorum was present, Spencer Hobson, an Executive Vice President and Treasurer of NYCLDC, Raafat Osman, a Vice President and Deputy Controller of New York City Economic Development Corporation ("NYCEDC"), Maxwell Padden, an Assistant Vice President of NYCEDC, and Lou Roberts, a partner of Ernst & Young LLP ("E&Y"). (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 November 9, 2017 Meeting of the Board of Directors

There were no questions or comments with respect to the minutes of the November 9, 2017 Board of Directors meeting, as submitted. A motion to approve such minutes, as submitted, was made, seconded and unanimously adopted.

2. Audit Services Contract

Mr. Osman presented a proposed contract with E&Y to provide for (i) the audit of the financial statements of NYCLDC and schedules of investments, for the fiscal years ending June 30, 2018 to 2021, (ii) the preparation of management letters, if required, detailing the auditor's findings and recommendations, for each of such fiscal years, and (iii) the performance of other audit and tax related services, as needed, as set forth in Exhibit A hereto. NYCLDC's Audit Committee had recommended that the Board approve the E&Y contract.

A motion was made to authorize the matter set forth for authorization in the Proposed Resolution section of Exhibit A hereto. Such motion was seconded and unanimously approved.

3. Budget Information

Mr. Raafat proposed that the Board approve budget information about NYCLDC (in the form set forth in Attachment A to Exhibit B hereto) and approve its submission to certain government officials and a governmental office. Mr. Osman then summarized the budget information.

The Public Authorities Accountability Act of 2005 as amended (the "PAAA") requires NYCLDC to submit to the Mayor, the City's Comptroller, the City Council Speaker and New York State's Authorities Budget Office ("ABO") budget information on operations and capital construction setting forth the estimated receipts and expenditures for the next fiscal year and the current fiscal year, and the actual receipts and expenditures for the last completed fiscal year. ABO has designated the form in which the budget information is to be submitted and such form requires the inclusion of estimated information for additional years. The submission is for informational purposes and the submission must be in the form submitted to NYCLDC's Directors. The submitted Attachment A to Exhibit B will also be accessible to the State Comptroller's Office.

A motion was made to adopt the resolution set forth in Exhibit B hereto. Such motion was seconded and unanimously approved.

4. Long Term Ground Leases to Bedford Courts LLC

Mr. Padden presented a proposal for NYCLDC to (i) lease from the City of New York Block 1274, Lot 1 on the Tax Map of the Borough of Brooklyn (the "Site") pursuant to two or more leases, (ii) assign such leases to (a) Bedford Courts LLC or an affiliated entity (the "Developer") and/or (b) a housing development fund corporation or other entity (the "Financing Entity") whose purpose is to facilitate affordable housing and/or obtain financing for the proposed project on the Site, which project consists of the proposed demolition of components of existing structures and construction of an approximately 535,000 gross square foot mixed-use development on the Site (the "Project"), and (iii) enter into any related agreements and documents and consents to effectuate the Project, on substantially the terms set forth in Exhibit C hereto.

A motion was made to approve the matters set forth for approval in the Proposed Resolutions section of Exhibit C hereto and to resolve that there is no reasonable alternative to the proposed transfer to the Developer and/or the Financing Entity that will achieve the same purpose as the transfer. 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 Board of Directors was adjourned.

Mark Schmitt

Secretary

Dated: August 9, 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

NEW YORK CITY LAND DEVELOPMENT CORPORATION

**AUDIT SERVICES CONTRACT
Board of Directors Meeting
May 10, 2018**

Project: Audit of the financial statements of New York City Land Development Corporation ("NYCLDC") and schedules of investments, for the fiscal years ending June 30, 2018 to 2021; preparation of management letters, if required, detailing the auditor's findings and recommendations, for each of such fiscal years; and performance of other audit and tax related services, as needed (collectively, "Project Services")

Consultant: Ernst & Young LLP ("E&Y")

Agreement to be Approved: Contract (the "Audit Contract") with E&Y for the Project Services

Amount to be Approved: Up to \$7,260 to compensate E&Y for the Project Services, which includes a contingency to enable E&Y to perform additional services that may be required

Proposed Resolution: To authorize the President and any empowered officer to enter into the Audit Contract substantially as described herein

Background: On January 19, 2018, an RFP was issued for an independent auditor to perform the Project Services. The RFP was delivered to 81 accounting firms selected from the City Comptroller's pre-qualified certified public accountant list and was advertised in the City Record. The submitted proposals were evaluated using principally the following criteria: the firm's experience in performing similar audit services, the quality of the auditor's approach to audit and tax services, composition and relative experience of the audit team, the firm's proposed fees, and the overall quality of the proposal.

A ranking committee of NYCEDC staff evaluated the proposals, held interviews and ranked the firms. E&Y received the highest ranking and was determined to be the strongest firm for the Audit Contract.

Exhibit B

NEW YORK CITY LAND DEVELOPMENT CORPORATION

**BUDGET INFORMATION
Board of Directors Meeting
May 10, 2018**

WHEREAS, the Public Authorities Accountability Act of 2005 as amended (the "PAAA") includes New York City Land Development Corporation ("NYCLDC") in its definition of a local authority; and

WHEREAS, the PAAA requires NYCLDC to submit to the Mayor, New York City's Comptroller, the New York City Council Speaker and New York State's Authorities Budget Office ("ABO"), budget information on operations and capital construction setting forth the estimated receipts and expenditures for the next fiscal year and the current fiscal year, and the actual receipts and expenditures for the last completed fiscal year; and

WHEREAS, ABO has designated the form in which the budget information is to be submitted and such form requires the inclusion of estimated information for additional years; and

WHEREAS, the submission is for informational purposes and the submission must be in the form submitted to NYCLDC's Directors and the submitted information will also be accessible to the State Comptroller's office; and

WHEREAS, attached hereto as Attachment A is budget information in the form in which it will be submitted pursuant to the PAAA;

NOW, THEREFORE, RESOLVED that the Board approves the budget information about NYCLDC in the form attached hereto as Attachment A and its submission pursuant to the PAAA as described above.

ATTACHMENT A

NEW YORK CITY LAND DEVELOPMENT CORPORATION
 BUDGETED REVENUES, EXPENDITURES, AND CHANGES IN CURRENT NET ASSETS

	Last Year (Actual) FY2017	Current Year (Projected) FY2018	Next Year (Adopted) FY2019	Proposed FY2020	Proposed FY2021	Proposed FY2022
<u>REVENUE & FINANCIAL SOURCES</u>						
Operating Revenues						
Other operating revenues	1,029	1,528	1,629	1,727	1,827	1,927
Total Revenues & Financing Sources	1,029	1,528	1,629	1,727	1,827	1,927
<u>EXPENDITURES</u>						
Operating Expenditures						
Other operating expenditures	1,029	1,528	1,629	1,727	1,827	1,927
Total Expenditures	1,029	1,528	1,629	1,727	1,827	1,927
Operating Surplus (Deficit)	-	-	-	-	-	-
Non Operating Revenues						
Non Operating Expenses						
Change in Net Position	-	-	-	-	-	-

Exhibit C

NEW YORK CITY LAND DEVELOPMENT CORPORATION

**LONG TERM GROUND LEASES TO BEDFORD COURTS LLC
Board of Directors Meeting
May 10, 2018**

NOTE: This disposition will take place through two or more ground leases.

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

**LESSEE/
LEASE ASSIGNOR:** NYCLDC

LEASE ASSIGNEE: The lease assignee (for each lease) will either be (i) Bedford Courts LLC or an affiliated entity (the "Developer") or (ii) a housing development fund corporation or other entity whose purpose is to facilitate affordable housing and/or obtain financing for the proposed project on the Site (the "Financing Entity"). If the Financing Entity is the lease assignee, the Developer will be the beneficial owner of the leasehold interest.

Bedford Courts LLC is controlled directly or indirectly by Donald Capoccia, Joseph Ferrara, Brandon Baron and Winthrop Wharton.

**SITE
LOCATION:** Block 1274, Lot 1 (the "Site")
1555 Bedford Avenue
Borough of Brooklyn
Community Board No. 9

**SITE
DESCRIPTION:** The Site, located at the intersection of Bedford Avenue and Union Street, in Crown Heights, Brooklyn, spans approximately 122,000 lot square feet and includes four improved but non-operational structures which together comprise the Bedford Union Armory. The Site is approximately depicted in Attachment A.

BACKGROUND: The Bedford Union Armory was first constructed between 1904 and 1908 and initially housed the

Troop C Cavalry Unit, an official militia formed in 1895. Military uses continued at the Site, most recently by the New York National Guard, until the armory was decommissioned in 2011. The State of New York, having determined that military use of the Site was no longer necessary, relinquished it to the City, effective as of December 2013.

Anticipating the City's impending control of the Site, NYCEDC released an RFP in October 2013 for the disposition and redevelopment of the Site, and ultimately selected the Developer as the successful respondent in November 2015. Respondents to the RFP and a brief summary of their proposals are listed in Attachment B.

**PROJECT
DESCRIPTION:**

The Developer proposes to demolish components of existing structures on the Site and to construct an approximately 535,000 gross square foot ("GSF") mixed-use development comprised of (i) an approximately 60,000 GSF recreational facility, (ii) an approximately 5,000 GSF auditorium facility, (iii) commercial and community facilities totaling approximately 45,000 GSF, (iv) approximately 415 residential rental units, and (v) approximately 118 parking spots (collectively, the "Project"). The Project may also include a small retail component.

The residential component of the Project will span two buildings, and will include a total of approximately 250 affordable units, of which approximately 109 units will be permanently affordable pursuant to the City's Mandatory Inclusionary Housing program ("MIH"). The other approximately 141 affordable units will remain affordable for at least the period of time (the "Regulatory Period") set by HPD and New York City Housing Development Corporation ("HDC") pursuant to a project agreement with the Developer. Affordable units will be spread across multiple income bands, but on average are anticipated to be affordable to families earning at or below approximately 51% of the Area Median Income.

The recreational facility is expected to include three basketball courts, a 25-meter swimming pool, a multi-

sport field, and various fitness rooms. Once stabilized, the Developer will be required to provide the community with at least \$1,250,000 in annual community benefits (escalating at 3% per annum), consisting of discounted access and programming for local residents and organizations as well as discounted office rent for non-profit organizations. The Developer will also be incentivized to provide additional community benefits in return for a rent credit, substantially as provided for below.

It is anticipated that the Project may close in phases over a period of approximately six to twelve months. Project construction is anticipated to commence shortly after the first closing, and, subject to force majeure events, is anticipated to be completed within two and a half years.

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

It is anticipated that the disposition of the Site will transform an underutilized City-owned asset into a mixed-use development that provides for affordable housing and substantial community and recreational facility space.

LEASE TERMS:

It is anticipated that the City (as Lessor) and NYCLDC (as Lessee) will enter into two or more long term leases for the Site. It is further anticipated that NYCLDC will then assign each such lease to a lease assignee. The community, recreational, auditorium, a portion of commercial facilities and any retail facilities (together, the "Commercial Development") are expected to be governed by a single lease, while the remaining Project elements (the "Residential Development") will be governed by one or more separate leases.

The proposed annual base rent for the Commercial Development is \$500,000 per annum during the construction phase. At substantial completion, annual base rent will reset to \$2,000,000, escalating at 3% per annum, subject to periodic adjustments based on independent reappraisals. In addition, the Commercial Development lease establishes the above described

minimum requirement of community benefits and incentivizes the Developer to deliver additional community benefits, offering \$1 in base rent credit for every \$1 of community benefit delivered, capped at 87.5% of base rent each year.

The Residential Development will be leased to Developer for nominal consideration. At the end of the Regulatory Period, the base rent may be adjusted to appraised value (as then restricted).

Developer will also make payments in lieu of taxes ("PILOT") in amounts equal to the real property taxes that would be assessed and levied against the Project if Developer were the owner of the Site, provided that PILOT will reflect any abatements, exemptions, or credits for which the Project or Developer qualifies.

The initial term of each lease will be 49 years. Each lease will also provide the Developer with five options to extend the term for an additional ten years each, for a total anticipated term of 99 years per lease.

APPRAISED VALUE:

An independent appraisal was commissioned in 2017. The appraisal concluded that the fair market value of the Site was \$107,600,000 and that the initial fair market annual rent for same was \$5,900,000. These values took into account the cost of construction at the Site, but did not take into account the development requirements and restrictions pertaining to the use and transfer of the Site. A separate determination by the appraiser, which did take into account the costs of such requirements and restrictions, resulted in a negative value for both the Site and the fair market annual rent for same.

EXISTING ZONING:

The Site's zoning was recently changed from R6 to R7-2 with a C2-4 commercial overlay. The Site was designated as a new MIH area and was granted special permits to (i) create a Large Scale General Development, and (ii) modify height, parking and setback requirements.

PUBLIC APPROVALS:

A Final EIS was issued for the Project on October 19, 2017. City Planning on October 30, 2017 (Calendar

No. 5) and the New York City Council on November 30, 2017 approved the disposition and rezoning of the Site to R7-2 with a C2-4 overlay and the inclusion of the Site as an MIH area together with the aforementioned special permits, pursuant to ULURP. Pursuant to Section 384(b)(4) of the City Charter, on January 23, 2018 the Brooklyn Borough Board approved the proposed disposition of the Site by the City.

**FUNDING
AGREEMENTS:**

It is anticipated that certain City Capital Budget funds will be made available for the Project. Such funds may be directed to the Project pursuant to one or more NYCEDC funding agreements with the Developer, the Financing Entity, and/or other appropriate entity.

**PROPOSED
RESOLUTIONS:**

Approval for NYCLDC to (i) lease the Site from the City pursuant to two or more leases, (ii) assign such leases to the Developer and/or the Financing Entity, substantially as described herein, and (iii) enter into any related agreements and 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 Developer and/or the Financing Entity that will achieve the same purpose as the transfer.

**NYCEDC
PROJECT CODE:**

5616

STAFF:

Maxwell Padden, Assistant Vice President, Real Estate Transactions Services
Sara Tranter, Senior Vice President, Real Estate Transactions Services
Jeffrey Nelson, Executive Vice President, Real Estate Transactions Services
Shana Attas, Counsel, Legal

ATTACHMENT A

PROJECT LOCATION



ATTACHMENT B

INITIAL RESPONDENT PROPOSALS

Name	Proposed Project	Approximate Proposed Payment	Housing Units	Community/Recreational Center
BFC Partners Development LLC or an affiliated entity	Mixed-use building with affordable housing	\$17.6 Million	354	Sports/recreational center and community/office space
Triangle Equities, LLC or an affiliated entity	Mixed-use building with affordable housing	\$3 Million	288	Sports/recreational center and community/office space
RBH Group or an affiliated entity	Mixed-use building with affordable housing	\$20 Million	317	Sports/recreational center and community/office space
POKO Partners, LLC or an affiliated entity	Mixed-use building with affordable housing	\$3.5 Million	258	Sports/recreational center and community/office space
Steiner NYC, LLC or an affiliated entity	Mixed-use building with affordable housing and hotel	\$4 Million	172	Sports/recreational center, hotel wellness center, and community/office space
Chetrit Organization, LLC or an affiliated entity	Mixed-use building with affordable housing	\$9 Million	200	Sports/recreational center and community/office space
Academic Zone or an affiliated entity	Recreation and community building	Not Specified	0	Sports/recreational center, library, and theatre.

In accordance with commitments made to secure ULURP approval, the final proposed Project for the Site (as described in the body of this item) includes a substantial affordable housing requirement that was not contemplated at the time of RFP issuance. As a result, HPD and HDC subsidy will be provided. Projects that are financed with HPD and HDC subsidy generally have nominal purchase prices.