

MINUTES OF THE MEETING  
OF THE BOARD OF DIRECTORS  
OF  
NEW YORK CITY LAND DEVELOPMENT CORPORATION  
September 30, 2013

A meeting of the Board of Directors of New York City Land Development Corporation ("NYCLDC") was held on Monday, September 30, 2013, at 260 Broadway, New York, New York.

The following members of the Board of Directors were present:

Robert Goldrich  
William Heinzen  
Kim Vaccari  
Betty Woo

Also present were members of the staff of New York City Economic Development Corporation ("NYCEDC") and Randy Nelson from Ernst & Young LLP.

Mark Silversmith, Secretary of NYCLDC, served as secretary of the meeting. (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 August 8, 2013 Meeting of the Board of Directors

There were no questions or comments with respect to the minutes of the August 8, 2013 Board of Directors meeting, as submitted. A motion to approve such minutes, as submitted, was made, seconded and unanimously adopted.

2. Financial Report Pursuant to Section 2800 of the Public Authorities Law

Section 2800 of the Public Authorities Law requires NYCLDC to submit to various City officials and the New York State Authorities Budget Office ("ABO") audited financials with regard to the previous fiscal year. ABO has also designated a form in which a financial report containing information from the financials is to be submitted. The Board of Directors of NYCLDC is to approve the audited financials and the financial report that are submitted.

Bulent Celik, Assistant Treasurer of NYCLDC, summarized the audited financials and the information in the financial report attached as Exhibit A hereto.

3. Annual Investment Report

NYCLDC's Board adopted investment policies, procedures and guidelines (the

"Investment Guidelines") and the adopted Investment Guidelines require the Board of Directors of NYCLDC to approve an Annual Investment Report containing specified information and to submit the report to the City's Mayor and Comptroller and the New York State Department of Audit and Control.

Mr. Celik summarized the Annual Investment Report included in Exhibit B attached hereto.

#### Approval of Section 2 and 3 Matters

A motion was made to adopt the proposed resolutions set forth in Exhibits A and B. Such a motion was seconded and unanimously approved.

#### 4. Performance Measurement Report

Mr. Silversmith stated that the Public Authorities Law required NYCLDC to annually report on performance results with regard to the measures approved by NYCLDC's Board with regard to evaluating the performance of NYCLDC and the achievement of its goals. Mr. Silversmith explained the results with regard to the performance measures for Fiscal Year 2013, as set forth in Exhibit C

#### 5. Real Estate and Other Items

##### (a) Culture Shed, Inc. Lease

Mr. Silversmith presented a proposed sub-sublease by NYCLDC from the City of Block 702, part of Lots 4 and 10 on the Tax Map of the Borough of Manhattan and the proposed assignment of the sub-sublease by NYCLDC to Culture Shed, Inc. or an affiliated entity, on substantially the terms set forth in Exhibit D hereto.

A motion was made to adopt the Proposed Resolutions in Exhibit D hereto. Such motion was seconded and unanimously approved.

##### (b) Cornell University Lease

Mr. Silversmith presented a proposed lease by NYCLDC from the City of Block 1373, Lot 20 and part of Lot 1 on Roosevelt Island, Manhattan, and the proposed assignment of the lease by NYCLDC to Cornell University or an affiliated entity, on substantially the terms set forth in Exhibit E hereto.

A motion was made to adopt the Proposed Resolutions in Exhibit E hereto. Such motion was seconded and unanimously approved.

#### 6. Adjournment

There being no further business to come before the meeting, the meeting of the

Board of Directors was adjourned.

Mark Silverman  
Secretary

Dated: October 7, 2013  
New York, New York

## Attachment 1

### DEFINITIONS

Apple.....	Apple Industrial Development Corp.
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 Agreements.....	Any agreements necessary to obtain funds for the Project, including IDA Agreements
HPD .....	New York City Department of Housing Preservation and Development
Hudson Meridian.....	Hudson Meridian Construction Group LLC
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
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.

NYCLDC.....	New York City Land Development Corporation
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

**FINANCIAL REPORT PURSUANT TO SECTION 2800 OF THE  
PUBLIC AUTHORITIES LAW  
Board of Directors Meeting  
September 30, 2013**

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

WHEREAS, Section 2800 of the Public Authorities Law (a part of the PAAA) requires a local authority to submit to various City officials and the New York State Authorities Budget Office ("ABO") audited financials with regard to the previous fiscal year; and

WHEREAS, the ABO has also designated a form in which a financial report containing information from the financials is to be submitted; and

WHEREAS, the Board of Directors of the local authority is to approve the audited financials and the financial report that are submitted; and

WHEREAS, attached hereto are the audited financials and the financial report that NYCLDC proposes to submit with regard to the fiscal year ended June 30, 2013.

NOW, THEREFORE, RESOLVED that the Board approves the attached financial report and audited financial statements with regard to NYCLDC's fiscal year ended June 30, 2013 and their submission pursuant to Section 2800 of the Public Authorities Law.

**SUMMARY FINANCIAL INFORMATION**

Section 2800 of Public Authorities Law requires public authorities to submit its assets and liabilities at the end of its fiscal year.

**NAME OF AUTHORITY:**

<b>New York City Land Development Corporation</b>
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**2013**

**SUMMARY STATEMENT OF NET POSITION**

**Assets**

**Current Assets**

Cash and cash equivalents	-
Investments	-
Receivables, net	22,505
Other assets	-

*Total Current Assets*

**Noncurrent Assets**

Restricted cash and investments	-
Long-term receivables, net	-
Other assets	-

**Capital Assets**

Land and other nondepreciable property	-
Infrastructure	-
Buildings and equipment	-
Accumulated depreciation	-

**Net capital assets**

*Total Noncurrent Assets*

*Total Assets*

**Liabilities**

**Current Liabilities**

Accounts Payable	-
Pension contribution payable	-
Other post-employment benefits	-
Accrued liabilities	17,506
Deferred revenues	-
Bonds and notes payable	-
Other long-term obligations due within one year	-

*Total Current Liabilities*

**Noncurrent Liabilities**

Pension contribution payable	-
Other post-employment benefits	-
Bonds and notes payable	-
Other long-term obligations	-

*Total Noncurrent Liabilities*

*Total Liabilities*

**Net Asset (Deficit)**

**Net Position**

Invested in capital assets, net of related debt	-
Restricted	-
Unrestricted	4,999

**Total Net Position**

**SUMMARY FINANCIAL INFORMATION**

Section 2800 of Public Authorities Law requires public authorities to submit its assets and liabilities at the end of its fiscal year.

**NAME OF AUTHORITY:**

<b>New York City Land Development Corporation</b>
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**2013**

**SUMMARY STATEMENT OF NET POSITION**

**SUMMARY STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION**

**Operating Revenues**

Charges for services	22,499
Rental & financing income	-
Other operating revenues	6

**Total Operating revenues** 22,505

**Operating Expenses**

Salaries and wages	-
Other employee benefits	-
Professional services contracts	-
Supplies and materials	-
Depreciation & amortization	-
Other operating expenses	17,506

**Total Operating Expenses** 17,506

**Operating Income (Loss)** 5,000

**Nonoperating Revenues**

Investment earnings	-
State subsidies/grants	-
Federal subsidies/grants	-
Municipal subsidies/grants	-
Public authority subsidies	-
Other nonoperating revenues	50,525

**Total Nonoperating Revenue** 50,525

**Nonoperating Expenses**

Interest and other financing charges	-
Subsidies to other public authorities	-
Grants and donations	-
Other nonoperating expenses	50,525

**Total Nonoperating Expenses** 50,525

**Income (Loss) Before Contributions** 0

**Capital Contributions**

	-
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**Change in net position** 0

**Net position, (deficit) beginning of year** -

**Other net position changes** -

**Net position, (deficit) at end of year** 0



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FINANCIAL STATEMENTS

New York City Land Development Corporation  
(a component unit of The City of New York)  
From May 8, 2012 (date of inception) to June 30, 2013  
With Report of Independent Auditors

New York City Land Development Corporation  
(a component unit of The City of New York)

Financial Statements

From May 8, 2012 (date of inception) to June 30, 2013

Contents

**I. Financial Section**

Report of Independent Auditors .....	1
Management's Discussion and Analysis .....	3
Financial Statements	
Statement of Net Position .....	6
Statement of Revenues, Expenses and Changes in Net Position .....	7
Statement of Cash Flows .....	8
Notes to Financial Statements .....	9

**II. Government Auditing Standards Section**

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	13
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## Report of Independent Auditors

The Board of Directors  
New York City Land Development Corporation

### **Report on the Financial Statements**

We have audited the accompanying financial statements of New York City Land Development Corporation ("NYCLDC"), a component unit of The City of New York, as of June 30, 2013 and for the period from May 8, 2012 (date of inception) to June 30, 2013, and the related notes to the financial statements, which collectively comprise the NYCLDC's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NYCLDC as of June 30, 2013, and the changes in its financial position and its cash flows for the period from May 8, 2012 (date of inception) to June 30, 2013 in conformity with U.S. generally accepted accounting principles.

***Required Supplementary Information***

U.S. generally accepted accounting principles require that management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we also have issued our report dated September \_\_, 2013 on our consideration of the NYCLDC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NYCLDC's internal control over financial reporting and compliance.

September \_\_, 2013.

New York City Land Development Corporation  
(a component unit of The City of New York)

Management's Discussion and Analysis

June 30, 2013

This section of New York City Land Development Corporation's ("NYCLDC" or the "Corporation") annual financial report presents our discussion and analysis of NYCLDC's financial performance during the fiscal years ended June 30, 2013 and 2012. Please read it in conjunction with the financial statements and accompanying notes.

**Overview of the Financial Statements**

This annual financial report consists of two parts: *management's discussion and analysis* (this section), and *basic financial statements*. NYCLDC is a local development corporation organized pursuant to Section 1411 of the Not-for-Profit Corporation Law of the State of New York. NYCLDC is also a discretely presented component unit of The City of New York ("the City"). NYCLDC follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short and long-term financial information about the activities and operations of the Corporation.

These statements are presented in a manner similar to a private business, such as a property management company. While detailed sub-fund information is not presented, separate accounts are maintained for each fund to control and manage transactions for specific purposes and to demonstrate that NYCLDC is properly performing its contractual obligations.

**Financial Analysis of the Corporation**

**Net position**

The following table summarizes NYCLDC's financial position at June 30, 2013:

	<u>2013</u>
Current assets	\$ 22,505
Current liabilities	<u>17,506</u>
Unrestricted net position	<u>\$ 4,999</u>

At June 30, 2013, total assets were \$22,505. The overall change in assets was due to a grant agreement between the Corporation and New York City Economic Development Corporation ("NYCEDC"). The grant agreement provides NYCLDC with the necessary funding for its annual

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

New York City Land Development Corporation  
(a component unit of The City of New York)

Management's Discussion and Analysis (continued)

June 30, 2013

**Net position (continued)**

general and administrative expenses. As of June 30, 2013, the only asset of the Corporation was a receivable balance from NYCEDC for the grant.

Total liabilities at June 30, 2013 were \$17,506, which consisted mainly of audit fees.

Net position at June 30, 2013 was \$4,999, which was a result of the aforementioned grant agreement.

**Operating Activities**

NYCLDC is engaged in economic development by means of assisting the City with leasing and selling certain properties. The Corporation acquires City property and disposes it to strengthen the City's competitive position and facilitate investments that build capacity, generate prosperity and catalyze the economic vibrancy of city live as a whole.

The following table summarizes NYCLDC's change in net position for period from May 8, 2012 (date of inception) to June 30, 2013:

Operating revenues	\$ 22,505
Operating expenses	<u>(17,506)</u>
Operating income	4,999
Non-operating revenues	50,295
Non-operating expenses	<u>(50,295)</u>
Total non-operating income	<u>-</u>
Change in net position	4,999
Total net position, date of inception	<u>-</u>
Total net position, end of year	<u>\$ 4,999</u>

Operating revenues for the period from May 8, 2012 (date of inception) to June 30, 2013 were \$22,499 due to a grant from NYCEDC. The grant allows NYCLDC to meet its current general and administrative expenses. The Corporation also closed on six real estate transactions in which it purchased or leased the land from the City in compliance with Section 384(b)(4) of the City Charter, for a nominal fee, and sold it to NYCEDC for the same nominal fee. NYCEDC assigned the lease or sublease or resold the property to a private party. The aggregate nominal fee exchanged for both purchasing and selling the land amounted to \$6.

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

New York City Land Development Corporation  
(a component unit of The City of New York)

Management's Discussion and Analysis (continued)

June 30, 2013

Operating expenses also included \$17,500 due to audit related services.

Correspondingly, operating income for the period from May 8, 2012 (date of inception) to June 30, 2013 was \$4,999 a result of the above activities.

Non-operating expenses relating to the legal formation of the Corporation totaled \$50,295. These costs were offset by non-operating revenues in an equal amount in the form of a grant from NYCEDC.

**Contacting the Corporation's Financial Management**

This financial report is designed to provide our customers, clients and creditors with a general overview of the Corporation's finances and to demonstrate the Corporation's accountability for the resources at its disposal. If you have any questions about this report or need additional financial information, contact the Public Information Officer, New York City Land Development Corporation, 110 William Street, New York, NY 10038.

New York City Land Development Corporation  
(a component unit of The City of New York)

Statement of Net Position

June 30, 2013

**Current assets**

Due from NYCEDC

\$ 22,505

Total current assets

22,505

**Liabilities and net assets**

**Current liabilities:**

Accounts payable and accrued expenses

17,500

Due to The City

6

Total current liabilities

17,506

Unrestricted net position

\$ 4,999

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY



New York City Land Development Corporation  
(a component unit of The City of New York)

Statement of Revenues, Expenses and Changes in Net Position

Period from May 8, 2012 (date of inception) to June 30, 2013

Operating revenues:	
Grant	\$ 22,499
Real estate sales	6
Total operating revenues	<u>22,505</u>
Operating expenses:	
Cost of property sold	6
Auditing fees	17,500
Total operating expenses	<u>17,506</u>
Operating income	4,999
Nonoperating revenues:	
Grants from NYCEDC	50,295
Organizational costs	(50,295)
Total nonoperating revenues	<u>-</u>
Change in net position	4,999
Unrestricted net position, date of inception	<u>-</u>
Unrestricted net position, end of year	<u>\$ 4,999</u>

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

New York City Land Development Corporation  
(a component unit of The City of New York)

Statement of Cash Flows

Period from May 8, 2012 (date of inception) to June 30, 2013

<b>Cash flows from operating activities</b>	
Other	\$ -
Net cash used in operating activities	\$ -
Net change in cash and cash equivalents	-
Cash and cash equivalents, date of inception	-
Cash and cash equivalents, end of year	\$ -
<b>Reconciliation of operating income to net cash used in operating activities</b>	
Operating income	\$ 4,999
Adjustments to reconcile operating loss to net cash used in operating activities:	
Changes in operating assets and liabilities:	
Accounts payable and accrued expenses	17,500
Due to The City	6
Due to NYCEDC	(22,505)
Net cash used in operating activities	\$ -
Supplemental disclosure of non-cash activities:	
Grants from NYCEDC	50,295

*See accompanying notes.*

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

New York City Land Development Corporation  
(a component unit of The City of New York)

Notes to Financial Statements

June 30, 2013

**1. Background and Organization**

On May 8, 2012, the City of New York (“the City”) formed New York City Land Development Corporation (“NYCLDC”) as a local development corporation organized under Section 1411 of the Not-for-Profit Corporation Law of New York State. NYCLDC is engaged in economic development activities by means of assisting the City with leasing and selling certain properties. As a local development corporation, NYCLDC is able to acquire or lease City-owned property outside of the auction process as provided by Section 384(b)(4) of the City Charter. Prior to November 1, 2012, the ability to acquire property in this manner was an important function of New York City Economic Development Corporation (“Predecessor NYCEDC”). On November 1, 2012 Predecessor NYCEDC merged with and into New York City Economic Growth Corporation which was then renamed New York City Economic Development Corporation (“Successor NYCEDC”). As a result of the merger, Successor NYCEDC no longer acquires City property outside of the auction process.

The mission of NYCLDC is to encourage economic growth in each of the five boroughs of New York City by acquiring City property and disposing of it to strengthen the City’s competitive position and facilitate investments that build capacity, generate prosperity and catalyze the economic vibrancy of city life as a whole.

**2. Summary of Significant Accounting Policies**

**Basis of Accounting and Presentation**

NYCLDC follows enterprise fund reporting; accordingly, the accompanying financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. In its accounting and financial reporting, the Corporation follows the pronouncements of the Governmental Accounting Standards Board (“GASB”).

**Recently Adapted Accounting Pronouncements**

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (“GASB No. 63”). GASB No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement 4

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

New York City Land Development Corporation  
(a component unit of The City of New York)

Notes to Financial Statements (continued)

June 30, 2013

**2. Summary of Significant Accounting Policies (continued)**

also identifies net position as the residual of all other elements presented in a statement of financial position. GASB No. 63 amends the net asset reporting requirements in GASB Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis— for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The Corporation has not completed the process of evaluating the impact of GASB No. 63 on its financial statements.

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB No. 65). This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement will improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2012. The Corporation has not completed the process of evaluating the impact of GASB No. 65 on its financial statements.

**Upcoming Accounting Pronouncements**

In March 2012, GASB issued Statement No. 66, *Technical Corrections—2012* (GASB No. 66). The objective of this Statement is to improve accounting and financial reporting by state and local governmental entities by resolving conflicting guidance that resulted from the issuance of two pronouncements—Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The Corporation does not anticipate the implementation of GASB No. 66 will have an impact on its financial statements.

New York City Land Development Corporation  
(a component unit of The City of New York)

Notes to Financial Statements (continued)

June 30, 2013

**2. Summary of Significant Accounting Policies (continued)**

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB No. 68). The objective of this Statement is to improve the information provided in government financial reports about pension-related financial support provided by certain non-employer entities that make contributions to pension plans that are used to provide benefits to the employees of other entities. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. The Corporation has not completed the process of evaluating the impact of GASB No. 68 on its financial statements.

**Revenue and Expense Classification**

NYCLDC distinguishes operating revenues and expenses from non-operating items in the preparation of its financial statements. Operating revenues and expenses are those that directly relate to the organization fulfilling its mission statement and related administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is NYCLDC's policy to use restricted resources first, and then unrestricted resources as needed.

**Tax Status**

The currently anticipated income of NYCLDC is exempt from federal income taxes under Section 115 of the U.S. Internal Revenue Code (the "Code").

**Other Related-Party Transactions - New York City Economic Development Corporation**

Predecessor NYCEDC provided NYCLDC with grant funding for the legal formation costs of the NYCLDC. Successor NYCEDC provides NYCLDC with grant funding for its general and administrative expenses. NYCLDC does not have any employees. Administrative services are provided to the Corporation by Successor NYCEDC pursuant to a services agreement and no management fees are earned for these services.

New York City Land Development Corporation  
(a component unit of The City of New York)

Notes to Financial Statements (continued)

June 30, 2013

**3. Contract With The City of New York**

NYCLDC has a contract with the City covering the sale and lease of City-owned land to NYCLDC. The contract provides that when the City sells or leases City-owned land to NYCLDC, NYCLDC must dispose of such land to Successor NYCEDC or at the direction of Successor NYCEDC.

**4. Grants**

NYCLDC received grants from Predecessor NYCEDC and Successor NYCEDC during the period from May 8, 2012 (date of inception) to June 30, 2013. Grant revenues in the amount of \$22,499 were provided to offset the Corporation's annual operating expenses and were recorded as operating revenue. Additionally, NYCLDC received grants totaling \$50,295 from NYCEDC for organizational formation costs from NYCEDC. Due to the nature of these set-up expenses, these amounts were recorded as non-operating activity.

**5. Cash and Cash Equivalents**

The Corporation established banking relationships with JP Morgan Chase Bank. No funds were deposited into the bank account. The bank balance remained at zero dollars. It is expected that Funds will be deposited during fiscal year 2014.

# Government Auditing Standards Section

**PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY**

Report of Independent Auditors on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance  
With *Government Auditing Standards*

Management and the Board of Directors  
New York City Land Development Corporation

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of New York City Land Development Corporation ("NYCLDC"), a component unit of The City of New York, which comprise the statement of net position as of June 30, 2013, and the related statements of revenues and expenses and changes in net position, and cash flows for period from May 8, 2012 (date of inception) to June 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated September \_\_, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered NYCLDC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the NYCLDC's internal control. Accordingly, we do not express an opinion on the effectiveness of the NYCLDC's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether NYCLDC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

\_\_\_\_\_, 2013

Exhibit B

NEW YORK CITY LAND DEVELOPMENT CORPORATION

**ANNUAL INVESTMENT REPORT  
Board of Directors Meeting  
September 30, 2013**

WHEREAS, the Board of Directors (the "Board") of New York City Land Development Corporation ("NYCLDC") adopted investment policies, procedures and guidelines (the "investment guidelines") and the adopted investment guidelines require the Board to approve an Annual Investment Report containing specified information and to submit the report to the City's Mayor and Comptroller and the New York State Department of Audit and Control; and

WHEREAS, attached hereto is the Annual Investment Report for NYCLDC for the fiscal year ended June 30, 2013;

NOW, THEREFORE, RESOLVED that the Board approves the Annual Investment Report attached hereto.

**NEW YORK CITY LAND DEVELOPMENT CORPORATION  
ANNUAL INVESTMENT REPORT  
FOR THE YEAR ENDED JUNE 30, 2013**

**Investment Guidelines and Amendments**

Attached hereto as Attachment A is the current investment policies, procedures and guidelines (the "Investment Guidelines") of New York City Land Development Corporation ("NYCLDC"). In the fiscal year ended June 30, 2013 the Board approved minor changes to the Investment Guidelines previously adopted and these amendments, which principally were to line up the language of the Investment Guidelines with other policies adopted by the Board, are included and blacklined in the Investment Guidelines attached hereto as Attachment A.

**Summary of Investment Guidelines**

The Investment Guidelines provide that the portfolio is to be managed to accomplish the following objectives:

- A. Preservation of Principal – The single most important objective of NYCLDC's investment program is the preservation of principal of funds within the portfolio.
- B. Maintenance of Liquidity – The portfolio shall be managed in such a manner that assures that funds are available as needed to meet immediate and/or future operating requirements of NYCLDC.
- C. Maximize Return – The portfolio shall be managed in such a fashion as to maximize income through the purchase of authorized investments, taking into account the other investment objectives.

The Investment Guidelines provide that the portfolio is to be structured to diversify investments to reduce risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer or a specific type of security. The types of investments permitted are based on those permitted for the investment of City funds.

**Independent Audit Report**

Since NYCLDC did not have any investments for the fiscal year ended June 30, 2013, NYCLDC did not have an annual audit for investments. In NYCLDC's financial statements for such fiscal year, it is stated that no investment activity occurred during the fiscal year.

**Investment Income Record**

NYCLDC had no investment income for the year ended June 30, 2013.

**Fees, Commissions and Other Charges**

NYCLDC did not pay any fees, commissions or other charges to an investment banker, broker, agent, dealer or advisor during the fiscal year.

# NEW YORK CITY LAND DEVELOPMENT CORPORATION INVESTMENT GUIDELINES

## I. Purpose

The purpose of this document is to establish policies, procedures and guidelines regarding the investing, monitoring and reporting of funds of New York City Land Development Corporation ("LDC").

## II. Scope of the Investment Policy

This policy applies to the funds of LDC, which for purposes of these guidelines consist of all moneys and other financial resources available for investment by LDC on its own behalf or on behalf of any other entity or individual.

## III. Investment Objectives

The portfolio shall be managed to accomplish the following objectives:

- A. Preservation of Principal – The single most important objective of LDC's investment program is the preservation of principal of funds within the portfolio.
- B. Maintenance of Liquidity – The portfolio shall be managed in such a manner that assures that funds are available as needed to meet immediate and/or future operating requirements of LDC.
- C. Maximize Return – The portfolio shall be managed in such a fashion as to maximize income through the purchase of authorized investments as stated below, taking into account the other investment objectives.

## IV. Implementation of Guidelines

The Treasurer shall be responsible for the prudent investment of funds and for the implementation of the investment program and the establishment of investment procedures and a system of controls to regulate the activities of subordinate staff, consistent with these guidelines.

## V. Authorized Investments

- A. The Treasurer or an Assistant Treasurer of LDC is authorized to invest funds of LDC as summarized and restricted below:
  1. U.S. Treasury Obligations. United States Treasury bills and notes, and any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States.

2. Federal Agency Obligations. Bonds, notes, debentures, or other obligations or securities issued by any agency or instrumentality of the United States.
  3. Repurchase Agreements. The repurchase agreements must be collateralized by U.S. Government guaranteed securities, U.S. Government agency securities, or commercial paper (of a type defined below) in a range of 100% to 102% of the matured value of the repurchase agreements and have a term to maturity of no greater than ninety (90) days. They must be physically delivered for retention to LDC or its agent (which shall not be an agent of the party with whom LDC enters into such repurchase agreement), unless such obligations are issued in book-entry form, in which case LDC shall take such other action as may be necessary to obtain title to or a perfected security interest in such obligations.
  4. Commercial Paper. Commercial paper rated A1 or P1 by Standard & Poor's Corporation or Moody's Investor's Service, Inc. or Fitch.
  5. Bankers' Acceptances and Time Deposits of banks with worldwide assets in excess of \$50 million that are rated with the highest categories of the leading bank rating services and regional banks also rated within the highest categories.
  6. Certificates of Deposit with New York banks, including minority-owned banks. All such certificates of deposit in these banks must be Federal Deposit Insurance Corporation ("FDIC") insured, except when otherwise collateralized.
  7. Other investments approved by the Comptroller of New York City for the investment of City funds.
- B. In addition to the above investments, LDC may deposit funds in the following ("Deposit Accounts"), with respect to funds needed for operational expenses and funds awaiting investment or disbursement:
1. High quality no-load money market mutual funds that restrict their investments to short term, highly rated money market instruments.
  2. Other interest bearing accounts, if permitted by applicable laws, rules and regulations, with New York City financial institutions designated by the New York City Banking Commission or such other financial institutions approved by the Deputy Mayor for Economic Development or his successor in function.

#### **VI Written Contracts**

LDC shall enter into written contracts pursuant to which investments are made which conform with the requirements of these guidelines and Section 2925.3(c) of the Public Authorities Law unless the Board or Executive Committee determines by resolution that a written contract containing such provisions is not practical or that there is not a regular business practice of written contracts containing such provisions with respect to a specific

investment or transaction, in which case the Board or Executive Committee shall adopt procedures covering such investment or transaction.

## **VII Diversification**

The portfolio shall be structured to diversify investments to reduce the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer or a specific type of security. The maximum percentage of the total portfolio permitted in the indicated type of eligible security is as follows:

A. <sup>1</sup>	U.S. Treasury <sup>2</sup>	100% maximum <sup>3</sup>
B. <sup>4</sup>	Federal Agency <sup>5</sup>	100% maximum <sup>6</sup>
C. <sup>7</sup>	Repurchase Agreements <sup>8</sup>	5% maximum <sup>9</sup>
D. <sup>10</sup>	Commercial Paper <sup>11</sup>	25% maximum <sup>12</sup>
E. <sup>13</sup>	Bankers Acceptances and Time Deposits <sup>14</sup>	25% maximum <sup>15</sup>
F. <sup>16</sup>	Certificates of Deposit <sup>17</sup>	20% maximum <sup>18</sup>
G. <sup>19</sup>	Other Investments Approved by Comptroller for City Funds <sup>20</sup>	A percentage deemed prudent by Treasurer <sup>21</sup>

## **VIII Maximum Maturity**

Maintenance of adequate liquidity to meet the cash flow needs of LDC is essential. Accordingly, the portfolio will be structured in a manner that ensures sufficient cash is available to meet anticipated liquidity needs. Selection of investment maturities must be consistent with cash requirements in order to avoid the forced sale of securities prior to maturity.

For purposes of this investment policy, assets of the portfolio shall be segregated into two categories based on expected liquidity needs and purposes – Cash equivalents and Investments. Assets categorized as Cash equivalents will be invested in permitted investments maturing in ninety (90) days or less or deposited in Deposit Accounts. Assets categorized as Investments will be invested in permitted investments with a stated maturity of no more than two (2) years from the date of purchase.

## **IX Monitoring and Adjusting the Portfolio**

Those responsible for the day-to-day management of the portfolio will routinely monitor the contents of the portfolio, the available markets and the relative values of competing instruments, and will adjust the portfolio as necessary to meet the investment objectives listed above. It is recognized and understood that the non-speculative active management of portfolio holdings may cause a loss on the sale of an owned investment.

#### **X. Internal Controls**

The Treasurer or an Assistant Treasurer under the direction of the Treasurer shall establish and be responsible for monitoring a system of internal controls governing the administration and management of the portfolio. Such controls shall be designed to prevent and control losses of the portfolio funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by any personnel.

#### **XI Eligible Brokers, Agents, Dealers, Investment Advisors, Investment Bankers and Custodians**

The following are the standards for the qualifications of brokers, agents, dealers, investment advisors, investment bankers and custodians:

##### **A. Brokers, Agents, Dealers**

1. In Government Securities: any bank or trust company organized or licensed under the laws of any state of the United States of America or of the United States of America or any national banking association or any registered broker/dealer or government securities dealer.
2. In Municipal Securities: any broker, dealer or municipal securities dealer registered with the Securities and Exchange Commission (the "SEC").

**B. Investment Advisors:** any bank or trust company organized under the laws of any state of the United States of America or any national banking association, and any firm or person which is registered with the SEC under the Investment Advisors Act of 1940.

**C. Investment Bankers:** firms retained by LDC to serve as senior managing underwriters for negotiated sales must be registered with the SEC.

**D. Custodians:** any bank or trust company organized under the laws of any state of the United States of America or any national banking association with capital and surplus of not less than \$50,000,000.

#### **XII Reporting**

##### **A. Quarterly**

The Treasurer or an Assistant Treasurer under the direction of the Treasurer shall prepare and deliver to the Board of Directors once for each quarter of LDC's fiscal

year a report setting forth a summary of new investments made during that quarter, the inventory of existing investments and the selection of investment bankers, brokers, agents, dealers, investment advisors and auditors.

## B. Annually

1. Audit – LDC's independent accountants shall conduct an annual audit of LDC's investments for each fiscal year of LDC, the results of which shall be made available to the Board of Directors at the time of its annual review and approval of these Guidelines.
2. Investment Report – Annually, the Treasurer or an Assistant Treasurer under the direction of the Treasurer shall prepare and the Board of Directors shall review and approve an Investment Report, which shall include:
  - a. The Investment Guidelines and amendments thereto since the last report;
  - b. An explanation of the Guidelines and any amendments made since the last report;
  - c. The independent audit report required by Subsection (1) above;
  - d. The investment income record of LDC for the fiscal year; and
  - e. A list of fees, commissions or other charges paid to each investment banker, broker, agent, dealer and advisor rendering investment associated services to LDC since the last report.

The Investment Report shall be submitted to the Mayor and the Comptroller of the City of New York and to the New York State Department of Audit and Control. Copies of the report shall also be made available to the public upon reasonable request.

## XI Applicability

Nothing contained in these Guidelines shall be deemed to alter, affect the validity of, modify the terms of or impair any contract, agreement or investments of funds made or entered into in violation of, or without compliance with, the provisions of these Guidelines.

## XII Conflict of Law

In the event that any portion of this policy is in conflict with any State, City or federal law, that law will prevail.

## XIII No Conflict With Other LDC Policies

These Investment Guidelines do not modify the powers given by LDC's Board of Directors which authorized and resolved that (i) ~~empowered~~<sup>22</sup> officers of LDC be authorized to enter into banking or other depository accounts and otherwise conduct banking business with financial institutions in accordance with the By Laws; (ii) ~~the persons who, at the time in~~



question, are the officers eligible, under LDC's By Laws, be authorized to sign checks and the like; and (iii) the Secretary or Assistant Secretary<sup>23</sup> obtain and maintain any bank investment and other financial accounts as may be necessary or useful to LDC in furtherance of LDC's operations (the "Accounts"); (ii) the officers of LDC be authorized to perform all those tasks necessary or useful to ensure that LDC, acting through those authorized officers listed in the Bylaws of LDC, has access to and control over the Accounts; (iii) the Directors adopt and incorporate by reference the standard forms of banking resolutions and incumbency certificates ordinarily used by such financial institutions selected by the officers of LDC and (iv) any officer<sup>24</sup> of LDC be authorized to certify, without further submission<sup>25</sup> to the Board, as to the<sup>26</sup> due<sup>27</sup> adoption by the Board of resolutions in such form as the depository institutions may require, provided that they are consistent with the provisions stated above<sup>28</sup> of such banking resolutions and incumbency certificates<sup>29</sup>. Empowered officers may enter into agreements with banks and financial institutions for bank accounts and to purchase investments of the type indicated in these Investment Guidelines and other investments specifically approved by LDC's Board of Directors.

These Investment Guidelines do not modify any restriction, if any, otherwise imposed on various types of funds held by LDC, such as any restrictions set forth in any third party contracts with the City, or resulting from the source of funds (e.g. federal funds). Those other restrictions, to the extent inconsistent with these Investment Guidelines, shall govern. If possible, all sets of restrictions should be complied with. Furthermore, by adopting these Investment Guidelines, the Board is not amending or superseding any approval given or hereafter given for investments related to particular projects.

Exhibit C

**Authority Performance Measurement Report for Fiscal Year 2013**

**Name of Public Authority:**

New York City Land Development Corporation

**Performance Goal:**

<i>Performance Measure</i>	<i>FY13 July 1, 2012 – June 30, 2013</i>
New private investment related to sale/long-term lease of City-owned property	\$216,847,653 (This number includes lease rent npv for the lease term of a lease, purchase prices and projected soft and hard development costs.)

Exhibit D

NEW YORK CITY LAND DEVELOPMENT CORPORATION

**CULTURE SHED, INC. LEASE  
Board of Directors Meeting  
September 30, 2013**

**TRANSACTION  
OVERVIEW:**

The Site (defined below) is located on the north side of 30<sup>th</sup> Street between 10<sup>th</sup> and 11<sup>th</sup> Avenues in the Hudson Yards area of Manhattan. The Site is part of the Eastern Rail Yard of John D. Caemmerer West Side Yard (the "ERY Yard"). The ERY Yard is owned by the Metropolitan Transportation Authority ("MTA") and is leased to ERY Tenant ("Related"), an affiliate of the Related Companies.

It is expected that the City will sublease the Site from Related. The City will sub-sublease the Site to NYCLDC, which will assign the sub-sublease to Culture Shed, Inc. or an affiliated entity ("CS Operator") for nominal consideration. After substantial completion of construction, it is expected that Related will transfer ownership of the Site to the City, subject to the sub-sublease, pursuant to a purchase option included in the sublease from Related to the City (the "Purchase Option"). After purchase of the Site, the City will continue to lease the Site to CS Operator under the terms of the original sub-sublease. It is anticipated that a condominium (of which the Site will be a condominium unit) will be created prior to exercise of the Purchase Option.

<b>OWNER/LESSOR:</b>	MTA
<b>LESSEE/SUBLESSOR:</b>	Related
<b>SUBLESSEE/ SUB-SUBLEASE LESSOR:</b>	City
<b>SUB-SUBLESSEE/ SUB-SUBLEASE ASSIGNOR:</b>	NYCLDC
<b>SUB-SUBLEASE ASSIGNEE:</b>	CS Operator

Culture Shed, Inc. is a not-for-profit entity that was formed to construct and operate the Culture Shed (defined below). Members of the Board of Culture Shed, Inc. include Daniel Doctoroff, CEO and President of Bloomberg LP, Stephen Ross, Chairman of Related Companies, and the Commissioner of the New York City Department of Cultural Affairs (currently Kate Levin).

**USER/OPERATOR:** CS Operator will develop a cultural facility ("Culture Shed") on the Site. Culture Shed is expected to be used for cultural programming of various disciplines, which may include (but is not limited to) visual, performing and culinary arts, literature, crafts, technology, fashion and design.

**SITE:** Block 702, part of Lots 4 and 10 (the "Site")  
Borough of Manhattan  
Community Board No. 4

**SITE DESCRIPTION:** The Site will include (i) a ground level parcel of approximately 20,200 square feet midblock on 30th Street, under a section of the High Line, (ii) an approximately 21,000 square foot building pad (the "Pad") at the level of Related's deck over the ERY Yard, (iii) an adjacent approximately 19,000 square foot plaza (the "CS Plaza") and (iv) certain spaces of approximately 57,000 square feet within Tower D. Tower D is a residential building that will be constructed by Related adjacent to the Pad. The Pad and Tower D have not been constructed yet. Pursuant to the sub-sublease to CS Operator, a building (the "CS Building") is to be constructed on the Pad and on the portion of the Site under the High Line. Spaces forming part of the Site within Tower D will be included in the CS Building.

In addition to the CS Building, Culture Shed is expected to feature a retractable shed that can be deployed over the CS Plaza (the "CS Shed"). The CS Shed will be deployed from time to time to cover the CS Plaza. When the CS Shed is not deployed, it will be "nested" over the CS Building (see Attachment B).

**ZONING:** The Site may be used for community facility cultural programming use consistent with zoning. In July 2013, City

**USE/PROJECT  
DESCRIPTION:**

Planning approved zoning changes, pursuant to ULURP, to permit the construction of Culture Shed.

Culture Shed is being designed by Diller Scofidio + Renfro, LLC ("DSR"), in collaboration with Rockwell Group. Culture Shed is expected to include both the CS Building and the CS Shed that may be deployed over the CS Plaza. It is anticipated that the CS Building will have a ground floor lobby, three floors of exhibit/performance space and a rooftop café and exhibit space. When the CS Shed is deployed, it is anticipated that Culture Shed will have approximately 198,000 gross square feet of space, including approximately 31,600 square feet of contiguous useable space at the CS Plaza level. The final required size of the Culture Shed and CS Shed are still being negotiated and the sizes and permitted uses stated in the sub-sublease may vary somewhat from the anticipated sizes and uses stated herein.

It is not expected that any permanent collection will be located at Culture Shed; instead, it is anticipated that the facility will be used as a flexible space for temporary exhibits, performances and other cultural activities.

CS Operator will be responsible for operating expenses and condominium charges for Culture Shed. The City has currently allocated approximately \$50,000,000 towards the cost of construction of Culture Shed; the balance of funds needed for construction are expected to be raised by CS Operator through private and in-kind contributions.

It is expected that construction of Culture Shed will begin no earlier than the fourth quarter of 2014 and be completed approximately 3 years thereafter.

It is anticipated that the sub-sublease from the City to CS Operator will be administered by the New York City Department of Cultural Affairs.

**SUB-SUBLEASE TERM  
AND RENT:**

Ground sub-sublease, for nominal consideration (annual rent of \$1), for 99 years

**PILOT:**

No PILOT, consistent with cultural use

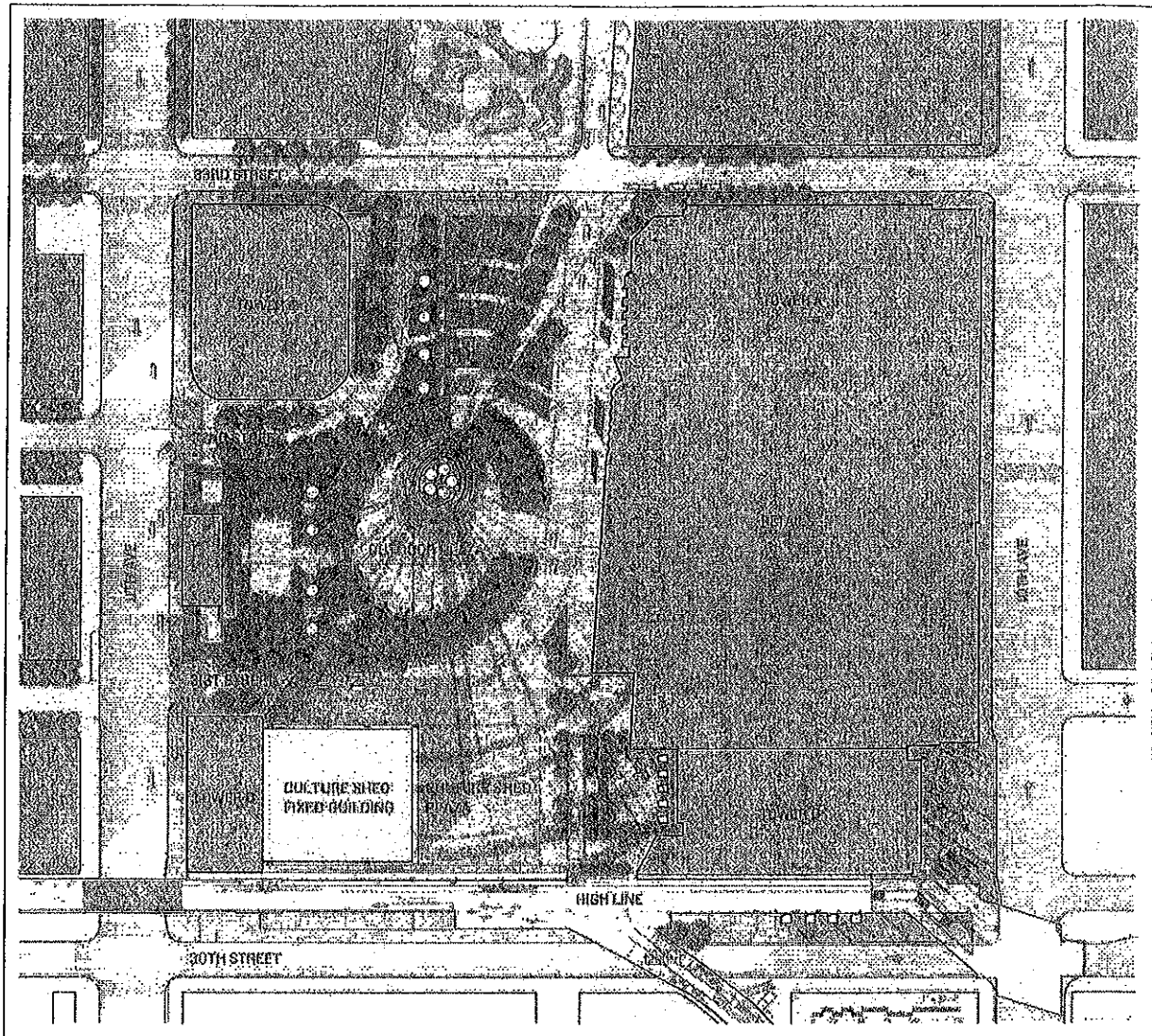
**APPRAISED VALUE:** An appraisal for the Site dated August 23, 2013 valued the Site, at highest and best use, taking into account the zoning of the Site, at \$0.

**PUBLIC APPROVALS:** ULURP disposition authority was granted in January, 2005 as part of the Hudson Yards rezoning. Additional zoning changes were approved in July 2013. Pursuant to Section 384(b)(4) of the New York City Charter, the transactions contemplated herein requiring Section 384(b)(4) approval were given a positive recommendation by Community Board No. 4 and are anticipated to be approved by the Manhattan Borough Board on September 26, 2013.

**PROPOSED RESOLUTION:** The approval of NYCLDC sub-subleasing the Site from the City and assigning the sub-sublease to CS Operator, on substantially the above described terms

**PROJECT CODE:** 5404

Attachment A - Site Location



Attachment B – CS Shed Nested and Deployed

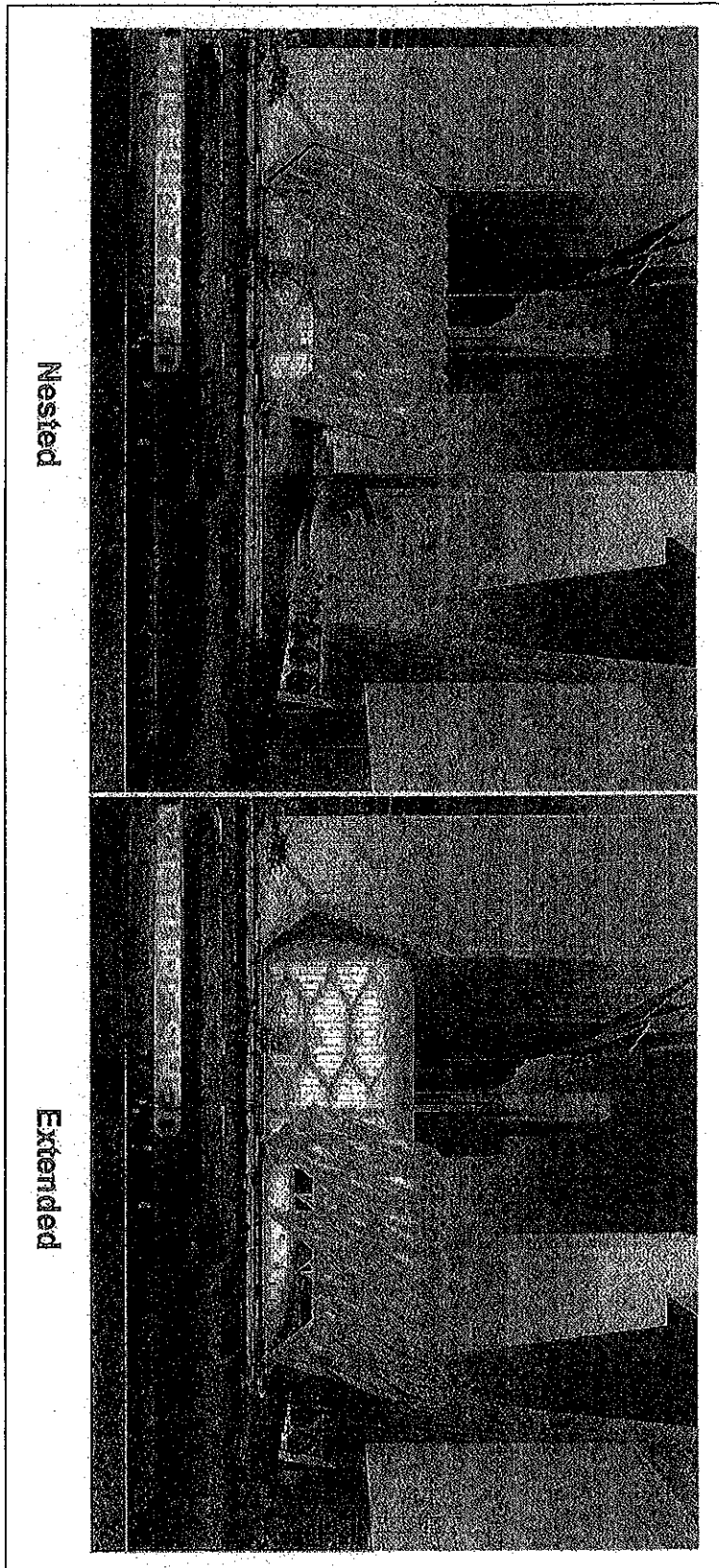




Exhibit E

NEW YORK CITY LAND DEVELOPMENT CORPORATION

**CORNELL UNIVERSITY LEASE  
Board of Directors Meeting  
September 30, 2013**

**LESSOR:** City

**LESSEE/LEASE  
ASSIGNOR:** NYCLDC

**LEASE  
ASSIGNEE:** Cornell University or an affiliated entity ("Cornell")

**SITE:** Block 1373, Lot 20 (the "Goldwater Parcel") and p/o Lot 1 (the "Additional Parcel" and together with the Goldwater Parcel, the "Site")  
Roosevelt Island, Manhattan  
Community Board No. 8  
City Council District No. 5

**SITE  
DESCRIPTION:** Located on Roosevelt Island, the Site is approximately 12 acres. Goldwater Hospital is the current occupant of the Goldwater Parcel and is in the process of vacating.

The Site is south of the Ed Koch Queensboro Bridge and north of Southpoint Park. The Site is bounded by a Loop Road that encircles the Site on all four sides.

**USER:** Cornell University is both a privately endowed university and the federal land-grant institution of New York State. For nearly a century and a half, it has provided a broad array of educational, research and outreach services through each of its fourteen colleges and schools.

**PROJECT  
DESCRIPTION/  
PURPOSE OF  
TRANSFER:** On July 19, 2011, NYCEDC released an RFP seeking a qualified academic institution which would establish a new applied sciences university in New York City. The RFP offered a cash contribution of up to \$100 million as well as a choice of three sites that are City-owned or affiliated (Goldwater Campus on Roosevelt Island, the Naval Hospital Campus at Brooklyn Navy Yard and development

areas on Governors Island) for a nominal annual rent. Respondents were also permitted to propose other sites.

NYCEDC received seven qualified responses to the RFP. The selection and designation of Cornell (of which Technion Israel Institute of Technology ("Technion") would be an academic partner) was the result of an intensive review process that included interviews of short-listed respondents by an NYCEDC review committee. Simultaneous with the work of the review committee, a panel of experts formed by NYCEDC and the City reviewed summaries of the proposals provided by NYCEDC. Cornell was selected for designation for the Roosevelt Island Site because its proposal and the terms of its transaction documents most satisfied the goals of the RFP. Cornell also announced that it received a \$350 million gift for the project from an anonymous donor, the largest contribution in the university's history. A summary of the other qualified offers received in response to the RFP is attached hereto as Attachment A.

Technion founded in 1912 in Haifa, is a world leader in technology education and the application of technology through new and existing companies. Technion will be an academic partner with Cornell University with regard to, and will jointly oversee, the Technion Cornell Innovation Institute portion of the Cornell NYC Tech campus to be developed on the Site. Cornell NYC Tech will grant Technion, Cornell University and joint degrees (Technion and Cornell University) through multiple academic programs.

The proposed Cornell NYC Tech project to be developed on the Site will be a graduate institution for applied sciences and engineering. The Cornell NYC Tech project will replace the existing Goldwater Hospital buildings in their entirety with a new, state-of-the-art sustainable academic campus that it is anticipated will be comprised of a combination of academic space, research and development facilities, an executive education center, housing, and publicly accessible open space. Overall, up to 2.1 million square feet of new development will be located on the new campus, and the academic program will focus on research and graduate degrees in the applied sciences and related fields of interest to the technology sector. A defining aspect of the new campus's academic programs will be a close tie to business and entrepreneurship that will be woven throughout the curriculum.

The campus will be built out over time. Under its lease, Cornell will be required to build a total of 1,800,000 square feet ("sf") of space of which at least 620,000 sf must be academic space. The first

phase of development is expected to be constructed in the northern portion of the Site, and Cornell anticipates that it will include 300,000 to 790,000 sf of development. It is expected to consist of up to: approximately 200,000 sf of academic space, approximately 300,000 sf of residential space, approximately 100,000 sf of research and development space, and approximately 170,000 sf for an executive education center with a hotel and conference facilities. In addition, another approximately 20,000 sf may be developed as a central energy plant in the initial phase of construction. As required by the project's ULURP action, approximately 52,000 sf of new publicly accessible open space would be introduced by the time 790,000 sf of development is built.

The remainder of the campus will be built out over time, and 1,800,000 sf of development is required to be completed by June 30, 2037. The additional development will add additional space to the campus, so that the aggregate building space of the campus is at least 1,800,000 sf. The program for the additional space may be refined and adjusted over time; however, it is currently expected to consist of approximately 420,000 sf of academic space, approximately 500,000 sf of residential space, approximately 400,000 sf of partner research and development space, and another approximately 20,000 sf central energy plant. Additional new publicly accessible open space, as required by the project's ULURP action, would also be introduced to bring the total of such new open space to at least 108,000 sf by the time 1,800,000 sf of development is built.

In total, the Cornell NYC Tech campus project program is anticipated to comprise a maximum of 2.13 million sf of development consisting of approximately 620,000 sf of academic space, approximately 800,000 sf of residential space, approximately 500,000 sf of partner Corporate Co-Location and research and development space, approximately 170,000 sf of an Executive Education Center with hotel and conference facilities, and approximately 40,000 sf for the optional central energy plants. In addition, it is expected that a total of at least 108,000 sf of publicly accessible open space will be provided on the Cornell campus to complement and supplement the waterfront esplanade areas already existing along the eastern and western edges of the Site.

**LEASE TERM/  
RENT/  
LEASED**

**PREMISES:**

99-year lease with \$1 annual rent and a purchase option of \$1 exercisable at the end of the term if the development and operating commitments under the lease have been completed and no event of default thereunder then exists. The lessee will also make PILOT payments in an amount being negotiated.

The lease will encompass either the Site, as a whole, or the Goldwater Parcel, alone. The Additional Parcel is currently under lease by the City to the Roosevelt Island Operating Corporation ("RIOCI") and will be included in the project only if Cornell and RIOCI agree on terms for a severance of the Additional Parcel from the RIOCI lease. Should the severance not occur, the project can proceed with the Goldwater Parcel alone.

**APPRAISED  
VALUE:**

An appraisal completed in April 2013 valued the lease of the Site at \$12,200,000 annual rent (and \$8,700,000 for the Goldwater Parcel alone) and assumed a highest and best use of residential cooperative apartments. However, the ULURP action restricted the disposition of the Site to primarily academic uses. A separate appraisal, taking into account the development requirements and use restrictions in the lease, valued the Site at \$2,200,000 annual rent (\$1,700,000 for the Goldwater Parcel alone).

**BENEFITS  
TO THE  
PUBLIC:**

The Site is being made available for less than the value shown by the appraisals. However, it is estimated that the project will create over \$2 billion in direct capital investment. It is also expected to indirectly create in the City about 600 new companies and up to 30,000 permanent jobs over 35 years. The project will also create up to 20,000 construction jobs and 8,000 direct, on-site permanent jobs.

Additionally, Cornell will be obligated to fulfill a series of commitments it made within the project's ULURP process primarily consisting of measures to prevent and mitigate environmental impacts identified in the CEQR Final EIS, use of best construction practices, provision of community programming, and contribution to Roosevelt Island public services in the form of additional security, funding for transit during construction and construction of publicly-accessible recreational space.

**ZONING:**

The Site is zoned C4-5, Special Southern Roosevelt Island District

**PUBLIC  
APPROVALS:**

Disposition under ULURP was approved by the City Council on May 8, 2013. Pursuant to Section 384(b)(4) of the New York City Charter, the Manhattan Borough Board approved the proposed disposition on July 18, 2013.

**PROPOSED  
RESOLUTIONS:**

Approval for NYCLDC's lease of the Site from the City and NYCLDC's assignment of the lease to Cornell for nominal consideration, on substantially the above-described terms

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

**PROJECT CODE:** 4215

**ATTACHMENT A: SUMMARY OF OTHER QUALIFIED RESPONSES TO THE RFP**

<b>Respondent</b>	<b>Site Location</b>	<b>Value Offered/Disposition Type</b>	<b>Proposed Uses</b>
<b>Amity University</b>	Governors Island development sites	None proposed.	Housing, Academic/Research, Community Facility
<b>Carnegie Mellon / Steiner Studios</b>	Brooklyn Navy Yard Hospital	99-year ground lease at nominal rent with purchase option at end of lease term and extension options	Housing, Academic, Laboratory
<b>Columbia University - Institute for Data Sciences &amp; Engg*</b>	Manhattanville sites 6,8,16 located on Broadway and 130th Street	N/A (private site)	Academic/Research
<b>New York Genome Center*</b>	619 West 54th Street	N/A (private site)	Research/Laboratory, Office
<b>NYU-Poly: The Center for Urban Science and Progress*</b>	1 Metrotech Center (2012 - 2016)	N/A (privately controlled)	Academic/Research
	370 Jay Street (Post 2016)	Purchase or long term lease for a nominal fee	Academic/Research
<b>Stanford University (withdrawn)</b>	Roosevelt Island Goldwater Campus	99-year ground lease at nominal rent with purchase option for nominal amount after year 35	Academic/Research/ Laboratory, Housing, Community Facility

\* A project with the New York Genome Center has been negotiated and is proceeding. Projects with Columbia University and NYU-Poly are being negotiated and are proceeding.

**ATTACHMENT B: SITE MAP**

