

MINUTES OF THE MEETING
OF THE BOARD OF DIRECTORS
OF
NEW YORK CITY LAND DEVELOPMENT CORPORATION
December 19, 2013

A meeting of the Board of Directors of New York City Land Development Corporation ("NYCLDC") was held on Thursday, December 19, 2013, at 260 Broadway, New York, New York.

The following members of the Board of Directors were present:

William Heinzen
Jeffrey Mandel (by conference telephone)
Kim Vaccari
Betty Woo

Also present was Mark Silversmith, Secretary of NYCLDC, who served as secretary of the meeting, and Meredith Jones, an Executive Vice President, General Counsel and Secretary of New York City Economic Development Corporation. (Attached hereto as Attachment 1 is a definition sheet that contains the definitions of certain frequently used terms contained in the Exhibits attached hereto.)

1. Approval of the Minutes of the November 8, 2013 Meeting of the Board of Directors

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

2. Real Estate Transactions

Mr. Silversmith then presented the transactions and matters set forth in:

- (a) Exhibit A hereto – Seaside Park and Community Arts Center,
- (b) Exhibit B hereto – Property Sale to Flushing Commons Property Owner LLC, and
- (c) Exhibit C hereto – Willets Point Phase 1 Redevelopment.

A motion was made to approve the matters set forth for approval, and to adopt the resolutions, in the Proposed Resolution(s) sections of Exhibits A, B and C. The motion was seconded and unanimously approved.

Various aspects of the transactions were discussed at the meeting, including the sole source procurement used in connection with the Seaside Park and Community Arts Center transaction. With regard to the Flushing Commons Property Owner LLC item,

Ms. Jones stated that AECOM Technology Corporation owned Tishman Construction, which was the probable constructor of the project.

3. Adjournment

There being no further business to come before the meeting, the meeting of the Board of Directors was adjourned.

Mark Silverman
Secretary

Dated: December 23, 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

NEW YORK CITY LAND DEVELOPMENT CORPORATION

**SEASIDE PARK AND COMMUNITY ARTS CENTER
Board of Directors Meeting
December 19, 2013**

**PROJECT
BACKGROUND**

AND OVERVIEW: Brooklyn Borough President Marty Markowitz has set aside an allocation of City Capital Budget funds (the "City Funding") for site acquisition and construction costs for a planned outdoor performing arts facility, publicly-accessible open space and the restoration of the landmarked Childs Restaurant building (the "Childs Building") in Coney Island, Brooklyn (the "Project"). The Project is intended to serve as a catalyst for continued investment in Coney Island and support the City's redevelopment goals for the area.

As more fully described below, the City will acquire property in Coney Island and then lease it for development. It will also give an option and right of first offer for other property in Coney Island to enable that property to be developed.

LESSOR: The City of New York

**LESSEE/LEASE
ASSIGNOR:** NYCLDC

**LEASE
ASSIGNEE
AND FUNDING
RECIPIENT:**

Seaside Park LLC, a Delaware limited liability company or an affiliated entity ("Seaside").

Seaside Park LLC is jointly owned by Coney Island USA, Inc. ("CIUSA") and Coney Entertainment LLC ("Coney Entertainment"), which together will have the attributes and experience to construct and operate the Project.

CIUSA is a not-for-profit corporation founded in 1980. The organization's signature activities include the Mermaid Parade, the Coney Island Circus Sideshow, the Coney Island Museum, and other theatrical works, all of which play a vital role in the continued renaissance of Coney Island.

Coney Entertainment is a Delaware limited liability company indirectly controlled by iStar Financial Inc. ("iStar"). iStar is a publicly held finance and investment company focused on the

commercial real estate industry. iStar has completed over \$35 billion of commercial real estate investments over two decades, with a primary focus on real estate finance, net leasing, operating properties and land. iStar owns successful outdoor entertainment facilities throughout the country.

SITE:

Block 7071, Lots 27, 28, 30, 32, 34, 76, 130, 142, 226, and 231 together with the to be de-mapped Highland View Avenue and a to be de-mapped portion of West 22nd Street (collectively, the "Site") (See Attachment A)

The only portions of the Site currently owned by the City are Lot 142 and the Avenue and Street to be demapped.

Coney Island, Brooklyn
Community Board No. 13
City Council District No. 47

**SITE
DESCRIPTION:**

The Site is approximately 130,000 square feet and currently consists of vacant land, portions of City streets that have been approved for demapping and will be demapped by the closing of the proposed transaction, and a lot containing the Childs Building, which building contains approximately 60,000 square feet of space and is a designated City landmark that is currently vacant. The Project will enable the complete restoration of the Childs Building to house commercial and theatrical uses. The Site is adjacent to the Coney Island Boardwalk and west of MCU Park (Brooklyn's minor-league baseball stadium) and the Abe Stark Skating Rink.

**PROJECT
DESCRIPTION/
PURPOSE OF
PROJECT:**

The Project will consist of three major components:

1) Outdoor Performing Arts Facility

An approximately 5,000-seat outdoor performing arts facility to be managed by Seaside under a proposed lease for the Site (the "Lease") between the City and NYCLDC that will be assigned by NYCLDC to Seaside for nominal consideration. The Lease will require that Seaside reserve up to 15 dates annually for free events that are open to the public. The stage for the facility, as well as ancillary uses such as dressing rooms and theatrical storage space, will be housed within the Childs Building.

2) Publicly-Accessible Open Space

Approximately 40,000 square feet of the Site, intended for use as a public park under the 2009 Coney Island rezoning plan, will be designated as publicly-accessible open space. Seaside will be responsible for maintenance of the area and all related costs during the Lease term. The remainder of the exterior space (approximately 60,000 square feet) will be open to the public for recreational or other public use at all times except during performing arts facility and other events. At the end of the Lease term, the entire Site other than the Childs Building will be modified at Seaside's expense in accordance with specifications provided by City Parks.

3) Childs Building Restoration

In addition to housing the stage and ancillary uses for the performing arts facility, the historic Childs Building will be restored to an active commercial use in accordance with allowed zoning. The stage is designed to face inward during inclement weather to serve as an amenity to potential building commercial tenant(s). The Lease will require Seaside to keep the Childs Building tenanted, open, and active on a year-round basis.

For nearly the past decade, Mayor Bloomberg, community stakeholders, and the Brooklyn Borough President's office have been leading the implementation of a strategic plan and economic development strategy for Coney Island in pursuit of the following goals ("Area Goals"):

- Create a vibrant new mixed-use destination that capitalizes on the area's beachfront access and historic amusement area.
- Create year-round activity through new entertainment, retail, and residential uses.
- Provide new retail and service business job opportunities.
- Create a year-round entertainment district to complement the amusement area through the development of ancillary commercial uses.
- Aid in neighborhood revitalization through the redevelopment of vacant land.

The Project is expected to support the Area Goals by channeling investment into the western part of Coney Island ("Coney West"), home to several large vacant development sites. By creating a publicly-accessible open space, performing arts space, and commercial development within the Childs Building, the Project is

intended to serve as a catalyst for further development within Coney West.

**PURCHASE BY
CITY, LEASE
TERMS AND
FUNDING
AGREEMENTS:**

Ownership of the Site is currently divided between entities controlled indirectly by iStar and the City. The City will acquire fee title to the non-City owned portions of the Site from an iStar controlled entity for \$16,100,000 (the "Land Purchase"). NYCEDC will act as escrow agent for a \$10,787,000 portion of the City's purchase price and will release the money to iStar in accordance with a related agreement. The escrowed funds may be used by NYCEDC and/or the City in the event that Seaside defaults in its construction obligations. Simultaneously with the Land Purchase closing (i) the City will enter into the Lease for the Site with NYCLDC, NYCLDC will assign the Lease to Seaside for nominal consideration and Seaside will assume all obligations of NYCLDC under the Lease and (ii) NYCEDC will enter into one or more funding agreements with Seaside to provide up to \$36,900,000 of City funding for the construction of the Project and purchase of necessary equipment. Collectively, these actions are hereinafter referred to as the "Seaside Transaction".

The contemplated term of the Lease is for at least 10 years in accordance with the terms of a special permit to be granted by City Planning and the City Council to allow an outdoor amphitheater use on the Site.

The Lease will have nominal base rent. In addition, PILOT will be payable in an amount approximately equal to real estate taxes that would be payable if the Site was owned by Seaside, taking into account abatements equal to those that would have been available to Seaside if it were the owner, under the Industrial Commercial Abatement Program when it was in effect.

The Lease and funding agreements with Seaside have been procured on a sole source basis in recognition of the unique nature of this transaction. iStar currently controls portions of the Site and the sole source procurement will allow construction of the Project to commence expeditiously in early 2014. Furthermore, iStar's relationship with CIUSA, a leading performing arts organization in Coney Island, will allow the Project to benefit from the unique combination of iStar's development experience and CIUSA's expertise in performing arts in the area.

Seaside will assign contracts related to the construction of the Project to NYCEDC as collateral, so that NYCEDC can assume the contracts and complete the Project in the event of a default by Seaside. NYCEDC may use funds from construction bonds, and possibly funds held in escrow by it or other funds made available by the City, to pay for work under such contracts, if it is determined to complete construction of the Project.

**OPTION AND
ROFO
AGREEMENTS:**

In connection with the Land Purchase transaction, at the closing of the Seaside Transaction, NYCLDC will receive from the City an option (the "Option") and NYCEDC will receive from the City a right of first offer (the "ROFO"), respectively, for City-owned property identified as Block 7071, p/o Lot 100 (the "Satellite Lot") and an adjoining property, Block 7071, p/o Lot 123 (the "HRA Property"), planned to be owned by the City (the Satellite Lot and the HRA Property are hereinafter referred to, collectively, as the "Option Property," and are approximately depicted in Attachment B). Lot 123 is planned to be acquired by the City principally to help establish a street, "Ocean Way," with the balance becoming part of the Option Property. The Satellite Lot comprises discontinued parkland that is currently used by the Brooklyn Cyclones for parking pursuant to a lease between the City and Brooklyn Baseball Company LLC. The Option will be assigned by NYCLDC to NYCEDC and by NYCEDC to Coney Island Holdings LLC ("CIH") and the ROFO will be assigned by NYCEDC to CIH, all for nominal consideration. CIH is an entity indirectly controlled by iStar.

The Option will expire primarily at the earlier of (i) 12 months after satisfaction of the following conditions: (a) State legislation authorizing discontinuance of the parkland on the Option Property and mapping of replacement parkland (the "Legislative Condition"), (b) construction of Ocean Way and (c) construction of the required subsurface infrastructure to serve the Option Property (provided that iStar may waive conditions (b) and (c)), and (ii) 25 years from the date of the closing on the Seaside Transaction. The ROFO will expire on the earliest of (1) 12 months after satisfaction of the Legislative Condition, (2) 25 years from the date of the closing on the Seaside Transaction and (3) termination of the ROFO due to a disposition under the ROFO. During the ROFO term, if the City decides to convey the Option Property, it must request from CIH an offer for the Option Property prior to marketing the property by RFP or other appropriate means. If the CIH offer is refused, the City will have three years to close on the sale or lease to another entity for consideration that must be at least 90% of CIH's offer price. If the

City does not close on the sale or long-term lease for the site within such three-year period, the ROFO will be reinstated.

If CIH is to purchase the Option Property pursuant to an exercise of the Option or the ROFO, the Option Property will be conveyed by the City to NYCLDC pursuant to Section 384(b)(4) of the New York City Charter for simultaneous conveyance to NYCEDC and then by NYCEDC to CIH. If CIH is to lease the Option Property pursuant to the ROFO, the City will lease the Option Property to NYCLDC and NYCLDC will assign the lease to CIH for nominal consideration.

If the City does not acquire the HRA Property, the Option and the ROFO may be exercised with respect to the Satellite Lot.

Under the Option, the purchase price of the Option Property payable to NYCEDC by CIH will be based on the appraised value. Under the ROFO, if CIH is to purchase property from NYCEDC, the price of the land must be acceptable to the City pursuant to the terms of the ROFO. In both cases NYCLDC will purchase the Option Property from the City for \$1 and NYCEDC will purchase the Option Property from NYCLDC for \$1.

Under the ROFO, if CIH is to lease the property, the lease terms must be acceptable to the City pursuant the terms of the ROFO.

**BENEFIT TO
THE PUBLIC:**

The transaction will serve the following public purposes in furtherance of the Area Goals:

- Create a new entertainment destination to attract visitors to an area in need of investment.
- Catalyze further mixed-use development in the Coney West area.
- Restore and activate the landmarked Childs Building.
- Enable the construction of publicly-accessible open space without requiring City expenditure on ongoing park maintenance costs.
- Create up to 275 permanent jobs and 90 construction jobs in Coney Island.

**APPRAISED
VALUE:**

An appraisal completed in November 2013 associated with the highest-and-best use for the Site in accordance with allowable zoning valued the lease of the Site at \$2,100,000 annual rent. This appraisal contemplated residential development on the vacant parcels and commercial use within the Childs Building.

A separate appraisal, taking into account the funding agreements as well as the development requirements and use restrictions in the Lease, valued the Site at nominal annual rent.

SOURCE OF FUNDS FOR THE FUNDING AGREEMENTS:

City Capital Budget funds.

ZONING:

The Site is zoned R5 and R7D with a C2-4 overlay and lies within the Special Coney Island District.

PUBLIC APPROVALS:

The Project has been certified into ULURP and is expected to receive all ULURP and Section 384(b)(4) approvals before the end of December 2013. The NYC Landmarks Preservation Commission granted a Certificate of Appropriateness for the planned restoration of the Childs Building in Summer 2013.

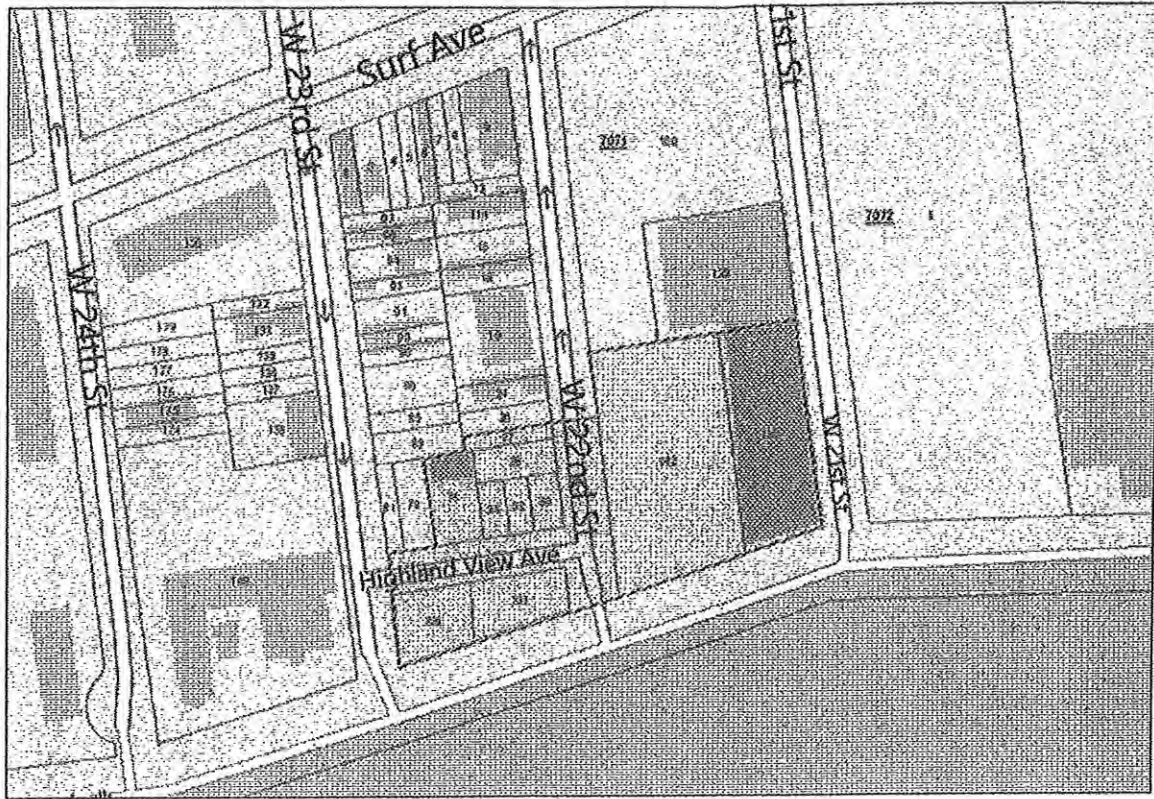
PROPOSED RESOLUTIONS:

- Approval of NYCLDC's lease of the Site from the City and NYCLDC's assignment of the Lease to Seaside for nominal consideration, on substantially the above-described terms
- Approval of NYCLDC's assignment of the Option to NYCEDC
- Approval of NYCLDC's purchase of the Option Property from the City on exercise of the Option by CIH, substantially as described herein
- Approval of NYCLDC's sale of the Option Property to NYCEDC on exercise of the Option by CIH, substantially as described
- Approval of any other actions or agreements necessary to effect the proposed transactions substantially as described herein, but excluding any actions or agreements related to the acquisition or disposition of an interest in the Option Property pursuant to the ROFO

The Board further resolves that there is no reasonable alternative to the proposed transfers to Seaside and NYCEDC that would achieve the same purpose as the transfers.

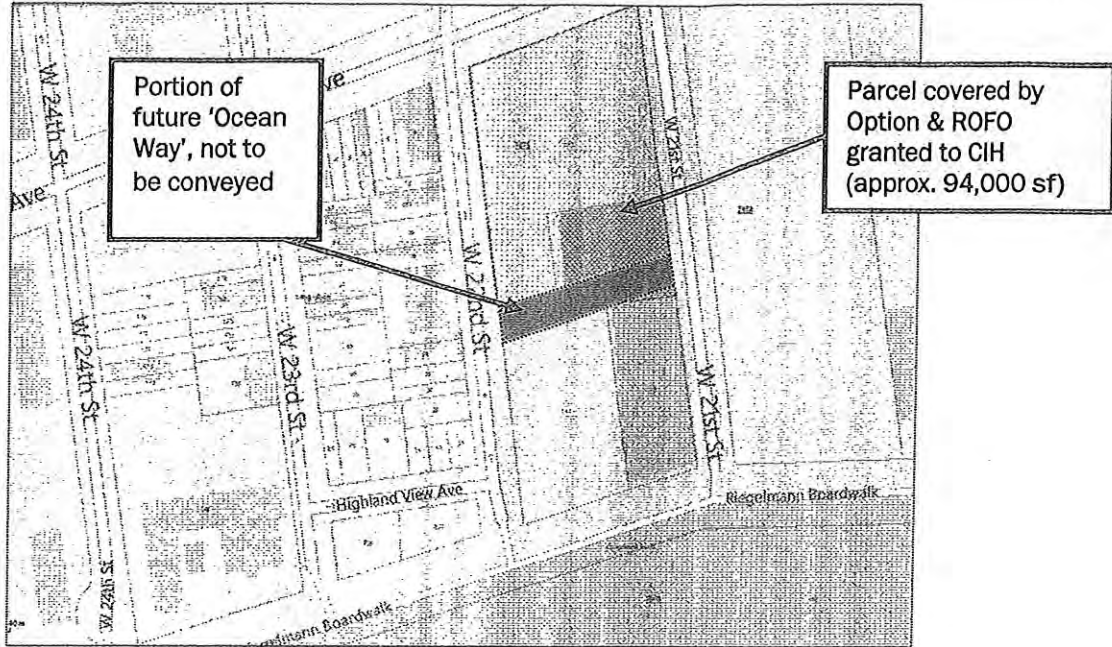
PROJECT CODE: 5300

ATTACHMENT A: SITE MAP

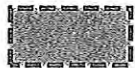


Site

ATTACHMENT B: Option and ROFO Parcels



Option/ROFO Parcels



Future "Ocean Way"

NEW YORK CITY LAND DEVELOPMENT CORPORATION

**PROPERTY SALE TO FLUSHING
COMMONS PROPERTY OWNER LLC
Board of Directors Meeting
December 19, 2013**

OVERVIEW:

At its February 7, 2013 meeting, NYCLDC's Board of Directors approved NYCLDC's purchase of Block 4978, Lot 25, Queens (the "Site") from the City for \$1 and NYCLDC's sale of the Site to NYCEDC for \$1, for resale to Flushing Commons LLC or an affiliated entity for \$20,000,000 (all cash), and NYCLDC entering into needed related agreements and taking any other actions necessary for transactions substantially as described at the meeting to take place. NYCLDC is obligated by the City to transfer the Site it acquires to NYCEDC. The project on the Site was to be built in two phases. Subsequent to the Board meeting, the portions of the project in each phase, the timing of the project construction and the composition of the purchaser from NYCEDC were somewhat modified, substantially as described below. In addition, the size of the project is larger than originally described, substantially as described below. The purpose of the transfer and benefits to the public from this transaction remain substantially as previously presented to the Board.

PURCHASER:

The purchaser from NYCEDC will now be Flushing Commons Property Owner LLC ("FC Property Owner" or the "Purchaser"). FC Property Owner is indirectly owned as follows: (1) 10% by an LLC a majority of which is owned by the owners of TDC Development and Construction Group ("TDC"), (2) 10% by Rockefeller Group Development Corporation ("Rock") which is indirectly owned by Mitsubishi, (3) 10% by an entity a majority of which is indirectly owned by AECOM Technology Corporation, and (4) 70% by an entity a majority of which is owned by Mount Kellett Master Fund 11-B, L.P. FC Property Owner is indirectly managed by Rock.

The purchaser from NYCEDC previously approved by the NYCEDC Board was Flushing Commons LLC or an affiliated entity. Flushing Commons LLC is approximately 90% indirectly owned by Rock and the owners of TDC.

**SITE
DESCRIPTION:**

The Site is an approximately 211,000 square foot parcel in the heart of Downtown Flushing, Queens that has been used as an approximately 1,100 space municipal parking lot since the 1940s.

**PHASING AS
APPROVED BY
BOARD:**

	Phase 1	Phase 2
Components	<ul style="list-style-type: none"> • 3 buildings to include not less than approximately: - 160,000 gsf of residential, - 250,000 gsf of mixed use commercial space, - a 62,000 gsf YMCA, - 982 underground parking spaces, • 618 temporary surface parking spaces, and • 1.5 acres of Open Space 	<ul style="list-style-type: none"> • 2 buildings to include not less than: - 250,000 gsf of mixed use space compliant with zoning - a sufficient number of parking spaces in an underground garage so that the total number of parking spaces in the Phases 1 and 2 buildings will total 1,600
Construction commencement, if closing by 6/2013	October 31, 2013	9 years after the completion of Phase 1
Construction Completion if closing by 6/2013	March 31, 2018	No completion date.

**PHASING
MODIFICATIONS:**

The Purchaser has secured debt and equity financing only for the components described as Phase 1 in the table below. NYCEDC proposes to modify what is included in the Phases and the time for construction of the Phases as described below to allow the project to proceed. However, to ensure that the Purchaser has an incentive to complete the entire project, NYCEDC will require payment of \$10,000,000 in liquidated damages for failure to timely commence Phase 2 and a guaranty of such payment. The Purchase Price to be paid by the Purchaser remains the same. However, the revised project schedule changes the sequencing and timing of the construction and accelerates construction of Phase 2. The project's sequencing would be substantially as detailed below:

	Phase 1	Phase 2
Components	<ul style="list-style-type: none"> • 2 buildings to include not less than approximately: - 160,000 gsf of residential, - 160,000 gsf of mixed use commercial space - 982 underground parking spaces, and • 618 temporary surface parking spaces 	<ul style="list-style-type: none"> • 3 buildings to include not less than approximately: - 350,000 gsf of mixed use space compliant with zoning, -90,000 gsf of mixed use commercial space - a 62,000 gsf YMCA, - a sufficient number of parking spaces in an underground garage so that the total number of parking spaces with the spaces in the Phases 1 and 2 buildings will total 1,600 and • 1.5 acres of Open Space
Construction Commencement	January 2014	July 2018
Construction Completion	April 2017	December 2021

The Purchaser would be permitted to defer the commencement of construction of Phase 2 for up to three years, with payments of \$1,000,000 per year to NYCEDC for each of the first two years. For the third year, the Purchaser will post a \$2,500,000 letter of credit at the beginning of the third year as security for the commencement of the Phase 2 components.

**PROPOSED
RESOLUTIONS:**

Approval for NYCLDC to (i) purchase the Site from the City for \$1 and sell it to NYCEDC for \$1 substantially as approved by the NYCLDC Board on February 7, 2013, with the terms of the transaction modified substantially as described above, and (ii) enter into any agreements and take any other actions necessary for transactions substantially as described above to take place, all substantially as described herein.

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

**NYCEDC
PROJECT CODE:** 3017

Figure 1: Site Map



NEW YORK CITY LAND DEVELOPMENT CORPORATION

**WILLETS POINT PHASE 1 REDEVELOPMENT
Board of Directors Meeting
December 19, 2013**

**TRANSACTION
OVERVIEW:**

The Site is comprised of three discrete areas – an approximately 23 acre site east of Citi Field Stadium (“Citi Field”) (the “Willets Point Phase 1 Site”) within the Willets Point Urban Renewal Area (the “URA”) and Special Willets Point District (the “District”), an approximately 30.7 acre site on the west side of Citi Field (the “Willets West Site”), and an approximately 12.1 acre site south of Roosevelt Avenue (the “South Lot Site”).

It is expected that NYCEDC will sell the Willets Point Phase 1 Site to the Developer in two phases. The first closing (“First Closing”) will occur with the conveyance of title to certain City-owned parcels within the Willets Point Phase 1 Site (the “First Closing Properties”). The second closing (“Second Closing”) will occur with the conveyance of title to the balance of the parcels within the Willets Point Phase 1 Site upon acquisition by the City and vacant possession of those parcels. The City will convey the parcels to NYCLDC for \$1 and NYCLDC will then convey them to NYCEDC which will then convey them to the Developer. NYCLDC is obligated by the City to transfer sites it acquires to NYCEDC. The above acquisitions and dispositions will permit the Project described below to be undertaken by the Developer for the purposes described below. The benefits to the public of the transfer of the Willets Point Phase I Site by NYCLDC to NYCEDC are those that will result from the Project undertaken by the Purchaser.

The area that will be included in the Willets West Site is currently included in two leases between NYCIDA and Queens Ballpark Company, L.L.C. (“QBC”), a special purpose entity organized solely for the purpose of developing, leasing, and operating Citi Field and certain surrounding parking sites. One of these leases covers the parking areas located to the west and north of Citi Field and a parcel immediately to the south of Citi Field (the “Existing North Parking Site”). This lease will be severed into two leases – one of which (the “Severance Lease”) will comprise part of the Willets West Site, and the other of which (the “Remainder Lease”) will

comprise the balance of the Existing North Parking Site, which will be retained by QBC. Either the Severance Lease or the Remainder Lease will include 400 parking spaces (in an area to be designated) to be used by QBC for Citi Field parking purposes (the "400 Space Site").

The second lease between NYCIDA and QBC (the "Citi Field Lease") covers Citi Field and adjacent areas (the "Citi Field Site"). The Citi Field Lease will be severed so that portions of Parcels E and F of the Citi Field Site may become part of the Willets West Site.

QBC will surrender possession of the area that will become the Willets West Site in one or more transactions, as replacement parking is completed by the Developer. If the replacement parking is not timely delivered and QBC remains in possession of the Existing North Parking Site, the Developer will be responsible for any resulting delay in its required construction under the Development Agreement between Developer and NYCEDC.

The Willets West Site will be subleased by QBC to NYCEDC (the "Willets West Site Sub-Sublease"), and further subleased by NYCEDC to the Developer (the "Development Sublease"). This transaction cannot occur until, among other conditions, the consent of QBC and the insurers of the bonds issued to fund construction of Citi Field are obtained, which may occur at the same time as the Second Closing or at a subsequent third closing (whichever, the "Consent Closing"). Upon execution of the Development Sublease and other transaction documents, the Developer will be required to begin construction of the Project, in accordance with the Development Agreement.

A third existing lease between NYCIDA and QBC of the South Lot Site will be amended to permit the construction of structured parking facilities. By separate agreement between QBC and QDG to be signed at the Consent Closing, QDG will agree to construct this parking for QBC.

The terms of the proposed sale from NYCEDC to the Developer and of the overall Project are substantially as follows:

PURCHASER:

Queens Development Group, LLC ("QDG") or an affiliated entity of QDG, together with its subsidiaries.

(collectively, the "Developer")

The members of the QDG are:

Related Willets, LLC ("Related") – Member – 50%

Sterling Willets, LLC ("Sterling") – Member – 50%

The sole member of Related is:

The Related Companies, L.P. – Member – 100%

The members of Sterling are:

Fred Wilpon – Member – 50%

Saul Katz – Member – 50%

QDG is a joint venture between Related and Sterling, which has formed or will form subsidiaries including QDG Retail Partners, LLC, QDG 126th Street Partners, LLC, QDG Hotel Partners, LLC and QDG Parking Partners, LLC (collectively, the "Subsidiaries"), each of which will acquire and/or lease and develop a portion of the Site, in such manner that all portions of the Site (other than the South Lot Site) will be owned or leased by one or more Subsidiaries. Related and Sterling are full service, highly experienced development firms with extensive histories of successful public private partnerships that generate significant economic development benefits for New York City and New York State.

SUBLESSOR: QBC

**SUBLESSEE/
SUB-**

SUBLESSOR: NYCEDC

SUB-

SUBLESSEE: Developer

SITE:

The Willets Point Phase 1 Site is comprised of approximately a 23 acre portion of the following: Block 1820, Lots 9 and 18; Block 1822, Lot 17; Block 1823, Lots 1, 3, 5, 7, 12, 14, 19, 20, 21, 23, 26, 28, 33, 40, 44, 47, 52, 55, 58, 59, 60; Block 1824, Lots 1, 12, 19, 21, 26, 28, 33, 38, 40, 45, 53; Block 1825, Lots 1, 19, 21, 25, 28, 30, 37, 46, 48, 53, 55, 58; Block 1826, Lots 1, 5, 14, 18, 20, 31, 35; Block 1827, Lot 1; and Block 1833, Lots 103, 111, 117, 120, 141, 143, 151, 155, 158, 172; and to-be-demapped street beds of 39th Avenue between Willets Point Boulevard and 126th Street; 38th Avenue between Willets Point Boulevard and 126th Street; 37th Avenue

between 126th Street and 127th Street; 36th Avenue between 126th Street and 127th Street; and Willets Point Boulevard between 126th Street and 127th Street in Flushing, Queens (Exhibit B).

The Willets West Site is comprised of a portion of Block 1787, Lot 20 in Flushing, Queens.

The South Lot Site is comprised of a portion of Block 2018, Lot 1500 in Flushing, Queens.

(collectively, the "Site") (Exhibit A)

Community Board 7
City Council District 23

SITE

DESCRIPTION:

For much of the early 20th century, the District was a tidal marshland that served as a dumping ground for incineration ashes. During the last fifty years, the District has been primarily comprised of auto-related and light industrial businesses.

As a result of the decades of blight and contamination, the Willets Point Phase 1 Site, which is within the District, faces several challenges to, and extraordinary costs associated with, redevelopment. These include without limitation anticipated environmental remediation, site grading, and infrastructure improvements not typical of development sites within the City.

The Willets West Site, which was formerly approximately the site of Shea Stadium until 2009, currently serves as surface parking dedicated to Citi Field and the South Lot Site currently serves as parking for commuters and USTA National Tennis Center events when baseball games are not in progress.

PROJECT

DESCRIPTION:

The Willets Point Development Plan (the "Plan") is an historic redevelopment effort aimed at transforming and revitalizing a largely neglected and polluted approximately 61-acre site into a lively, mixed-use, sustainable community and a regional retail and entertainment destination – a goal that has eluded the City for generations. The Plan included the creation of the District and the URA, which encompass the Willets Point Phase 1 Site, and led to a number of planning regulations and

design guidelines to ensure future redevelopment would be consistent with the Plan. Expanding on the goals and objectives of the Plan, the Project will unlock over five million square feet of new development in one of the most vibrant parts of Queens by activating significant acreage on both sides of Citi Field to create a contiguous link between Flushing and Corona, unifying the District, cleaning up decades of suspected toxic pollution, improving the quality of nearby waterways, and providing basic infrastructure it now lacks.

The Developer seeks to acquire the Willets Point Phase 1 Site and to sublease the Willets West Site to develop a multi-phased project as part of the Plan (collectively, the "Project") (Exhibit C).

Phase 1A of the Project will commence promptly following the Consent Closing. As part of Phase 1A, the Developer will perform environmental remediation of the entire Willets Point Phase 1 Site ("WP Remediation"). After the completion of the WP Remediation, the Developer will construct an approximately 2,750 space surface parking lot within the Willets Point Phase 1 Site (the "WP Parking") and seasonal recreation use within the Willets Point Phase 1 Site (the "WP Recreation"). Following the construction of the WP Parking, the Developer will construct (i) an approximately 200 key hotel including approximately, but not more than, 75 accessory parking spaces within the Willets Point Phase 1 Site (the "WP Hotel"), (ii) an approximately, but not less than, 30,000 square foot retail and entertainment facility (up to 7,500 square feet of which may be located on the street level of the WP Hotel) within the Willets Point Phase 1 Site (the "WP Retail"), (iii) an approximately 1,850 space structured parking facility within the South Lot Site (the "South Lot Parking"), and (iv) an approximately 1.4 million gross square foot entertainment and retail center and an approximately 2,900 space parking facility within the Willets West Site; provided, however, if the 400 Space Site is retained by QBC under the Remainder Lease, then this parking facility on the Willets West Site will contain approximately 2,500 spaces (all the above facilities, collectively, the "Phase 1A Project").

Provided that the Developer has completed the Phase 1A Project, the Developer is required to commence Phase 1B of the Project no later than December 1, 2025 and to complete Phase 1B within five years of commencement.

Notwithstanding the foregoing, the Developer's obligation to commence Phase 1B of the Project is subject to the City's completion of new Van Wyck access ramps (the "Ramps"). In addition, before construction of Phase 1B may begin, the Developer is required to construct up to two future replacement structured parking facilities for the Mets on the South Lot Site (and/or the balance of the Existing North Parking Site retained by QBC) so that QBC may relocate spaces from WP Parking to such new parking facilities. In Phase 1B, the Developer is required to build a minimum of 1.2 million zoning square feet of improvements (less the zoning square feet constituting the WP Hotel and WP Retail) in accordance with zoning and various mitigation requirements described below. The maximum Phase 1B build out may include construction of approximately 500,000 square feet of office space, approximately 290 additional hotel rooms, approximately 875,000 square feet of retail spaces, an approximately 1,000 seat 105,000 square foot core and shell school, approximately 25,000 square feet of community facility uses, over six acres of new open space for the community, and approximately 2,490 housing units, of which 35% will be affordable units (the above improvements, collectively, the "Phase 1B Project").

**TRANSACTION
TERMS:**

The development agreement to be executed between NYCEDC and the Developer (the "Development Agreement"), among other things, obligates the Developer to remediate and develop the Willets Point Phase 1 Site in accordance with agreed milestones.

The Development Agreement provides that if the Developer fails to timely complete Phase 1A or 1B of the Project, the Developer can avoid default for a specified period by paying per diem damages to NYCEDC. If a default continues beyond a specified period, NYCEDC can reacquire some or all of Willets Point Phase I Site and/or terminate the Development Sublease depending upon timing and nature of default. Provided that the City has completed the Ramps by December 1, 2024, if the Developer fails to commence construction of the Phase 1B Project by December 1, 2025, then the Developer shall pay, as liquidated damages for such default, the amount of \$35,000,000 (the "Liquidated Damages") to NYCEDC. If the City has not completed the Ramps by December 1, 2025, the Developer is not responsible for the Liquidated Damages, but the Developer

must commence the Phase 1B Project within one year of the date the City completes the Ramps. Failure to do so gives NYCEDC the right to reacquire the portions of the Willets Point Phase 1 Site on which foundations for the Phase 1B Project have not been completed at the time of reacquisition. Further, if the cost of remediation of the Willets Point Phase 1 Site, which is estimated to cost \$40 million, exceeds that amount, and NYCEDC does not agree to pay such costs over \$40 million, the Developer has the right to stop work and NYCEDC can reacquire the Willets Point Phase 1 Site and terminate the Development Sublease. If the Developer violates certain other covenants (including transfer and use restrictions in the deeds conveying the Willets Point Phase 1 Site), NYCEDC or its designee shall have the right to regain possession by re-acquiring all or part of the Willets Point Phase 1 Site and/or terminating the Development Sublease.

In the event of an NYCEDC re-acquisition before the WP Parking and the initial structured parking on the South Lot Site are built, NYCEDC is required to allow QBC to continue to park on the Willets West Site until such parking is built. In the event of an NYCEDC re-acquisition after the WP Parking is built but before the initial structured parking is built, NYCEDC is required to allow QBC to continue to park on a portion of the Willets West Site until the initial structured parking is built, and to continue to park on the WP Parking site until the future structured parking is built. If there is an NYCEDC re-acquisition after the WP Parking and initial structured parking are built but before the future structured parking is built, NYCEDC is required to allow QBC to continue to park on the WP Parking site until the future structured parking is built. NYCEDC has no obligation to build parking in any of the above scenarios.

Additionally, pursuant to the Development Agreement, the Developer will be obligated to fulfill a series of commitments in order to alleviate concerns expressed by the Councilmember, City Council, Community Boards 3, 4, and 7 and to mitigate impacts identified in the 2013 Final Supplemental Environmental Impact Statement (the "FSEIS").

Under the Development Sublease, the Developer will be required to make participation and transaction payments to NYCEDC from operating revenues and proceeds of capital transactions (the "Participation Payments"), and to pay additional rent based upon a percentage of the assessed

value of the improvements (the "Additional Rent"), and a special payment based upon the assessed value of the improvements, subject to a 15-year abatement (100% abatement in years 1-11, decreasing by 20% each year thereafter) and, after payment of the Citi Field bonds, upon the assessed value of the land comprising the Willets West Site (the "Special Payment").

The Severance Lease, the Willets West Site Sub-Sublease, and the Development Sublease will each have a term ending in 2105, which is coterminous with the Citi Field Lease.

QBC and the bond insurers have requested that the Development Sublease contain covenants and QBC approval rights, enforceable directly by QBC against the Developer, regarding matters including construction logistics and schedule, minimizing noise and vibrations during events at Citi Field, and a post-construction operations plan to avoid interference with Citi Field operations.

The Purchase and Sale Agreement entered into by NYCEDC and QDG on May 2, 2012, as amended and restated on August 1, 2012, and as will be further amended as of the date of the First Closing (the "PSA"), provides for obligations to be performed prior to the Developer's acquisition and development of the Willets Point Phase 1 Site and sublease of the Willets West Site. The PSA, among other things, provides for an outside closing date of May 2, 2019, by which the Second Closing must occur.

Since the PSA contemplates a multi-phase closing, it also provides for a put option, which allows the Developer to convey to NYCEDC the Willets Point Phase 1 Site (or portions thereof conveyed to the Developer) for \$1, and a call option, which allows NYCEDC to require the Developer to convey to NYCEDC the Willets Point Phase 1 Site (or portions thereof conveyed to the Developer) for \$1, each such option under circumstances specified in the PSA.

Additionally, the Developer will have a right of first offer ("ROFO") if the City elects to sell or ground lease all or a portion of the remaining URA and/or the MTA property identified as Block 1833, Lot 1 if acquired by the City (collectively, the "ROFO Property"). NYCEDC must notify the Developer of the terms upon which the City proposes to sell or ground lease the ROFO Property (the "ROFO Terms"), and

the Developer may elect to purchase or lease (as applicable) on such terms within 120 days after delivery of the notice. If the Developer elects not to purchase the ROFO Property, the City may sell the ROFO Property on the ROFO Terms or terms more favorable to the City to a third party within 540 days. Notwithstanding the foregoing, if the City fails to sell the ROFO Property to such third party within such period, the ROFO will be automatically reinstated. The ROFO terminates if the Developer does not complete all three closings with NYCEDC, or defaults under its agreements with, or the deeds from, NYCEDC. The ROFO also terminates two years after the date that the Developer is required to pay the Liquidated Damages. If the Developer is to purchase the ROFO Property pursuant to the ROFO, it is anticipated that the City will sell the ROFO Property to NYCLDC for \$1, NYCLDC will then sell such property to NYCEDC for \$1 and NYCEDC will sell the property to the Developer for the agreed on price. If the Developer is to lease the ROFO Property pursuant to the ROFO, it is anticipated that the City will lease the ROFO Property to NYCLDC, which will assign the lease to the Developer for nominal consideration. The Board of Directors of NYCEDC and NYCLDC will be required to approve these transactions if the dispositions are passing through NYCLDC.

The WP Parking, WP Retail, and WP Hotel components within the Willets Point Phase 1 Site will each be subject to individual requirements set forth in its respective deed, including transfer restrictions, lender cure rights, and, in the case of the WP Hotel and WP Retail, Participation Payments.

**PURCHASE
PRICE:**

The Developer's proposed purchase price for the Willets Point Phase 1 Site is \$1 (the "Purchase Price"). NYCEDC will purchase the Willets Point Phase 1 Site from NYCLDC for \$1. NYCLDC will purchase the Willets Point Phase 1 Site from the City for \$1.

RENT:

NYCEDC will lease the Willets West Site from QBC for nominal rent. QDG will pay an annual rent for the Willets West Site of \$10 plus the Participation Payments, Additional Rent and Special Payment described above to NYCEDC.

**APPRAISED
VALUE:**

Pursuant to an independent appraisal dated December 17, 2013 (the "Appraisal"), the estimated fair market value of the fee simple interest of the Willets Point Phase 1 Site assuming

conditions at the time of Phase 1A, for its highest and best use in as-is condition, is approximately negative \$54.9 million. When taking into account all impacts and/or extraordinary costs associated with the existing conditions and restrictions specific to the Plan and under the PSA, Development Agreement and the deeds, the value is approximately negative \$152.5 million.

Pursuant to the Appraisal, the estimated fair market value of the fee simple interest of the Willets Point Phase 1 Site assuming conditions at the time of Phase 1B, for its highest and best use in as-is condition, is approximately \$97 million. When taking into account all impacts and/or extraordinary costs associated with the existing conditions and restrictions specific to the Plan and under the PSA, Development Agreement and the deeds, the value is approximately negative \$34.6 million.

Pursuant to the Appraisal, the estimated fair market value of the leasehold interest of the Willets West Site assuming conditions at the time of Phase 1A is approximately negative \$35.4 million.

**PUBLIC
PURPOSE:**

The Project will serve the following public purposes in furtherance of the Plan goals:

- Create a regional destination that would enhance economic growth in Downtown Flushing and Corona
- Improve environmental conditions in the District and reflect the sensitive nature of its waterfront setting
- Create a larger, expanded Flushing core, by integrating the two sides of the Flushing River through land use and design
- Complement the adjacent recreational and sporting facilities
- Optimize use of existing highway, public transit, and parking infrastructure to minimize local traffic impacts
- Create substantial positive economic value for the City and provide a source of quality jobs for area residents.

**ECONOMIC
BENEFITS/
EMPLOYMENT:**

In addition to establishing a major new mixed-income neighborhood and commercial destination, the Project will form a comprehensive center of economic growth for Queens by infusing approximately \$3 billion of private investment into

the local economy, generating over tens of millions of dollars in new tax revenue during construction and once operational. The Developer estimates that the Project will create approximately 10,500 permanent private-sector jobs and approximately 18,000 direct construction jobs. The Developer will establish an M/WBE capacity-building fund totaling \$930,000 with a goal of achieving 25% M/WBE usage during construction, targeted usage, and capacity building programs.

**FINANCIAL
BENEFITS:**

It is contemplated that the Developer will receive financial assistance from the NYCIDA for the Phase 1A Project, including PILOT equal to \$0 until the commencement of the Phase 1B Project with respect to the WP Parking and exemptions from City and State mortgage recording tax capped at \$23.344 million with respect to mortgages recorded to secure financing for Willets West, the WP Hotel, the WP Retail and the South Lot Parking.

The Developer will also receive a sales tax exemption capped at \$20 million to be made available for construction of Willets West, the South Lot Parking and the 400 Space Site.

The Developer will be spending approximately \$3 billion, which will be financed by an approximately 60% commercial loan, \$99.99 million of capital grants from the City through NYCEDC to help defray the costs of the WP Remediation and certain other pre-development and development costs required of the Developer, with the balance funded by equity from the Developer.

ZONING:

Pursuant to Zoning Map 10b, the Willets Point Phase 1 Site is zoned C4-4 within the District and the URA. Article XII Chapter 4 of the Zoning Resolution of the City of New York sets forth site planning and design provisions for the District specifying the location of uses, maximum block dimensions, minimum street and sidewalk dimensions, building heights and setbacks, roof design requirements, and minimum amounts and locations of publicly accessible open space. The Plan provides complementary controls on redevelopment in the URA, which are to be concurrent with the controls of the Zoning Resolution but, in the event there is a conflict between the two, the more restrictive of the two will govern.

In addition to the zoning regulations above, the Project must conform to the maximum development program analyzed in the FSEIS and reflect the Willets Point Design Guidelines.

**PUBLIC
APPROVALS:**

A ULURP application for the designation of the URA and unrestricted disposition of the Willets Point Phase 1 Site was approved by City Planning on September 24, 2008 and adopted by the City Council on November 13, 2008. A ULURP application for a special permit to modify bulk or use regulations was approved by City Planning on August 21, 2013 and adopted by the City Council on October 9, 2013. No further ULURP approval is required for this transaction. Pursuant to Section 384(b)(4) of the New York City Charter, the Queens Borough Board approved the proposed disposition on November 18, 2013.

**PROPOSED
RESOLUTION:**

Approval for NYCLDC to (i) purchase the Willets Point Phase 1 Site from the City for \$1 and sell it to NYCEDC for \$1 on substantially the above-described terms and (ii) enter into any related agreements and take any other actions necessary for the transactions to proceed substantially as described herein.

The Board further resolves that there is no reasonable alternative to the proposed transfer to NYCEDC that would achieve the same purpose as the transfer.

PROJECT CODE: 1906

Exhibits A-C of Exhibit C of the Minutes

EXHIBIT A

The Site

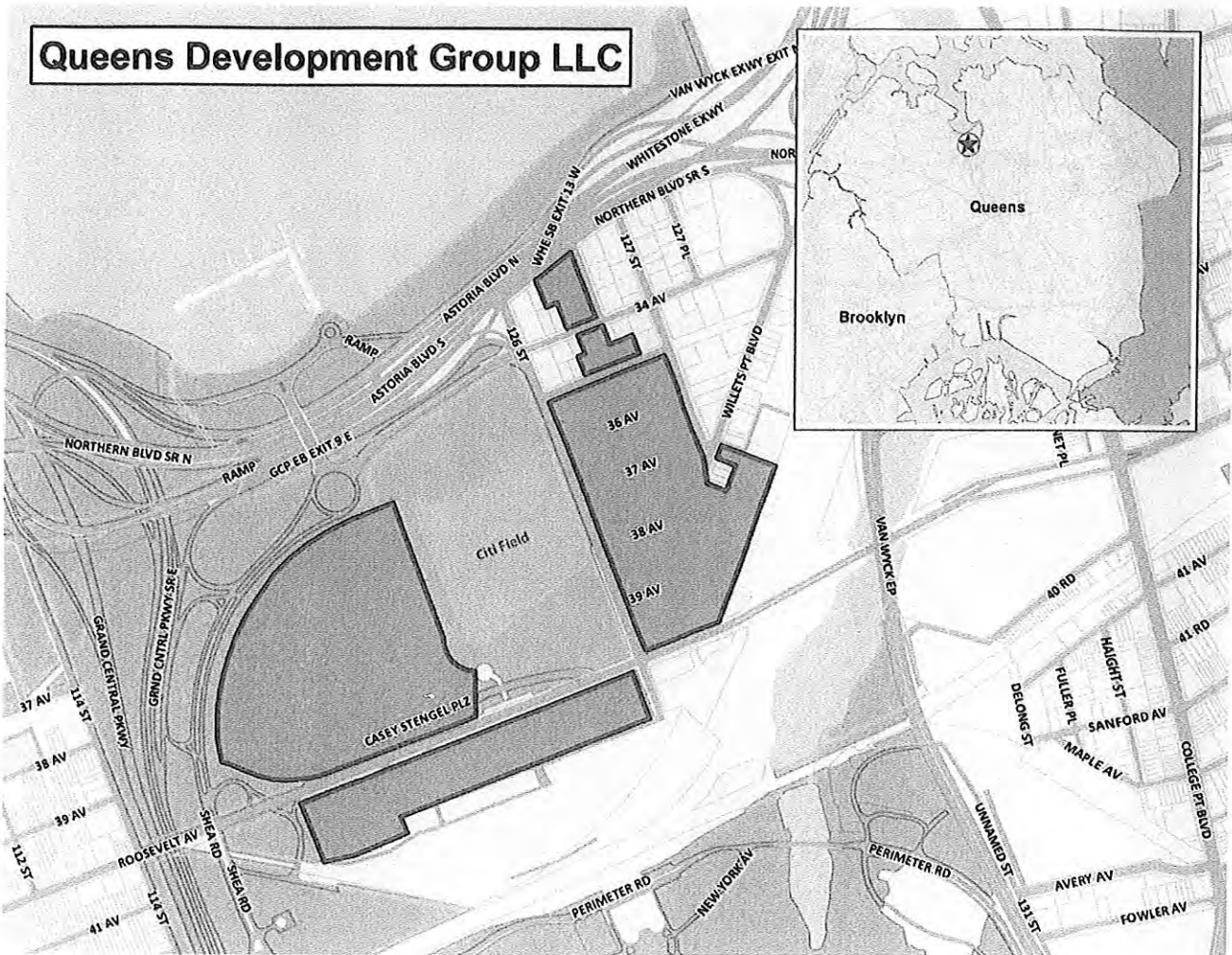


EXHIBIT A

Existing Lease Structures

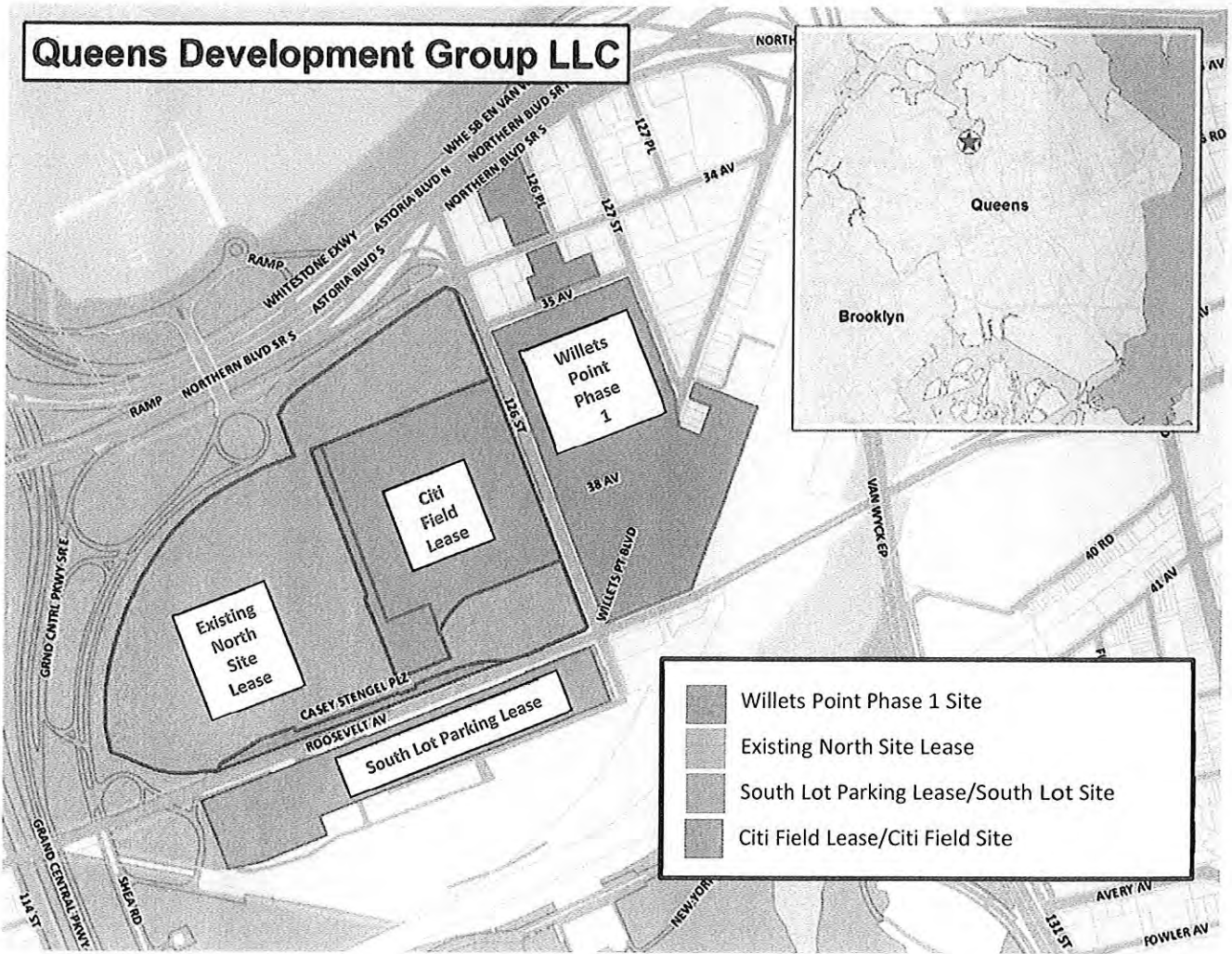


EXHIBIT A

Future Lease Structures

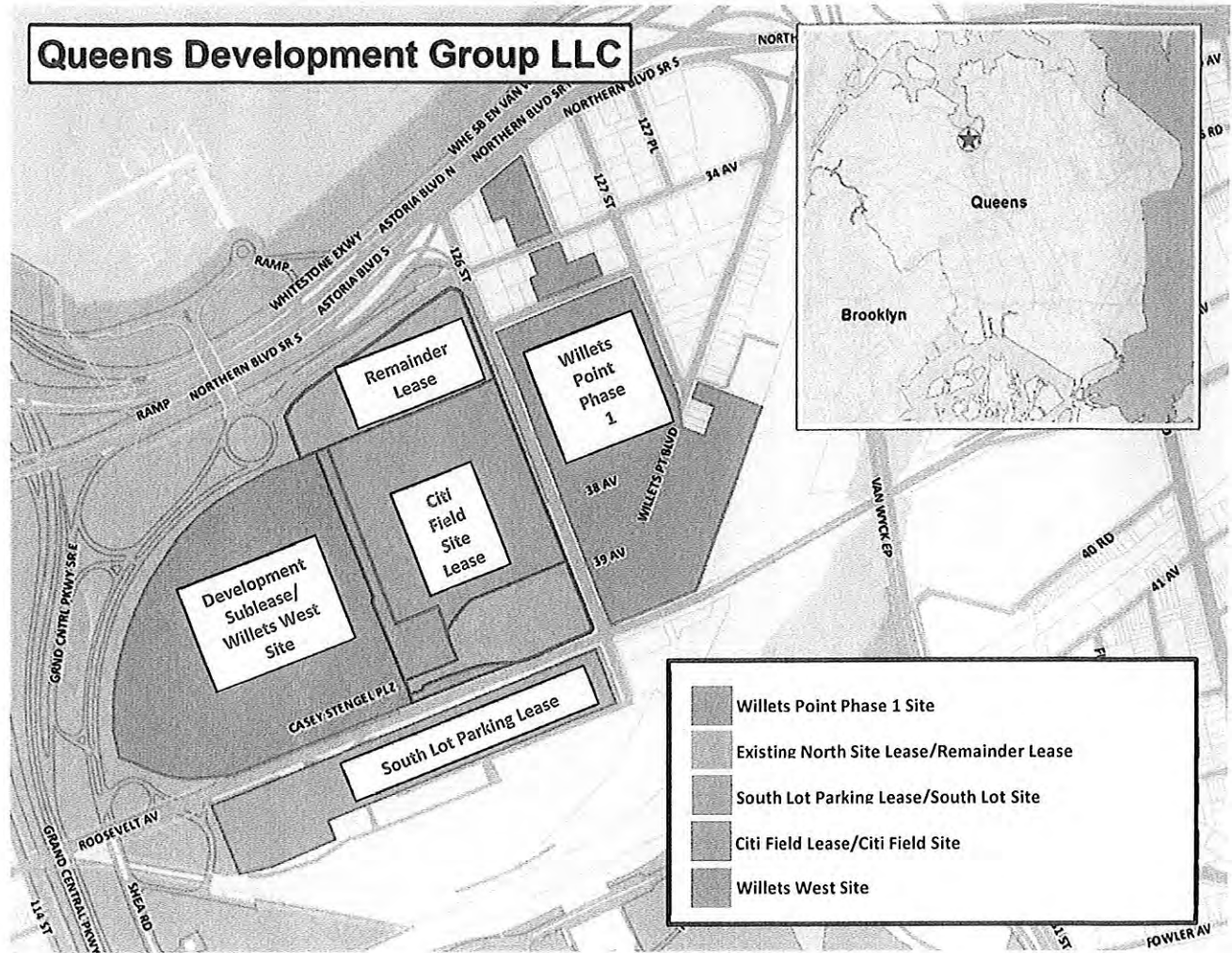
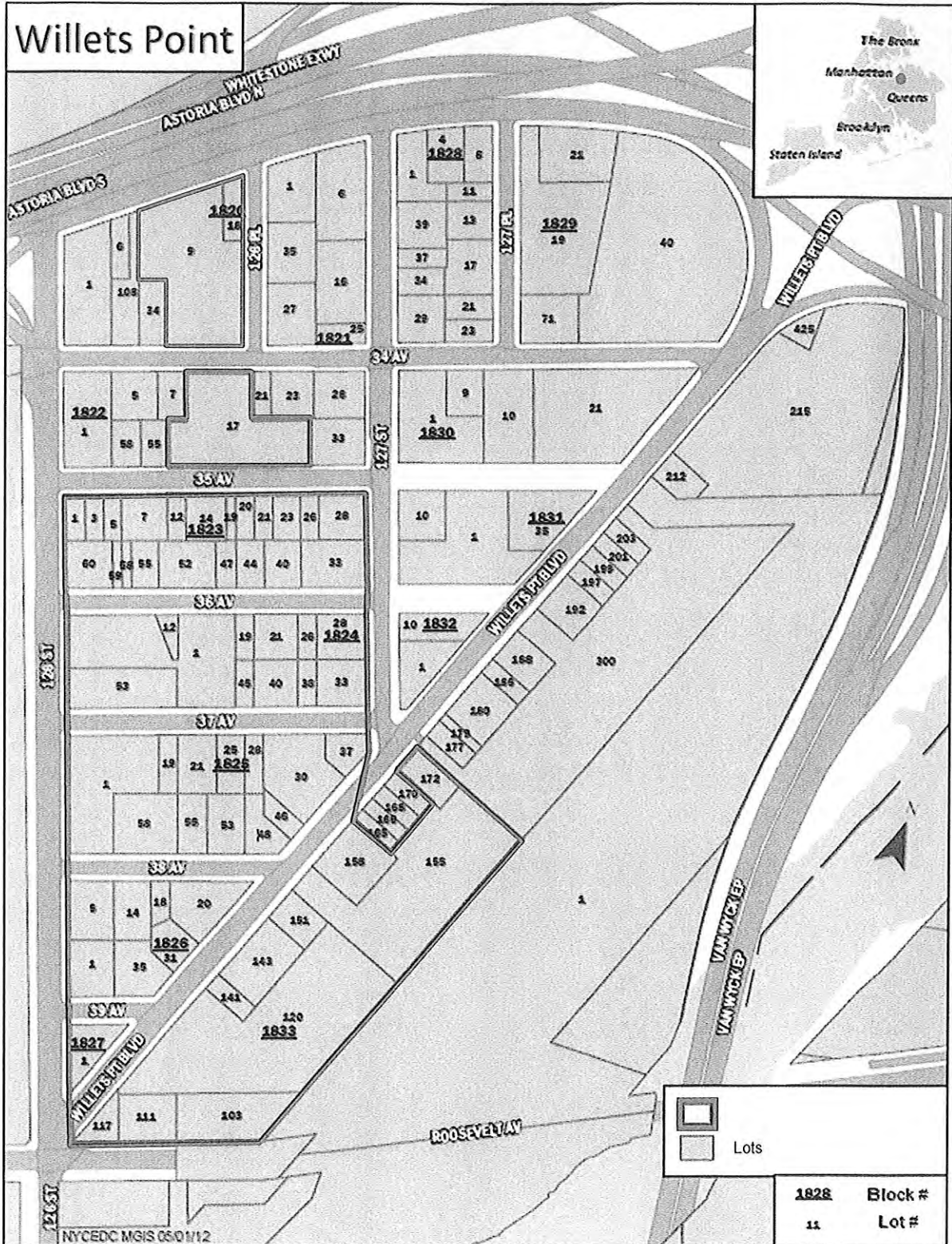


EXHIBIT B

Willets Point Phase 1 Site

(consists of an approximately 23-acre portion of the area delineated below)

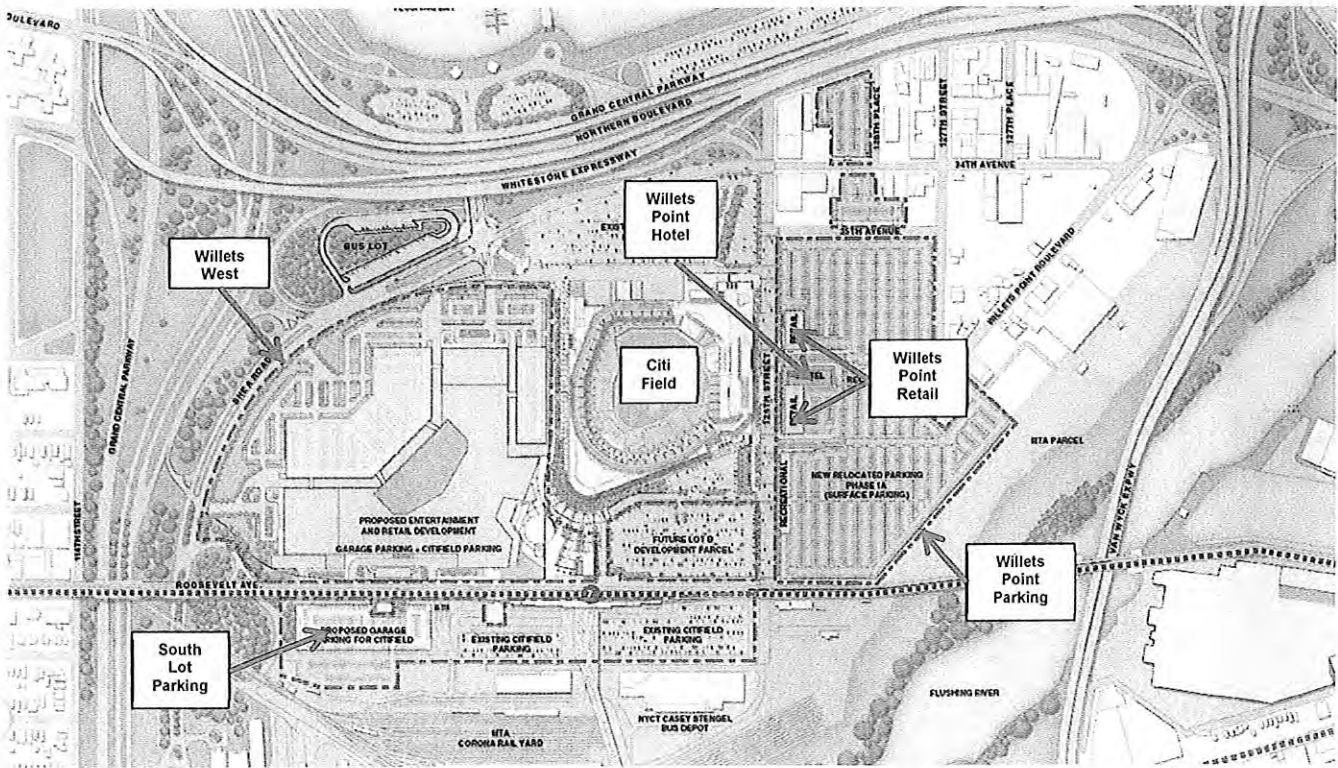


Lots
 Block #

1828 Block #
 11 Lot #

EXHIBIT C

Illustrative Site Plan of Phase 1A Project – with WP Parking Facility



Illustrative Site Plan of Phase 1A Project – with WP Recreation

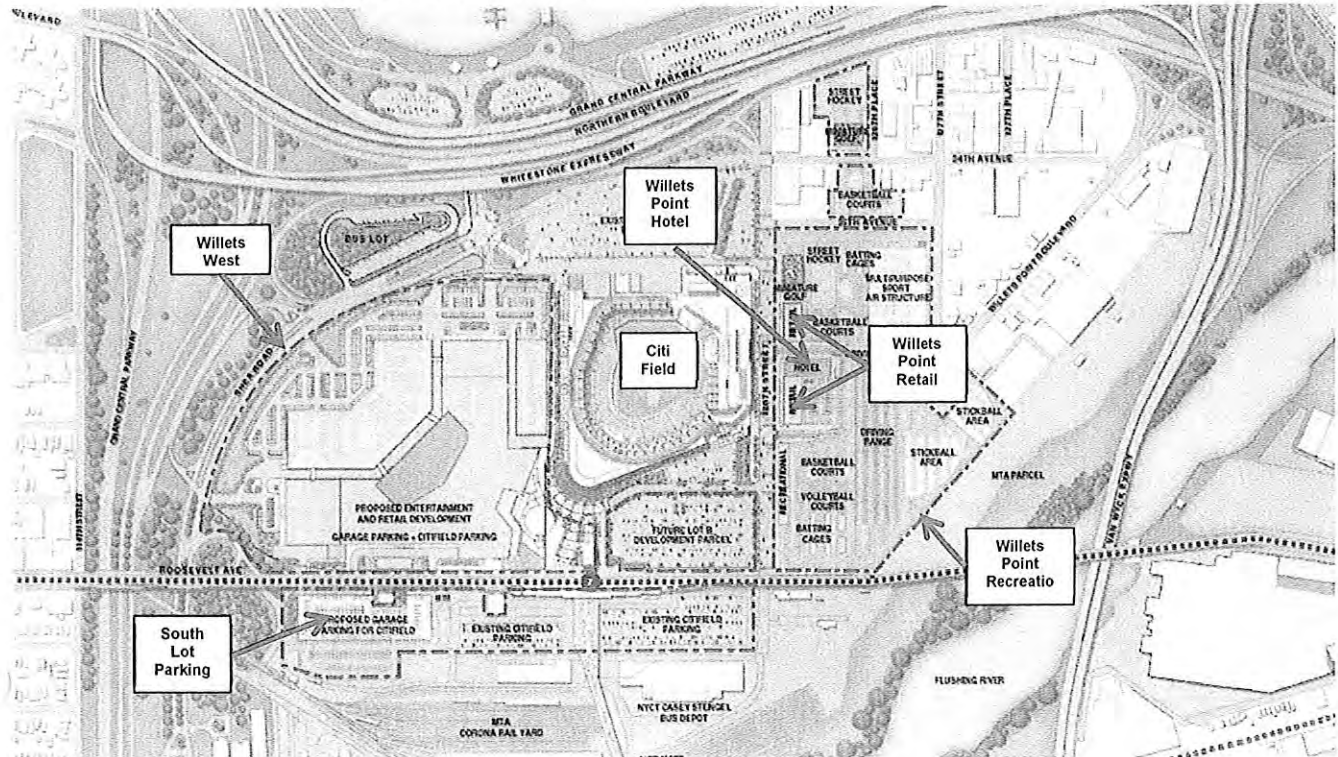


EXHIBIT C

Illustrative Site Plan of Phase 1B Project – Full Build Scenario

