

MINUTES OF THE REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
OF  
NEW YORK CITY LAND DEVELOPMENT CORPORATION  
September 30, 2015

A regular meeting of the Board of Directors of New York City Land Development Corporation ("NYCLDC") was held on Wednesday, September 30, 2015, at 260 Broadway, New York, New York.

The following members of the Board of Directors were present:

Henry Berger  
Elaine Braithwaite  
James Patchett  
Kim Vaccari  
Betty Woo

Also present were Mark Silversmith, Secretary of NYCLDC, who served as secretary of the meeting, Spencer Hobson, Executive Vice President and Treasurer of NYCLDC, Meredith Jones, an Executive Vice President, General Counsel and Secretary of New York City Economic Development Corporation ("NYCEDC"), Charles Gans, an Executive Vice President of NYCEDC, Fred D'Ascoli, a Senior Vice President and Assistant Treasurer of NYCEDC, Sara Tranter, a Vice President of NYCEDC, David Eisenman, an Assistant Vice President of NYCEDC, Julie Lubin, a Senior Counsel of NYCEDC, and Lou Roberts and Amy Wong from Ernst & Young LLP. (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 February 5, 2015 Meeting of the Board of Directors

There were no questions or comments with respect to the minutes of the February 5, 2015 Board of Directors meeting, as submitted. A motion to approve such minutes, as submitted, was made, seconded and unanimously adopted.

2. Financial Report and Audited Financial Statements to be Submitted 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 on 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. The financial report and audited financials for FY2015 are included in Exhibit A attached hereto.

The Audit Committee of NYCLDC had recommended to the Board that it adopt and approve the audited financials and financial report for FY2015.

There were no questions or comments with respect to the financial report and audited financial statements to be submitted pursuant to Section 2800 of the Public Authorities Law. A motion to adopt the resolution set forth in Exhibit A hereto was made, seconded and unanimously approved.

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. The Annual Investment Report for NYCLDC for FY2015 is included in Exhibit B attached hereto.

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

4. Performance Measurement Report

The Public Authorities Law requires NYCLDC to annually review its mission statement and measurement(s) by which the performance of NYCLDC and the achievement of its goals may be evaluated and, as of April 30, 2015, NYCLDC's Board approved a mission statement and performance measure.

ABO requires that NYCLDC annually report on performance results with regard to the approved measure. NYCLDC's report with regard to the performance measure for FY2015 was presented to the Board and is included in Exhibit C attached hereto.

5. Lease to Aaron Diamond AIDS Research Center

Mr. Eisenman presented the proposed lease by NYCLDC from The City of New York of the 6<sup>th</sup> and 7<sup>th</sup> floors of the City-owned building located at 455 First Avenue, Manhattan, on Block 932, Lot 17 on the Tax Map of the Borough of Manhattan, and NYCLDC's proposed assignment of the lease to The Aaron Diamond AIDS Research Center for the City of New York, Inc. ("ADARC") or an affiliated entity for nominal consideration, on substantially the terms set forth in Exhibit D hereto.

In answer to a question from Mr. Patchett, Mr. Eisenman explained that the proposed rent, while less than fair market value, was arrived at after an appraisal and negotiations, and that the proposed lease terms support the City's policy goals.

A motion was made to approve the matters set forth for approval in the Proposed Resolutions section in Exhibit D hereto and to resolve that there is no reasonable alternative to the proposed transfer to ADARC or an affiliated entity that will achieve the same purpose as the transfer. Such motion was seconded and unanimously approved.

6. Property Sale to MC 19 East Houston LLC

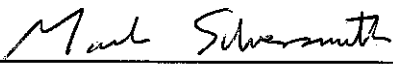
Ms. Tranter presented the proposed purchase by NYCLDC from The City of New York of Block 511, Lot 19 on the Tax Map of the Borough of Manhattan (the "Site"), and NYCLDC's proposed sale of the Site to NYCEDC, on substantially the terms set forth in Exhibit E hereto.

In answer to a question from Mr. Patchett, Ms. Tranter and Mr. Gans explained that NYCEDC would transfer the amount of the purchase price received by NYCEDC from its sale of the Site to MC 19 East Houston LLC to The City of New York, which would then transfer such amount to the Metropolitan Transportation Authority ("MTA"). Ms. Tranter also explained that, as part of the consideration for the sale, title to 6-8 East 20<sup>th</sup> Street in Manhattan was being transferred by MC 19 East Houston LLC or an affiliated entity to New York City Transit Authority ("NYCTA") for storage of MTA and/or NYCTA equipment that was currently being stored at the Site. It was also explained that the reason why this item, which had been approved by NYCLDC's Board on February 5, 2015, was being presented to the Board again, was because of proposed changed ownership in MC 19 East Houston LLC.

A motion was made to approve the matters set forth for approval in the Proposed Resolutions section in Exhibit E hereto and to resolve that there is no reasonable alternative to the proposed transfer to NYCEDC that will achieve the same purpose as the transfer. Such motion was seconded and unanimously approved.

7. Adjournment

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

  
\_\_\_\_\_  
Secretary

Dated: October 8, 2015  
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 Agreement.....	Any agreement 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.

NYCHA.....	New York City Housing Authority
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, 2015**

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

WHEREAS, 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, 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, 2015.

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, 2015 and their submission pursuant to Section 2800 of the Public Authorities Law.



Public Utilities Reporting Information System

Annual Report for New York City Land Development Corporation  
Fiscal Year Ending:06/30/2015

Run Date: 09/23/2015  
Status: UNSUBMITTED

Summary Financial Information

**SUMMARY STATEMENT OF NET ASSETS**

Assets

Current Assets

Cash and cash equivalents	\$4,990
Investments	\$0
Receivables, net	\$20,032
Other assets	\$0
<b>Total Current Assets</b>	<b>\$25,022</b>

Noncurrent Assets

Restricted cash and investments	\$0
Long-term receivables, net	\$0
Other assets	\$0
<b>Capital Assets</b>	
Land and other nondepreciable property	\$0
Buildings and equipment	\$0
Infrastructure	\$0
Accumulated depreciation	\$0
Net Capital Assets	\$0
<b>Total Noncurrent Assets</b>	<b>\$0</b>
<b>Total Assets</b>	<b>\$25,022</b>



Summary Financial Information

SUMMARY STATEMENT OF NET ASSETS

Liabilities

Current Liabilities

Accounts payable	\$0
Pension contribution payable	\$0
Other post-employment benefits	\$0
Accrued liabilities	\$20,023
Deferred revenues	\$0
Bonds and notes payable	\$0
Other long-term obligations due within one year	\$0
Total Current Liabilities	\$20,023

Noncurrent Liabilities

Pension contribution payable	\$0
Other post-employment benefits	\$0
Bonds and notes payable	\$0
Long Term Leases	\$0
Other long-term obligations	\$0
Total Noncurrent Liabilities	\$0
Total Liabilities	\$20,023

Net Asset (Deficit)

Net Asset

Invested in capital assets, net of related debt	\$0
Restricted	\$0
Unrestricted	\$4,999
Total Net Assets	\$4,999





Annual Report for New York City Land Development Corporation  
Fiscal Year Ending:06/30/2015

Run Date: 09/23/2015  
Status: UNSUBMITTED

Summary Financial Information

SUMMARY STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET ASSETS

<u>Operating Revenues</u>	
Charges for services	\$20,007
Rental & financing income	\$0
Other operating revenues	\$3
Total Operating Revenue	\$20,010
<u>Operating Expenses</u>	
Salaries and wages	\$0
Other employee benefits	\$0
Professional services contracts	\$0
Supplies and materials	\$0
Depreciation & amortization	\$0
Other operating expenses	\$20,010
Total Operating Expenses	\$20,010
Operating Income (Loss)	\$0
<u>Nonoperating Revenues</u>	
Investment earnings	\$0
State subsidies/grants	\$0
Federal subsidies/grants	\$0
Municipal subsidies/grants	\$0
Public authority subsidies	\$0
Other nonoperating revenues	\$0
Total Nonoperating Revenue	\$0



Annual Report for New York City Land Development Corporation  
Fiscal Year Ending:06/30/2015

Run Date: 09/23/2015  
Status: UNSUBMITTED

Summary Financial Information

SUMMARY STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET ASSETS

<u>Nonoperating Expenses</u>	
Interest and other financing charges	\$0
Subsidies to other public authorities	\$0
Grants and donations	\$0
Other nonoperating expenses	\$0
Total Nonoperating Expenses	\$0
Income (loss) Before Contributions	\$0
Capital Contributions	\$0
Change in net assets	\$0
Net assets (deficit) beginning of year	\$4,999
Other net assets changes	\$0
Net assets (deficit) at end of year	\$4,999

FINANCIAL STATEMENTS AND REQUIRED  
SUPPLEMENTARY INFORMATION

New York City Land Development Corporation  
(A Component Unit of The City of New York)  
Years Ended June 30, 2015 and 2014  
With Report of Independent Auditors

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

New York City Land Development Corporation  
(A Component Unit of The City of New York)

Financial Statements and Required Supplementary Information

Years Ended June 30, 2015 and 2014

**Contents**

**I. Financial Section**

Report of Independent Auditors.....	1
Management's Discussion and Analysis .....	3

**Financial Statements**

Statements of Net Position.....	6
Statements of Revenues, Expenses, and Changes in Net Position .....	7
Statements 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> .....	12
---	----

# I. Financial Section

**PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY**

## Report of Independent Auditors

The Management and 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 and for the years ended June 30, 2015 and 2014, 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 audits. We conducted our audits 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.

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, 2015 and 2014, and the changes in its financial position and its cash flows for the years then ended, 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 \_\_\_\_\_, 2015, 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.

\_\_\_\_\_, 2015

New York City Land Development Corporation  
(A Component Unit of The City of New York)

Management's Discussion and Analysis

June 30, 2015

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, 2015 and 2014. 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 and footnote disclosures*. 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.

**Financial Analysis of the Corporation**

**Net position**

The following table summarizes NYCLDC's financial position at June 30, 2015, 2014 and 2013 and the percentage change between June 30, 2015 and 2014:

	2015	2014	2013	% Change 2015-2014
Total assets	\$ 25,022	\$ 24,594	\$ 22,505	2%
Total liabilities	20,023	19,595	17,506	2
Unrestricted net position	\$ 4,999	\$ 4,999	4,999	-

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)

At June 30, 2015 and 2014, total assets were \$25,022 and \$24,594, respectively. 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 general and administrative expenses. As of June 30, 2015, the assets of the Corporation consisted of cash and a receivable balance from NYCEDC for the grant.

Total liabilities at June 30, 2015 and 2014, were \$20,023 and \$19,595, respectively, which consists primarily of audit fees.

Net position at June 30, 2015 and 2014, remains unchanged at \$4,999.

**Operating Activities**

NYCLDC is engaged in economic development by means of assisting The City with leasing and selling certain properties. The Corporation encourages economic growth throughout the five boroughs of The City by acquiring City-owned property and disposing of it to strengthen The City's competitive position and facilitate investments that build capacity, generate economic opportunity and improve the quality of life.

The following table summarizes NYCLDC's change in net position for the fiscal years ended June 30, 2015 and 2014 and the percentage changes between June 30, 2015 and 2014:

	2015	2014	% Change 2015-2014
Operating revenues	\$ 20,010	\$ 19,589	2%
Operating expenses	20,010	19,589	2
Operating income	-	-	-
Non-operating revenues	4	3	33%
Non-operating expenses	(4)	(3)	(33)%
Total non-operating income	-	-	-
Change in net position			
Total net position, beginning of year	4,999	4,999	-
Total net position, end of year	\$ 4,999	\$ 4,999	-

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)

**Operating Activities (continued)**

Operating revenues for the fiscal year ended June 30, 2015, were \$20,010, primarily due to a grant from NYCEDC. The grant allows NYCLDC to meet its current general and administrative expense obligations. The Corporation also closed on three (3) real estate sales transactions and leased two (2) City-owned properties in which it purchased or leased property from The City in compliance with section 384(b)(4) of the City Charter. Under the City Charter, land is purchased for a nominal fee. The purchased properties were then sold for the same nominal fee to NYCEDC, which then re-sold the properties to private parties. The aggregate nominal fee exchanged for both purchasing and selling the land amounted to \$3. City-owned properties leased by the Corporation were then subleased to private parties at the direction of NYCEDC. NYCLDC does not pay or receive any fees related to these leased properties.

Operating expenses mainly included \$20,007 of fees related to audit services.

Correspondingly, no operating income was recognized for the year ended June 30, 2015.

**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)

Statements of Net Position

	June 30	
	2015	2014
<b>Current assets</b>		
Cash	\$ 4,990	\$ 5,013
Due from NYCEDC	20,032	19,581
Total current assets	<u>25,022</u>	<u>24,594</u>
<b>Liabilities and net position</b>		
Current liabilities:		
Accounts payable and accrued expenses	20,007	19,582
Due to the City	16	13
Total current liabilities	<u>20,023</u>	<u>19,595</u>
Unrestricted net position	<u>\$ 4,999</u>	<u>\$ 4,999</u>

*See accompanying notes.*

New York City Land Development Corporation  
(A Component Unit of The City of New York)

Statements of Revenues, Expenses, and Changes in Net Position

	Year Ended June 30	
	2015	2014
Operating revenues:		
Grant	\$ 20,007	\$ 19,582
Real estate sales	3	7
Total operating revenues	20,010	19,589
Operating expenses:		
Cost of property sold	3	7
Auditing fees	20,007	19,555
Miscellaneous expenses	-	27
Total operating expenses	20,010	19,589
Operating income	-	-
Non-operating revenues (expenses):		
Interest income	4	3
Other expense	(4)	(3)
Total non-operating revenues (expenses)	-	-
Change in net position	-	-
Unrestricted net position, beginning of year	4,999	4,999
Unrestricted net position, end of year	\$ 4,999	\$ 4,999

*See accompanying notes.*

New York City Land Development Corporation  
(A Component Unit of The City of New York)

Statements of Cash Flows

	Year Ended June 30	
	2015	2014
<b>Cash flows from operating activities</b>		
Grant receipts	\$ 19,556	\$ 22,506
Real estate sales	-	7
Audit fees	(19,555)	(17,500)
Miscellaneous expenses	(24)	-
Net cash (used in) provided by operating activities	(23)	5,013
<b>Cash flow from investing activities</b>		
Interest income	4	3
Other expense	(4)	(3)
Net cash provided by investing activities	-	-
Net change in cash and cash equivalents	(23)	5,013
Cash and cash equivalents, beginning of year	5,013	-
Cash and cash equivalents, end of year	\$ 4,990	\$ 5,013
<b>Reconciliation of operating income to net cash (used in) provided by operating activities</b>		
Operating income	\$ -	\$ -
Adjustments to reconcile operating income to net cash (used in) provided by operating activities:		
Changes in operating assets and liabilities:		
Accounts payable and accrued expenses	425	2,082
Due to the City	3	7
Due from NYCEDC	(451)	2,924
Net cash (used in) provided by operating activities	\$ (23)	\$ 5,013

*See accompanying notes.*

New York City Land Development Corporation  
(A Component Unit of The City of New York)

Notes to Financial Statements

June 30, 2015

**1. Background and Organization**

The accompanying financial statements include the assets, liabilities, net position and the financial activities of the New York City Land Development Corporation (“NYCLDC” or the “Corporation”).

On May 8, 2012, the City of New York (“The City”) formed New York City Land Development Corporation. NYCLDC is a Local Development Corporation organized pursuant to section 1411 of the Not-for-Profit Law of the State of New York (the “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. The mission of NYCLDC is to encourage economic growth throughout the five boroughs of The City by acquiring City-owned property and disposing of it to strengthen The City’s competitive position and facilitate investments that build capacity, generate economic opportunity and improve the quality of life.

**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”).

**Upcoming Accounting Pronouncements**

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* (“GASB No.76”). The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (“GAAP”). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. The provisions of this Statement are effective for fiscal years beginning after June 15, 2015. NYCEDC is currently evaluating the impact this standard will have on its financial statements.

New York City Land Development Corporation  
(A Component Unit of The City of New York)

Notes to Financial Statements (continued)

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

**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 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**

New York City Economic Development Corporation ("NYCEDC") provides NYCLDC with grant funding for its general and administrative expenses. The Corporation does not have any employees. Administrative services are provided to the Corporation by NYCEDC pursuant to a services agreement and no management fees are charged for these services.

New York City Land Development Corporation  
(A Component Unit of The City of New York)

Notes to Financial Statements (continued)

**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 NYCEDC or at the direction of NYCEDC.

During the year ended June 30, 2015, the Corporation closed on three (3) real estate sales transactions and leased two (2) City-owned properties which were obtained from The City in compliance with section 384(b)(4) of the City Charter, for a nominal fee. The purchased properties were then sold for the same nominal fee to NYCEDC, which then re-sold the land to private parties. The aggregate nominal fee exchanged for both purchasing and selling the land amounted to \$3. City-owned properties leased by the Corporation were then subleased to private parties at the direction of NYCEDC. NYCLDC does not pay or receive any fees for leased property.

**4. Grants**

NYCLDC received operating grants from NYCEDC during the year ended June 30, 2015. Grant revenues in the amount of \$20,007 were provided to offset the Corporation's annual operating expenses and were recorded as operating revenue.

**5. Cash**

The bank balance was \$4,990 as of June 30, 2015. The full balance was covered by federal depository insurance.



## II. 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*

The 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, 2015, and the related statements of revenues and expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated \_\_\_\_\_, 2015.

**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.

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

## **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.

\_\_\_\_\_, 2015

Exhibit B

**NEW YORK CITY LAND DEVELOPMENT CORPORATION**

**ANNUAL INVESTMENT REPORT  
Board of Directors Meeting  
September 30, 2015**

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, 2015;

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

**Staff:** Spencer Hobson, Executive Vice President and Treasurer

**NEW YORK CITY LAND DEVELOPMENT CORPORATION  
ANNUAL INVESTMENT REPORT  
FOR THE YEAR ENDED JUNE 30, 2015**

**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, 2015 the Board did not approve any changes to the Investment Guidelines previously adopted.

**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, 2015, NYCLDC did not have an annual audit for investments.

**Investment Income Record**

NYCLDC had no investment income for the year ended June 30, 2015.

**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.

## Attachment A

### 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.	U.S. Treasury	100% maximum
B.	Federal Agency	100% maximum
C.	Repurchase Agreements	5% maximum
D.	Commercial Paper	25% maximum
E.	Bankers Acceptances and Time Deposits	25% maximum
F.	Certificates of Deposit	20% maximum
G.	Other Investments Approved by Comptroller for City Funds	A percentage deemed prudent by Treasurer

**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.

## **XIII. 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.

## **XIV. 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.

## **XV. 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) officers of LDC be authorized to 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 of LDC be authorized to certify to the due adoption of such banking resolutions and incumbency certificates. 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 2015**

**Name of Public Authority:**

New York City Land Development Corporation

**Performance Goal:**

<i>Performance Measure</i>	<i>FY15 July 1, 2014 – June 30, 2015</i>
New private investment related to sale/long-term lease of City-owned property	\$1,701,675,000 (This number includes lease rent npv for the lease term of leases, purchase prices and projected soft and hard development costs.)

Exhibit D

**NEW YORK CITY LAND DEVELOPMENT CORPORATION**

**LEASE TO AARON DIAMOND AIDS RESEARCH CENTER  
Board of Directors Meeting  
September 30, 2015**

**LESSOR:** The City

**LESSEE/LEASE  
ASSIGNOR:** NYCLDC

**LEASE  
ASSIGNEE:** The Aaron Diamond AIDS Research Center for the City of  
New York, Inc. ("ADARC") or an affiliated entity

**LEASED  
PREMISES:** 6<sup>th</sup> and 7<sup>th</sup> floors (the "Leased Premises") of the City-owned  
building (the "Building") located at 455 First Avenue in  
Manhattan will be leased pursuant to a lease (the "New  
Lease") from the City to NYCLDC that is assigned by  
NYCLDC to ADARC or an affiliated entity for nominal  
consideration. The Building is on Block 932, Lot 17 and is in  
Community Board No. 6. The Leased Premises are  
approximately 40,000 square feet.

**USER:** The Leased Premises will be used by ADARC and possibly  
affiliated entities. ADARC is a not-for-profit AIDS research  
organization founded in partnership with the City in 1991.  
ADARC conducts medical research to develop novel  
therapies, vaccines and other prevention strategies in pursuit  
of finding solutions to ending the AIDS epidemic.

**LEASE TERM:** Up to 20 years

**RENT:** Base rent in the first lease year of the New Lease will be  
\$29.21 per square foot (which is \$15.84 per square foot  
higher than the base rent per square foot in the final year of  
the current ADARC lease). Base rent under the New Lease  
will be \$45 per square foot in the second lease year. Base  
rent will increase annually thereafter by the lesser of the  
increase in the Consumer Price Index the previous calendar  
year and 3.5% each year for the remainder of the lease  
term.

Consistent with the terms of the existing lease, the City will also receive Net Royalty Income (additional rent) in the event that the tenant or an affiliated entity receives license and/or sales income from patented processes or products during the term of the New Lease.

In arriving at the negotiated rent, NYCEDC considered the ongoing research and operational collaboration between ADARC and DOHMH, as well as the transaction's benefits to the public described herein.

**APPRAISED  
VALUE:**

The appraised value of the New Lease is \$54 per square foot for the first year of the New Lease.

**BACKGROUND/  
PROJECT  
DESCRIPTION/  
PURPOSE  
OF TRANSFER  
/BENEFITS TO  
THE PUBLIC:**

The Building is dedicated to use for medical research and related purposes. The New York City Department of Health and Mental Hygiene ("DOHMH") currently occupies most of the Building.

ADARC has occupied the 6<sup>th</sup> Floor of the Building since 1991, and expanded to the 7<sup>th</sup> Floor in 1995. Since its founding, ADARC has invested approximately \$18 million in the Leased Premises. In light of this investment and the City's support for ADARC's mission, the existing lease from the City to ADARC for the Leased Premises, which expires in September 2015, charged a deeply discounted base rent as compared to estimated market value.

Pursuant to an RFP issued December 27, 2013, it is anticipated that the City will lease the Building (possibly including DOHMH's space) to NYCLDC, which will assign the lease to a private developer for redevelopment of the Building. It is anticipated that the developer will pay nominal rent but will be required to renovate space in the Building for DOHMH's consolidated operations. The portion of the Building not used by DOHMH (including the Leased Premises) will be available to the developer for subleasing.

The lease with the developer will be presented for approval at a later date.

The New Lease is being awarded on a sole source basis so that the Leased Premises will be tenanted at the time the transaction with the Building's developer is anticipated to be effective. It is anticipated that the New Lease would be assumed by or transferred to the developer. This will provide the developer with some income from the Building during its development, benefitting the economics of the overall development for the City. Since ADARC is already occupying the Leased Premises, there is assurance that it will continue to be occupied during the development period, which would not be assured if an RFP was released for the space and a tenant chosen pursuant to the RFP and a deal negotiated with it.

In addition to the New Lease, it is anticipated that an existing lease with NYU for a portion of the Building will also be in place when the developer leases the Building.

ADARC collaborates with DOHMH; therefore it benefits the City to share the Building with ADARC. In addition, ADARC will continue to contribute to overall economic activity, increase tax revenues, preserve jobs, and facilitate investment in and build the capacity of the City's healthcare research sector. ADARC's use of the space will additionally improve quality of life in the City by furthering the organization's mission.

**ZONING:**

The site of the Building is zoned R8 with a C2-5 overlay, which permits residential, community facility, and commercial uses as-of-right. The New Lease does not contemplate a change in the existing laboratory use.

**PUBLIC APPROVALS:**

The New Lease was approved by the Manhattan Borough Board under Section 384(b)(4) of the City Charter in September 2015. Approval for the New Lease was authorized under ULURP in 1985.

**PROPOSED RESOLUTIONS:**

Approval of NYCLDC's lease of the Leased Premises from the City and NYCLDC's assignment of the lease to ADARC

or an affiliated entity for nominal consideration, on substantially the above described terms.

The Board of Directors further resolves that there is no reasonable alternative to the proposed transfer to ADARC or an affiliated entity that would achieve the same purpose as the transfer.

**NYCEDC**  
**PROJECT CODE: 5694**



Exhibit E

**NEW YORK CITY LAND DEVELOPMENT CORPORATION**

**PROPERTY SALE TO MC 19 EAST HOUSTON LLC  
Board of Directors Meeting  
September 30, 2015**

**OVERVIEW:**

On February 5, 2015, NYCLDC's Board of Directors approved (1) NYCLDC's purchase of Block 511, Lot 19 in the Borough of Manhattan (the "Site") from the City for \$1 and (2) NYCLDC's subsequent sale of the Site to NYCEDC for \$1 for NYCEDC's subsequent sale of the Site to MC 19 East Houston LLC or an affiliated entity ("Purchaser") for \$25,825,000, all cash. NYCEDC would transfer these funds to the City of New York, which would then transfer such amount to the Metropolitan Transportation Authority ("MTA"). In addition, the Purchaser would be required to convey, at closing, 6-8 East 20<sup>th</sup> Street, Manhattan to New York City Transit Authority ("NYCTA") to house MTA and/or NYCTA equipment currently stored at the Site. Separately, the Purchaser paid NYCEDC a non-refundable administrative fee of \$308,250 at contract of sale execution.

Located at 19 East Houston Street, the Site is an approximately 6,190 square foot triangular lot (Attachment 1). The Site is owned by the City but leased to NYCTA under a master lease, which provides that in the event any leased property is no longer required for transit-related operations, it will be surrendered to the City. The Site is currently occupied by a parking lot containing MTA and/or NYCTA off-street storage of equipment.

The Purchaser would be required to construct a building containing a minimum of 25,000 square feet of floor area (as defined by the Zoning Resolution) on the Site, with at least three floors dedicated to Use Group 6B (excluding veterinary medicine).

The proposed acquisitions and dispositions will continue to permit the project described to the Board on February 5, 2015 to be undertaken by the Purchaser for the purposes described to the Board on February 5, 2015. The benefits to the public of the transfer to NYCEDC are those that will result from the project undertaken by the Purchaser as previously described to the Board.

The proposed sale of the Site is being presented to the Board again at this time because it is now proposed that ownership of MC 19 East Houston LLC be changed from that previously presented to the Board, substantially as described below.

The purchase price by NYCLDC from the City, by NYCEDC from NYCLDC and by Purchaser from NYCEDC, proposed project to be undertaken by the Purchaser, purpose of the transfer and benefits to the public would remain unchanged from those presented to the Board on February 5, 2015.

**REASON FOR**

**OWNERSHIP CHANGE:** The proposed change in the organizational structure of MC 19 East Houston LLC is primarily a result of bringing in a new financial partner.

In the former and current proposals, day-to-day activities, until completion of project construction, will be controlled by an entity or entities controlled by Richard Wagman. Major decisions until completion of project construction will now be controlled by the new financial partner, which is owned by Vornado Realty L.P., instead of the former financial partner, which was controlled by Isaac, Elliot, Gabriel and Ereuben Chehebar.

After completion of project construction, day-to-day activities were formerly and will continue to be controlled by Richard Wagman and major decisions were formerly controlled by the Chehebars and will now be controlled by Vornado Realty L.P.

**PROPOSED  
OWNERSHIP OF  
MC 19 EAST  
HOUSTON  
LLC:**

MC 19 East Houston LLC will now be owned 50% by an entity owned by Vornado Realty L.P. and 50% by entities controlled by Richard Wagman.

**PROPOSED  
RESOLUTIONS:**

The approval of (1) NYCLDC's purchase of the Site from the City for \$1 and (2) the sale of the Site by NYCLDC to NYCEDC for \$1, on substantially the terms approved by NYCLDC's Board on February 5, 2015, except that the ownership of MC 19 East Houston LLC shall be 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: 4973**

Attachment 1: Site Location Map

