

MINUTES OF THE MEETING  
OF THE BOARD OF DIRECTORS  
OF  
NEW YORK CITY LAND DEVELOPMENT CORPORATION  
August 8, 2013

A meeting of the Board of Directors of New York City Land Development Corporation ("NYCLDC") was held on Thursday, August 8, 2013, at 260 Broadway, New York, New York.

The following members of the Board of Directors were present:

Robert Goldrich  
William Heinzen  
Jeffrey Mandel  
Kim Vaccari  
Betty Woo

Also present were members of the staff of New York City Economic Development Corporation ("NYCEDC").

Mark Silversmith, Secretary of NYCLDC, served as secretary of the meeting. (Attached hereto as Attachment 1 is a definition sheet that contains the definitions of certain frequently used terms that may be contained in the Exhibits attached hereto.)

1. Approval of the Minutes of the April 30, 2013 Meeting of the Board of Directors

There were no questions or comments with respect to the minutes of the April 30, 2013 Board of Directors meeting, as submitted. A motion to approve such minutes, as submitted, was made, seconded and unanimously adopted.

2. Real Estate and Other Items

(a) Property Sale to Civic Center Community Group Broadway LLC

Mr. Silversmith presented the proposed purchase by NYCLDC from the City of Block 170, Lot 6 on the Tax Map of the Borough of the Manhattan and the proposed sale of such property by NYCLDC to NYCEDC for resale to Civic Center Community Group Broadway LLC or an affiliated entity, on substantially the terms set forth in Exhibit A hereto.

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

(b) Property Sale to 49-51 Chambers LLC

Mr. Silversmith presented the proposed purchase by NYCLDC from the City of Block 153, part of Lot 1 on the Tax Map of the Borough of Manhattan, and the proposed sale of such property by NYCLDC to NYCEDC for resale to 49-51 Chambers LLC or an affiliated entity, on substantially the terms set forth in Exhibit B hereto.

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

(c) Property Sale to Harmony Rockaway LLC

Mr. Silversmith presented the proposed purchase by NYCLDC from the City of Block 16124, Lot 33 on the Tax Map of the Borough of Queens, and the proposed sale of such property by NYCLDC to NYCEDC for resale to Harmony Rockaway LLC or an affiliated entity, on substantially the terms set forth in Exhibit C hereto.

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

(d) Central Amusement International, LLC: Lease for Coney Island Amusement Area

Mr. Silversmith presented a proposed lease of property in Coney Island in the Borough of Brooklyn by the City to NYCLDC and NYCLDC's proposed assignment of the lease to NYCEDC, on substantially the terms set forth in Exhibit D hereto.

Mr. Silversmith indicated that the lease term would end December 31, 2027.

A motion was made to approve the matters set forth for approval in the Proposed Resolution section of Exhibit D hereto, modified to reflect that the term of the lease would end December 31, 2027. The Board further resolved that there is no reasonable alternative to the proposed below market assignment to NYCEDC by NYCLDC of NYCLDC's interest as tenant under the lease that will achieve the same purpose as the assignment. Such motion was seconded and unanimously approved.

3. Investment Report

On behalf of Spencer Hobson, Treasurer of NYCLDC, Mr. Silversmith delivered NYCLDC's investment report for the quarter ended June 30, 2013, stating that NYCLDC had no investments in such quarter.

4. Adjournment

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

Mark Schwesmith  
Secretary

Dated: August 22, 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
CEQR.....	City Environmental Quality Review process
City DEP.....	New York City Department of Environmental Protection
City DOT.....	New York City Department of Transportation
City Parks.....	New York City Department of Parks and Recreation
City Planning.....	New York City Department of City Planning or City Planning Commission
CM.....	A construction manager
CM Contract .....	A construction management contract
DCAS .....	New York City Department of Citywide Administrative Services
EIS.....	Environmental Impact Statement
ESDC .....	New York State Urban Development Corporation d/b/a Empire State Development Corporation
FEMA.....	Federal Emergency Management Agency
FM .....	A facilities manager
FM/CM Contract .....	A facilities management/construction management contract
Funding Source Agreements .....	Any agreements necessary to obtain funds for the Project, including IDA Agreements
HPD.....	New York City Department of Housing Preservation and Development
Hudson Meridian.....	Hudson Meridian Construction Group LLC
Hunter Roberts.....	Hunter Roberts Construction Group, L.L.C.
IDA .....	New York City Industrial Development Agency
IDA Agreement.....	Agreement with IDA pursuant to which IDA retains NYCEDC to accomplish all or part of the Project and reimburses NYCEDC for the costs of the work
LiRo.....	LiRo Program and Construction Management, PE P.C.
LMDC .....	Lower Manhattan Development Corporation
MOU .....	A memorandum of understanding
NYCEDC.....	New York City Economic Development Corporation, survivor of a November 1, 2012 merger of a local development corporation (the "LDC") named New York Economic Development Corporation with and into New York City Economic Growth Corporation. References to NYCEDC prior to such merger are references to the LDC.
NYCLDC.....	New York City Land Development Corporation
OMB .....	New York City Office of Management and Budget
Port Authority.....	The Port Authority of New York and New Jersey

RFP .....	Request for Proposals
Sanitation.....	New York City Department of Sanitation
SBS .....	New York City Department of Small Business Services
SEMO.....	New York State Emergency Management Office
SEQR .....	State Environmental Quality Review process
Skanska.....	Skanska USA Building Inc.
State DEC.....	New York State Department of Environmental Conservation
State DOS .....	New York State Department of State
State DOT.....	New York State Department of Transportation
State Parks .....	New York State Office of Parks, Recreation and Historic Preservation
Tishman.....	Tishman Construction Corporation of New York
Turner.....	Turner Construction Company
ULURP .....	Uniform Land Use Review Procedure

**Exhibit A**

**NEW YORK CITY LAND DEVELOPMENT CORPORATION**

**PROPERTY SALE TO CIVIC CENTER COMMUNITY GROUP BROADWAY LLC  
Board of Directors Meeting  
August 8, 2013**

**OVERVIEW:**

The City proposes to sell the Site (defined below) to NYCLDC. NYCLDC will sell the Site to NYCEDC and NYCEDC will sell the Site to Civic Center Community Group Broadway LLC or an affiliated entity (the "Purchaser"). NYCLDC is obligated by the City to transfer sites it acquires to NYCEDC. These acquisitions and dispositions will permit the project described below to be undertaken by the Purchaser for the purposes described below. The benefits to the public of the transfer to NYCEDC are those that will result from the project undertaken by the Purchaser. NYCLDC will purchase the Site from the City for \$1 and will sell the Site to NYCEDC for \$1.

A description of the Purchaser, the proposed project to be undertaken by the Purchaser, the amount being paid to NYCEDC and other matters related to the Site, dispositions and project are set forth below.

The terms of the proposed sale from NYCEDC to the Purchaser are substantially as follows:

**PURCHASER:**

The Purchaser  
600 Madison Avenue, 24<sup>th</sup> Floor  
New York, NY 10022

R. Donahue Peebles is currently the sole member of Civic Center Community Group Broadway LLC. R. Donahue Peebles is Chairman and C.E.O. of The Peebles Corporation.

**SITE  
LOCATION:**

Block 170, Lot 6 (the "Site")  
346 Broadway  
Borough of Manhattan  
Community Board No. 1

**SITE  
DESCRIPTION:**

The Site is improved with an approximately 370,000 square foot, landmarked building. It is located in Lower Manhattan and occupies the entire block bounded by Broadway to the

west, Catherine Lane to the south, Lafayette Street to the east and Leonard Street to the north. The Site is currently primarily occupied by various City agencies, courts and not-for-profit entities.

**PROJECT  
DESCRIPTION/  
PURPOSE OF  
TRANSFER:**

The Site was included in an RFP released on April 23, 2012 for the disposition of three City-owned properties in Lower Manhattan (the "Civic Center RFP"). The Civic Center RFP is part of a broader initiative to reduce the City's office footprint by over a million square feet. Goals of the RFP included reducing the City's maintenance and capital obligations, compensating the City for the value of the buildings, generating economic growth and restoring portions of the buildings back to their original historic elegance.

The Site is subject to a lease-back to the City until full vacancy ("Full Vacancy Date"), which is expected between July and October 2015. Certain floors vacated earlier will cease to be leased when vacated. The lease will be rent-free for the anticipated term of the lease.

It is anticipated that Purchaser will redevelop the Site for hotel, residential, retail, community facility, parking and ancillary uses. Purchaser is required to commence renovation of the building on the Site within six months from the later of: (i) the Full Vacancy Date and (ii) October, 2015 (the "Commencement Date"). Purchaser is required to complete construction within 42 months following the Commencement Date (the "Completion Date"). Purchaser has the right to extend the Commencement Date and Completion Date by up to six months. It shall pay \$100,000 for each one-month extension. Purchaser will be permitted to condominiumize its project.

**PURCHASE  
PRICE:**

The Purchaser responded to the RFP for the Site with a proposed purchase price of \$160,000,000. During the course of negotiations, this amount was reduced by \$15,000,000 in the manner described below due to the inclusion in the project of a public benefit, and would be further reduced by \$15,000,000 in the manner described below if the existing public parking garage at the Site is not

permitted to continue to operate and could also be reduced by up to \$19,900,000 in the manner described below if the expected hotel use is included in the project. A summary of the other offers received in response to the Civic Center RFP as they existed at the time of contract signing with the Purchaser is attached hereto as Attachment A.

In consideration for the purchase of the Site by the Purchaser, Purchaser shall:

- pay NYCEDC \$110,100,000 (all cash) by the time of the closing of the sale of the Site to the Purchaser (this amount takes into account the \$15,000,000 reduction in consideration for Purchaser's agreement to include an approximately 15,700 square foot community facility at the Site that shall be sold or leased to the City for nominal consideration),
- pay an additional \$15,000,000 to NYCEDC if Purchaser obtains approval for a parking garage as provided below by the time of closing or place \$15,000,000 in escrow if the approval has not been obtained or denied by the time of closing, which escrowed funds will then be paid to Purchaser or NYCEDC as provided below, and
- place \$19,900,000 in escrow to be distributed as follows:
  - if Purchaser includes a hotel as part of the project, Purchaser shall receive \$19,900,000 of the escrowed funds if the Full Vacancy Date is after March 31, 2015.
  - If the Purchaser includes a hotel as part of the project and the Full Vacancy Date occurs on or by March 31, 2015, Purchaser shall receive \$17,000,000 of the escrowed funds and NYCEDC shall receive \$2,900,000 of the escrowed funds.
  - if the Purchaser does not include a hotel in the project, NYCEDC shall receive the full \$19,900,000 of the escrowed funds.

The maximum cash that NYCEDC may receive is \$145,000,000.

Purchaser is currently pursuing approval by the Board of Standards and Appeals (the "BSA") for continued legal operation of the existing public parking garage in the



basement and sub-basement levels of the Site. As provided above, if necessary approvals for the parking garage are not obtained or denied by the date of closing, \$15,000,000 will be placed in escrow. These funds will be released to NYCEDC when approval is obtained, or be released to Purchaser if approval is not obtained by April 30, 2014. It is anticipated that the BSA approval will be obtained before April 30, 2014.

**APPRAISED  
VALUE:**

Appraisal on March 14, 2013 estimated the value of the Site (taking into account the lease - back to the City) for highest and best use to be \$123,900,000 if a parking garage is permitted to operate and \$120,000,000 if it is not.

**BENEFITS TO THE  
PUBLIC:**

Purchaser is required to construct and deliver to the City approximately 15,700 square feet of "whitebox" space at the Site for use as a community facility. Purchaser is also expected to provide community space fit-out based on plans submitted by the City or its designee. If fit-out is not undertaken by Purchaser, Purchaser shall deliver a fit-out allowance of \$2,000,000 to NYCEDC, which NYCEDC may pay over to the City. In addition, the project is expected to create approximately 435 new construction-related jobs and 49 new ongoing operations jobs and the landmarked façade and interiors of the building on the Site will be restored back to their historic elegance.

**EXISTING  
ZONING:**

The Site is located in a C6-4A district. C6-4A districts have a residential equivalent of R10 and permit a residential and commercial floor area ratio ("FAR") of 10.0.

**PUBLIC  
APPROVALS:**

The Site received approval from City Planning for disposition pursuant to ULURP on September 28, 1998. The disposition of the Site received the approval of the Manhattan Borough Board pursuant to Section 384(b)(4) of the City Charter on July 18, 2013. The Borough Board's resolution indicated that the purchase price may be "reduced to allow for certain labor agreements regarding operation of the hotel at 346 Broadway."

**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 above-described terms.

The Board of Directors further resolves that there is not reasonable alternative to the proposed transfer to NYCEDC that will achieve the same purpose as the transfer.

**PROJECT CODE:** 5514

Attachment A

Other Responses to the Civic Center RFP

<b>Respondent</b>	<b>Purchase Price offered for the Site at the time of contract</b>	<b>Proposed Uses</b>
Historic Civic Center LLC	\$165,000,000	Hotel, Residential condo, Retail, Community Facility
RAL Development Services LLC	\$118,000,000	Hotel, Residential Condo, Retail
JK 346 Broadway	\$100,000,000	Office, Retail
TF Cornerstone	\$84,000,000	Residential Condo, Retail, Community Facility
LAM Group	\$80,000,000	Hotel, Residential
Extell	\$80,000,000	Hotel, Residential Condo, Restaurant/Event Space
United American Land	\$75,000,000	Residential Rental and Condo, Retail, Office
Jade Stone Development	\$55,000,000	Hotel, Office, Retail
LCOR	\$55,000,000	Residential Rental, Retail
Edward J. Minskoff Equities	\$52,000,000	Residential Condo, Retail

Figure 1: Site Location Map

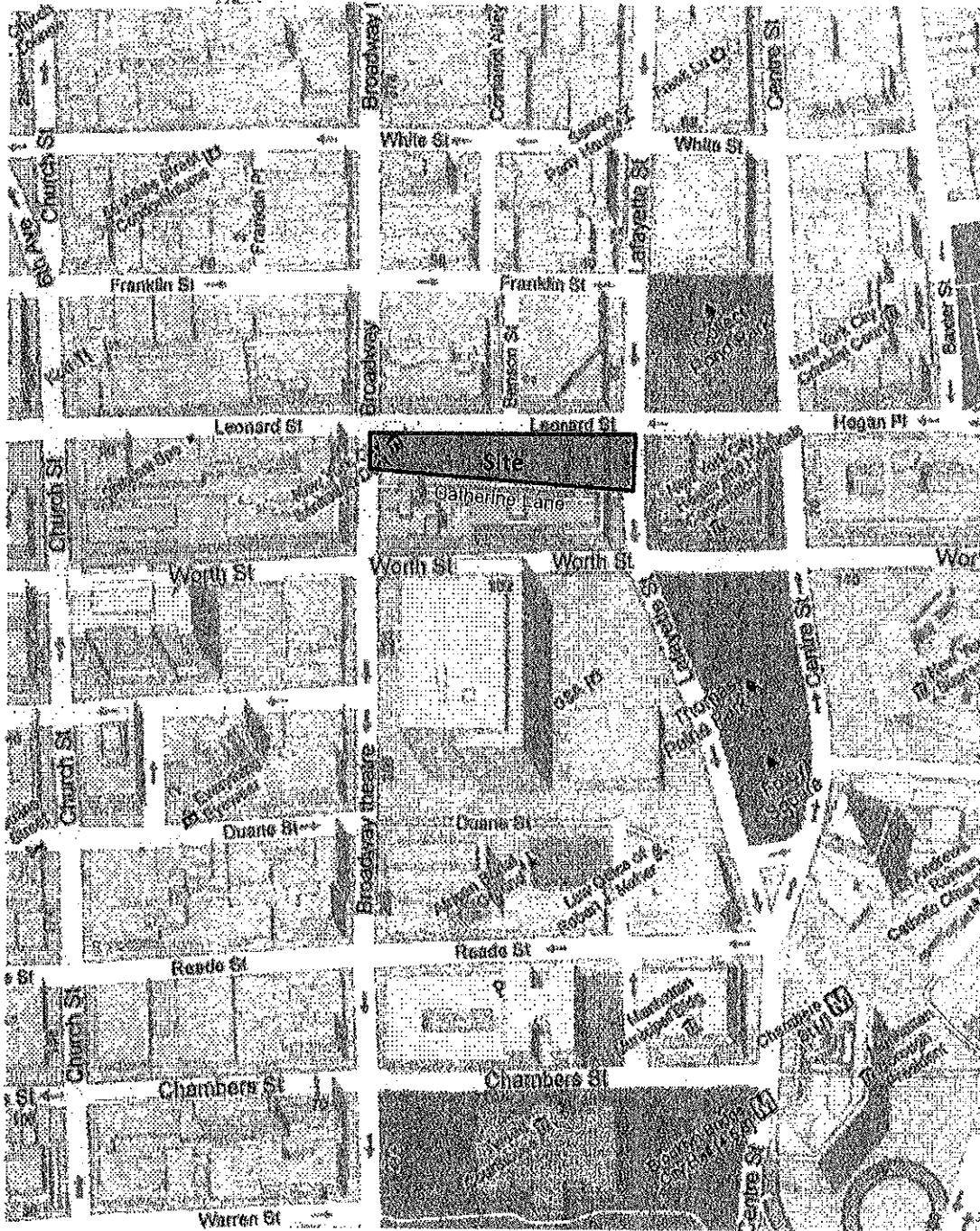


Exhibit B

NEW YORK CITY LAND DEVELOPMENT CORPORATION

**PROPERTY SALE TO 49-51 CHAMBERS LLC  
Board of Directors Meeting  
August 8, 2013**

**OVERVIEW:**

The City proposes to sell the Site (defined below) to NYCLDC. NYCLDC will sell the Site to NYCEDC and NYCEDC will sell the Site to 49-51 Chambers LLC or an affiliated entity (the "Purchaser"). NYCLDC is obligated by the City to transfer sites it acquires to NYCEDC. These acquisitions and dispositions will permit the project described below to be undertaken by the Purchaser for the purposes described below. The benefits to the public of the transfer to NYCEDC are those that will result from the project undertaken by the Purchaser. NYCLDC will purchase the Site from the City for \$1 and will sell the Site to NYCEDC for \$1.

A description of the Purchaser, the proposed project to be undertaken by the Purchaser, the amount being paid to NYCEDC and other matters related to the Site, dispositions and project are set forth below.

The terms of the proposed sale from NYCEDC to the Purchaser are substantially as follows:

**PURCHASER:**

The Purchaser  
512 7<sup>th</sup> Avenue, 15<sup>th</sup> Floor  
New York, NY 10018

Meyer Chetrit is currently the sole member of 49-51 Chambers LLC and is a principal of the Chetrit Group.

**SITE  
LOCATION:**

Block 153, part of Lot 1 (the "Site")  
49-51 Chambers Street  
Borough of Manhattan  
Community Board No. 1

**SITE  
DESCRIPTION:**

The Site is improved with an approximately 215,000 square foot, landmarked building. It is located in Lower Manhattan, on Chambers Street between Elk Street and Broadway. It is bounded by 280 Broadway to the west and a City-owned parking lot to the east (the "City Lot"). The Site is currently occupied by various City agencies and not-for-profit organizations and is approximately 30% vacant.

**PROJECT  
DESCRIPTION/  
PURPOSE OF  
TRANSFER:**

The Site was included in an RFP released on April 23, 2012 for the disposition of three City-owned properties in Lower Manhattan (the "Civic Center RFP"). The Civic Center RFP is part of a broader initiative to reduce the City's office footprint by over a million square feet. Goals of the RFP included reducing the City's maintenance and capital obligations, compensating the City for the value of the buildings, generating economic growth and restoring portions of the buildings back to their original historic elegance.

The entire Site is subject to a lease-back to the City until full vacancy ("Full Vacancy Date"), which is expected in February 2015, and is rent-free for the anticipated term of the lease.

It is anticipated that Purchaser will redevelop the Site for residential, retail, event/catering and ancillary uses. Purchaser will be permitted to condominiumize its project.

Purchaser is required to commence renovation of the building on the Site within six months from the later of: (i) the Full Vacancy Date and (ii) February 28, 2015 (the "Commencement Date"). Purchaser is required to substantially complete construction within 48 months following the Commencement Date (the "Completion Date"). Purchaser has the right to extend the Completion Date by three-month periods for a total of up to 24 months of extension, subject to receipt by NYCEDC of an extension fee of \$93,750 for each three-month period and subject to reimbursement for full or partial months extended but for which an extension was not needed.

**PURCHASE  
PRICE:**

Purchaser's purchase price for the Site is \$89,059,405.94, all cash (the "Purchase Price").

**APPRAISED  
VALUE:**

An appraisal dated March 14, 2013 estimated the fair market value of the Site for highest and best use to be \$77,700,000 (taking into account the lease-back to the City).

**BENEFITS TO THE PUBLIC:**

The project is expected to create approximately 142 new construction-related jobs and 11 new ongoing operations jobs. In addition, the landmarked façade and interiors of the building on the Site will be restored to their historic elegance.

**EXISTING ZONING:**

The Site is located in a C6-4 district. C6-4 districts have a residential equivalent of R10 and permit a residential and commercial floor area ratio ("FAR") of 10.0. The Site appears to share a zoning lot with 280 Broadway and the City Lot. The Site will be subject to a zoning lot development agreement (the "ZLDA") between Purchaser and the City that apportions development rights among the Site and the City Lot and possibly 280 Broadway. The ZLDA may also impose restrictions on development of 280 Broadway and/or the City Lot and/or negative easements on those properties, to benefit the Site and give it access to air and light. Any excess development rights above those currently needed for the building on the Site will be retained by the City.

**PUBLIC APPROVALS:**

The Site received approval from City Planning for disposition pursuant to ULURP on November 27, 2012. The disposition of the Site received the approval of the Manhattan Borough Board pursuant to Section 384(b)(4) of the City Charter on July 18, 2013.

**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 above-described terms.

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.

**PROJECT CODE:**

5515

Figure 1: Site Location Map

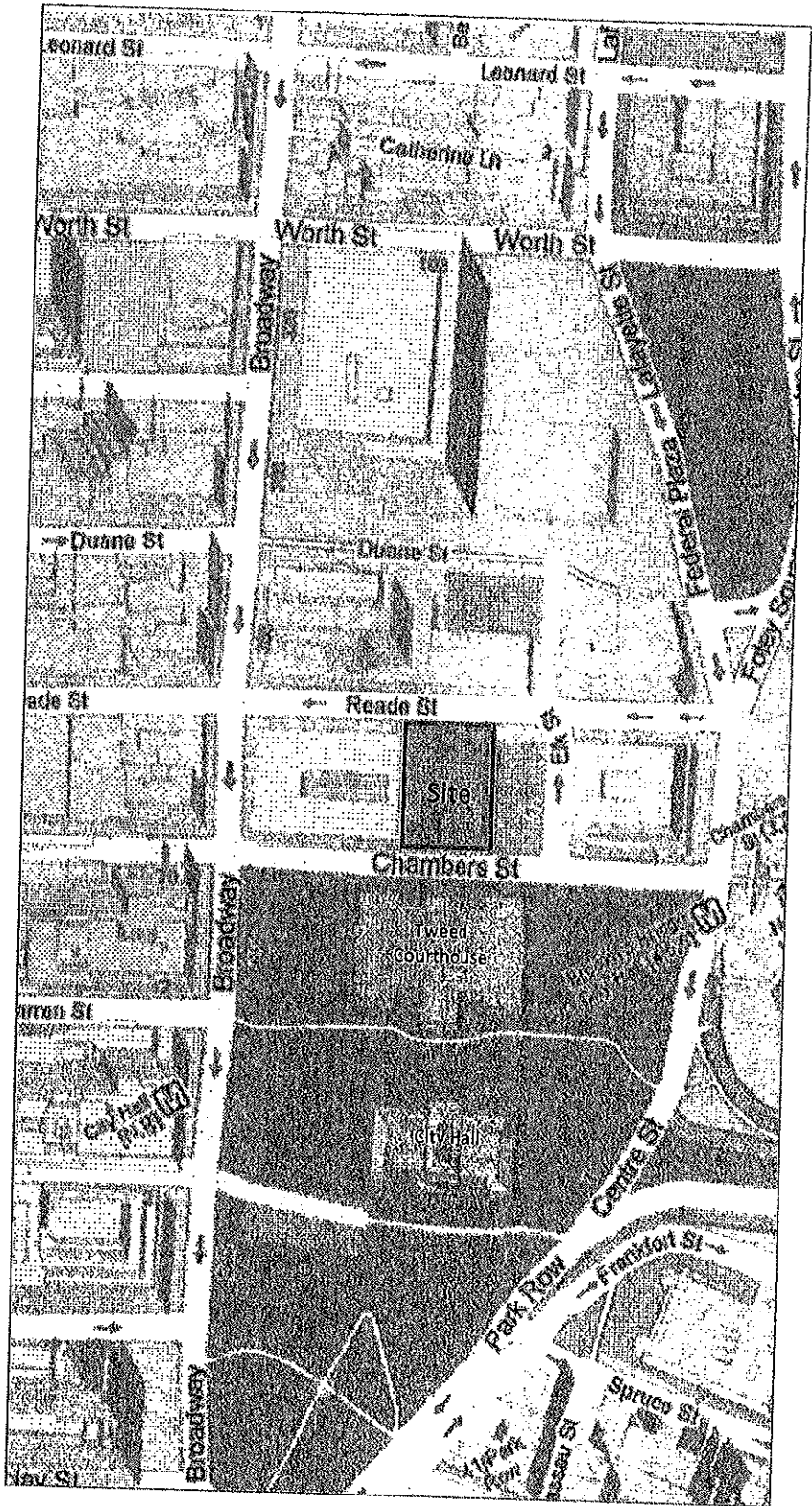




Exhibit C

NEW YORK CITY LAND DEVELOPMENT CORPORATION

**PROPERTY SALE TO HARMONY ROCKAWAY LLC**

**Board of Directors Meeting**

**August 8, 2013**

**OVERVIEW:**

The City proposes to sell the Site (defined below) to NYCLDC. NYCLDC will sell the Site to NYCEDC and NYCEDC will sell the Site to Harmony Rockaway LLC or an affiliated entity (the "Purchaser"). NYCLDC is obligated by the City to transfer sites it acquires to NYCEDC. These acquisitions and dispositions will permit the project described below to be undertaken by the Purchaser for the purposes described below. The benefits to the public of the transfer to NYCEDC are those that will result from the project undertaken by the Purchaser. NYCLDC will purchase the Site from the City for \$1 and will sell the Site to NYCEDC for \$1.

A description of the Purchaser, the proposed project to be undertaken by the Purchaser, the amount being paid to NYCEDC and other matters related to the Site, dispositions and project are set forth below.

The terms of the proposed sale from NYCEDC to the Purchaser are substantially as follows:

**PURCHASER:**

The Purchaser

Eli Kaufman, as Trustee of the Esther Kaufman 2012 Family Trust, is the sole member of Harmony Rockaway LLC. Uri Kaufman is the manager of Harmony Rockaway LLC.

**SITE LOCATION:**

Block 16124, Lot 33 (the "Site")  
90-01 Beach Channel Drive  
Borough of Queens  
Community Board No. 14

**SITE DESCRIPTION:**

The Site is located on Beach Channel Drive and Beach 90<sup>th</sup> Street, neighboring the Cross Bay Bridge, with easy access to locations throughout the Rockaways, Broad Channel, and Howard Beach. The Site measures approximately 20,095 square feet and

contains an approximately 24,000 square foot historic building (the "Building"). The Building functioned as a municipal courthouse until 1962, but has been vacant for decades and requires a complete gut rehabilitation – including the replacement of all major building systems – in order to be restored to an active use.

**ZONING:**

The Site is zoned R4-1, and the project is as-of-right under existing zoning.

**PROJECT DESCRIPTION:**

Purchaser was chosen pursuant to a Request for Expressions of Interest.

Purchaser shall be required to rehabilitate, reconstruct and expand the existing Building and convert it into an ambulatory surgical center with a minimum of 28,000 square feet of space used for medical purposes, of which a minimum of 10,000 square feet is to be used for the provision of surgical procedures (the "Project"). It is anticipated that the Project will include an approximately 4,000 square foot addition to the rear of the Building. The Project shall contain a minimum of three operating rooms and one procedure room. It is anticipated that there will be multiple pre-operation and recovery rooms, as well as laboratory, pathology and pharmacy facilities. It is anticipated that Purchaser will spend approximately \$15,000,000 on the above described work.

The deed to Purchaser will contain covenants restricting the use of the building on the Site to the Project, unless approval by NYCEDC is otherwise given, for a period of ten years after construction is completed.

**PURCHASE PRICE/  
APPRAISED VALUE:**

Purchaser will purchase the Site from NYCEDC for \$50,000 (all cash), which is above the \$1 appraised value of the Site for highest and best use, pursuant to an appraisal dated April 17, 2013.

**PURPOSE OF TRANSFER/  
BENEFIT TO PUBLIC:**

Purchaser expects to preserve the Building's historic façade.

NYCEDC has estimated that the development on the Site will create approximately 45 permanent jobs and 64 construction jobs. In addition, the Project will restore a building that has been vacant for decades to an active use and will provide much-needed healthcare services to residents of the Rockaways.

**PUBLIC APPROVALS:**

ULURP for the disposition of the Site was approved in 1978. Pursuant to Section 384(b)(4) of the New York City Charter, the Queens Borough Board approval was obtained in July 2013.

**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 above-described terms.

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.

**PROJECT CODE:**

5033

SITE MAP

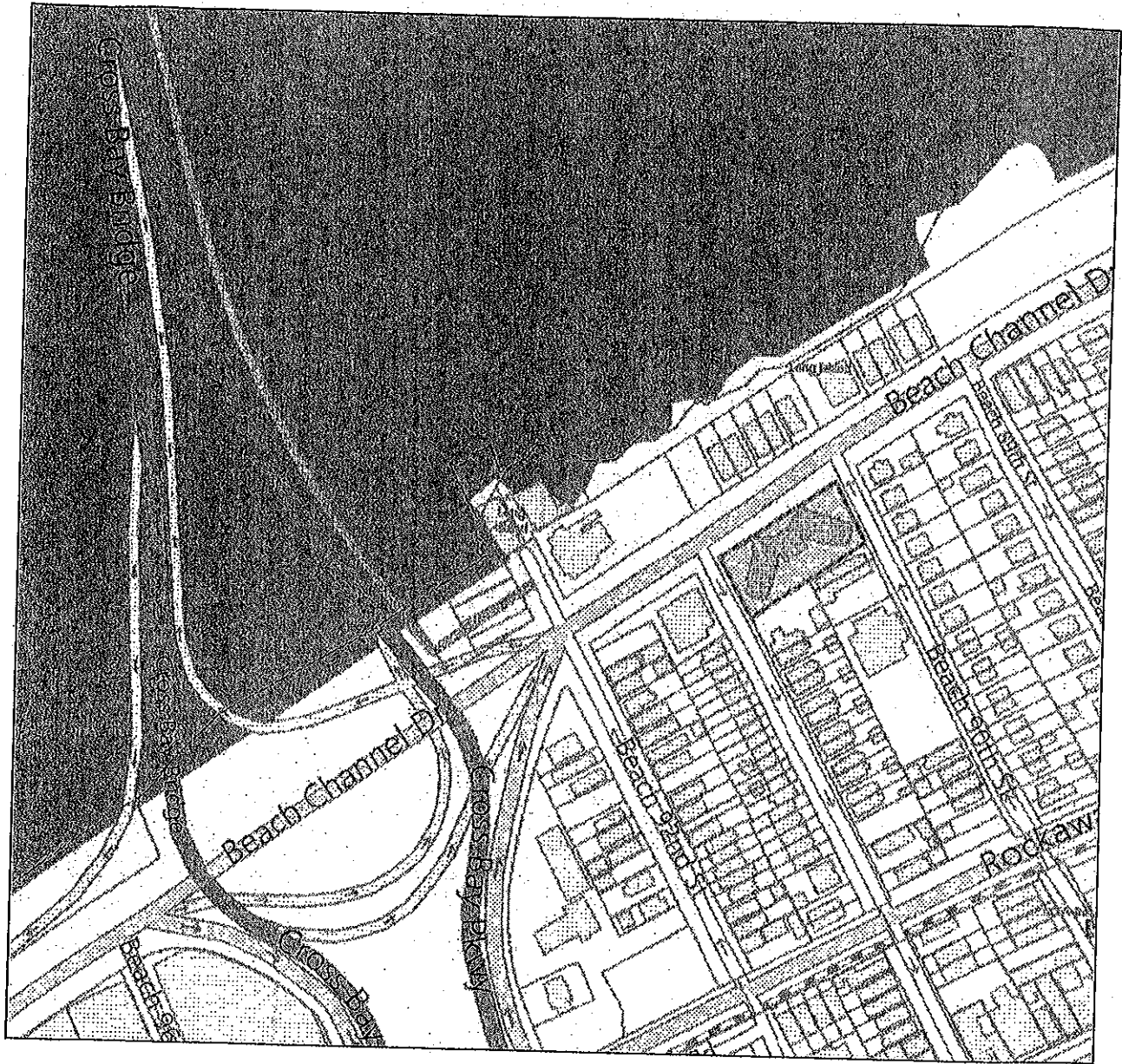


Exhibit D

NEW YORK CITY LAND DEVELOPMENT CORPORATON

**CENTRAL AMUSEMENT INTERNATIONAL, LLC:  
LEASE FOR CONEY ISLAND AMUSEMENT AREA  
Board of Directors Meeting  
August 8, 2013**

**PROJECT  
OVERVIEW:**

NYCEDC proposes to amend its existing Coney Island lease (the "Lease") with Central Amusement International, LLC ("CAI") (i) to expand the leased premises, which currently covers approximately 277,000 square feet of land owned by NYCEDC, to include an approximately 40,700 square foot City-owned parcel (the "Additional Site") and (ii) to extend the term of the Lease by seven years. The Additional Site is located on West 15<sup>th</sup> Street between Surf Avenue and the Boardwalk in Coney Island. The property currently leased under the Lease is primarily used by CAI as the site of Luna Park.

The Additional Site will be leased by the City to NYCLDC for nominal consideration, which lease (the "Additional Site Lease") will be assigned by NYCLDC to NYCEDC for nominal consideration, so that NYCEDC may add the Additional Site to the premises demised under the Lease. NYCLDC is obligated by the City to assign the Additional Site Lease to NYCEDC.

The acquisitions and dispositions with regard to the Additional Site Lease and amendment to the Lease will permit the project described below to be undertaken by CAI for the purposes described below. The benefits to the public of the assignment by NYCLDC of the Additional Site Lease to NYCEDC are those that will result from the project undertaken by CAI. A description of the proposed project to be undertaken by CAI, the amount being paid by CAI and other matters related to the Additional Site, the dispositions and project are set forth below.

CAI was selected through an RFP for the Additional Site for amusement purposes, which was released by NYCEDC in September 2012. The terms of the Lease will be modified as indicated below and, as modified, will apply to the premises currently covered thereby and the Additional Site.

**ADDITIONAL SITE LEASE:**

**Lessor:** The City of New York

**Lessee-Assignor:** NYCLDC

**Assignee:** NYCEDC

**Consideration:** Nominal

**Additional Site:** The Additional Site is an approximately 40,700 square foot vacant property, located on West 15<sup>th</sup> Street between Surf Avenue and the Boardwalk, within the Coney Island amusement area. The Additional Site is approximately 49 feet wide by approximately 830 feet long. NYCEDC will deliver the Additional Site to CAI in "as-is" condition. The Additional Site is generally depicted on the site plan attached hereto as Attachment A.

#### **AMENDMENTS TO LEASE:**

**Premises and Use:**

The Lease will be expanded to include the Additional Site in addition to the currently demised premises. CAI will be responsible for all improvements to the Additional Site, based on CAI's assessment of Additional Site conditions and its plans for reactivation of the Additional Site.

CAI and/or its subtenants, permittees or licensees will develop and operate a roller coaster at the Additional Site. CAI projects an initial investment of \$10,430,000 related to the new roller coaster for the 2014 season.

**Lease Term:** The Lease term shall be extended by seven years and will expire on December 31, 2027 with regard to the currently leased premises and the Additional Site.

**Base Rent:** Base rent under the Lease will remain unchanged, at \$100,000 annually. Participation rent payments are expected to increase since receipts from the Additional Site will be incorporated into the calculation of participation rent payable under the Lease.

The structure of the participation rent is as follows:

- 15% of rent from fixed rent subtenants;
- 5% of annual gross receipts, excluding certain taxes and rent from fixed rent subtenants ("Gross Receipts"), from \$2,000,000 to \$5,000,000;
- 7% of Gross Receipts over \$5,000,000 to \$7,000,000;

- Percentage of Gross Receipts over \$7,000,000 will be as follows:

<u>Date</u>	<u>Percentage</u>
to 2021	10
2021	10.5
2022	11
2023	11.5
2024	12
2025	12.5
2026-2027	13

The current participation rent structure is not being amended except with regard to Gross Receipts over \$7,000,000 after 2020.

**Appraised  
Value:**

An independent appraisal of the Additional Site performed in April 2013 indicates that fair market rental value for the Additional Site for highest and best use is \$237,000 in the initial year the Additional Site would be leased, with 3% increases annually. Such appraisal indicates the fair market rental value for the aggregate leased premises in that year would be \$1,250,000, with 3% increases annually and it is anticipated that CAI will pay at least such amount in the aggregate in rent under the Lease.

**Utilities/  
Repairs:**

All utilities, including water and sewer, gas and electric charges, for the Additional Site will be paid by CAI. CAI will be required, as necessary, to connect to and/or upgrade any existing utility service or create a new utility system for the Additional Site, and obtain the appropriate permits and approvals. CAI also will be responsible for all costs and expenses associated with managing the Additional Site, including but not limited to maintenance and repair responsibilities.

**Real Estate  
Taxes:**

CAI will continue to be responsible for real estate taxes payable with respect to property along Jones Walk of approximately 1,650 square feet added to the Lease in 2012. CAI shall make payments in lieu of real estate taxes with respect to the Additional Site in the amount of real estate taxes that would be payable with regard to the Additional Site but for City ownership of the Additional Site. Beginning with the City fiscal year commencing July 1, 2014, CAI shall pay for real estate taxes for the remainder of the premises demised under the Lease (the "Remainder Premises"), in an amount equal to the real estate taxes payable by NYCEDC with regard to the Remainder Premises, to the extent that the real estate taxes for the Remainder Premises in any City fiscal year exceed the amount payable by CAI as rent under the Lease for the calendar year prior to the commencement of the fiscal

year for which real estate taxes are payable; but in no event shall CAI have to pay more than \$200,000 for any fiscal year with regard to the Remainder Premises. CAI currently does not pay any real estate taxes for the Remainder Premises.

**OPTION TO  
TERMINATE:**

NYCEDC shall have an option to terminate the Lease solely with respect to the Additional Site at any time after the close of the 2016 season. Such termination will be conditional upon NYCEDC reimbursing CAI for its capital investment at the Additional Site, i.e., infrastructure, foundation and trade fixtures (including the roller coaster), as reduced by a fourteen-year level amortization schedule. (NYCEDC will be obligated to pay for the roller coaster only if it had been rendered operational, but, whether paid for by NYCEDC or not, CAI will nevertheless be permitted to remove the roller coaster).

**TRANSFER  
OF LEASE:**

The Board's authorization for NYCEDC to assign the Lease, and all of its rights and responsibilities therein, to the City for nominal consideration, will remain in effect after the Lease amendment.

**PURPOSE OF  
TRANSFER/  
BENEFIT TO  
PUBLIC:**

In addition to the rent provided under the proposed amendment, the investment made by CAI will further the development of and the attractions in Coney Island and will provide additional employment. It is anticipated that four full time and 24 seasonal jobs will be created at the Additional Site.

**PROPOSED  
RESOLUTIONS:**

The approval of (i) NYCLDC, as tenant, entering into the Additional Site Lease with the City and (ii) NYCLDC's assignment to NYCEDC of NYCLDC's interest as tenant under the Additional Site Lease, on substantially the above described terms

The Board of Directors further resolves that there is no reasonable alternative to the proposed below market assignment to NYCEDC by NYCLDC of NYCLDC's interest as tenant under the Additional Site Lease that will achieve the same purpose as the assignment.

**PROJECT  
CODE:**

3905



Attachment A  
Site

