

MINUTES OF THE MEETING
OF THE BOARD OF DIRECTORS
OF
NEW YORK CITY LAND DEVELOPMENT CORPORATION
February 9, 2017

A meeting of the Board of Directors of New York City Land Development Corporation ("NYCLDC") was held on Thursday, February 9, 2017, in Conference Room 4C, at the office of New York City Economic Development Corporation ("NYCEDC") at 110 William Street, New York, New York.

The following members of the Board of Directors were present:

Henry Berger
Kim Vaccari
Betty Woo (by conference telephone)

Also present were Mark Silversmith, Secretary of NYCLDC, who served as secretary of the meeting, Jeff Nelson, an Executive Vice President of NYCEDC, Gbenga Dawodu, an Assistant Vice President of NYCEDC, Benjamin White, an Associate of NYCEDC, and Jaan Kangur, a Senior Paralegal of NYCEDC. The meeting was called to order at 2:04 p.m. (Attached hereto as Attachment 1 is a definition sheet that contains the definitions of certain frequently used terms contained in the Exhibit attached hereto.)

1. Approval of the Minutes of the November 29, 2016 Meeting of the Board of Directors

There were no questions or comments with respect to the minutes of the November 29, 2016 Board of Directors meeting, as submitted. A motion to approve such minutes, as submitted, was made, seconded and unanimously adopted.

2. Childs Building Extension Option: Seaside Park and Community Arts Center

Mr. Dawodu presented a proposal (i) for NYCLDC to enter into a new lease (the "Replacement Lease") with The City of New York (the "City") for certain property owned by the City on Block 7071 in the Borough of Brooklyn (Lots 27, 28, 30, 32, 34, 76, 130, 142, 200, 226, 231 and 300) (collectively, the "Site"), which includes the landmarked Childs Restaurant building (the "Childs Building") on Lot 130, and to assign the Replacement Lease to Seaside Park LLC or an affiliated entity ("Seaside Park"). The Replacement Lease would replace an Agreement of Lease (the "Original Lease") for the Site between the City and NYCLDC that had been assigned to Seaside Park and would include an option for the tenant to extend the Original Lease term for ten years, but only with respect to the Childs Building portion of the Site (Block 7071, Lot 130), and (ii) for any other actions or agreements necessary to effect the proposed transactions, on


substantially the terms set forth in Exhibit A hereto.

In answer to a question from Mr. Berger, Mr. Dawodu stated that the Childs Building will be used for the amphitheater stage, related backstage uses and a restaurant/commercial use. In answer to a second question from Mr. Berger, Mr. Dawodu explained how rent would be determined for the option period.

A motion was made (i) to approve the matters set forth for approval in the Proposed Resolutions section of Exhibit A hereto and (ii) to resolve that there is no reasonable alternative to the proposed transfer to Seaside Park that would achieve the same public benefit as the transfer. Such motion was seconded and unanimously approved.

3. 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: February 27, 2017
New York, New York

ATTACHMENT 1

DEFINITIONS

Apple	Apple Industrial Development Corp.
Armand	Armand Corporation d/b/a Armand of New York
BAT	Brooklyn Army Terminal
Bovis	Bovis Lend Lease LMB, Inc.
CDBG	Federal Community Development Block Grant
CDBG-DR Funds	Federal Community Development Block Grant-Disaster Recovery Program funds
CEQR	City Environmental Quality Review process
City DEP	New York City Department of Environmental Protection
City DOT	New York City Department of Transportation
City Parks	New York City Department of Parks and Recreation
City Planning	New York City Department of City Planning or City Planning Commission
CM	A construction manager
CM Contract	A construction management contract
DCAS	New York City Department of Citywide Administrative Services
EIS	Environmental Impact Statement
ESDC	New York State Urban Development Corporation d/b/a Empire State Development Corporation
FEMA	Federal Emergency Management Agency
FM	A facilities manager
FM/CM Contract	A facilities management/construction management contract
Funding Source Agreement	Any agreement necessary to obtain funds for the Project, including IDA Agreements
HPD	New York City Department of Housing Preservation and Development
Hunter Roberts	Hunter Roberts Construction Group, L.L.C.
IDA	New York City Industrial Development Agency
IDA Agreement	Agreement with IDA pursuant to which IDA retains NYCEDC to accomplish all or part of the Project and reimburses NYCEDC for the costs of the work
LiRo	LiRo Program and Construction Management, PE P.C.
LMDC	Lower Manhattan Development Corporation
McKissack	The McKissack Group, Inc. d/b/a McKissack & McKissack
MOU	A memorandum of understanding
NYCEDC	New York City Economic Development Corporation, survivor of a

November 1, 2012 merger of a local development corporation (the "LDC") named New York Economic Development Corporation with and into New York City Economic Growth Corporation. References to NYCEDC prior to such merger are references to the LDC.

NYCHA	New York City Housing Authority
NYCLDC	New York City Land Development Corporation
Noble Strategy	Noble Strategy NY Inc.
OMB	New York City Office of Management and Budget
Port Authority	The Port Authority of New York and New Jersey
RFP	Request for Proposals
Sanitation	New York City Department of Sanitation
SBS	New York City Department of Small Business Services
SEMO	New York State Emergency Management Office
SEQR	State Environmental Quality Review process
Skanska	Skanska USA Building Inc.
State DEC	New York State Department of Environmental Conservation
State DOS	New York State Department of State
State DOT	New York State Department of Transportation
State Parks	New York State Office of Parks, Recreation and Historic Preservation
Tishman	Tishman Construction Corporation of New York
Turner	Turner Construction Company
ULURP	Uniform Land Use Review Procedure

Exhibit A

NEW YORK CITY LAND DEVELOPMENT CORPORATION

**CHILDS BUILDING EXTENSION OPTION:
SEASIDE PARK AND COMMUNITY ARTS CENTER
Board of Directors Meeting
February 9, 2017**

**PROJECT
BACKGROUND/
PURPOSE OF
THE PROJECT:**

The Seaside Park and Community Arts Center project, currently under construction in Coney Island, is comprised of certain property owned by The City of New York (the "City") on Block 7071 in the Borough of Brooklyn (Lots 27, 28, 30, 32, 34, 76, 130, 142, 200, 226, 231 and 300) (collectively, the "Site"), which includes the landmarked Childs Restaurant building (the "Childs Building") on Lot 130. In April 2015, in furtherance of the City's goal to encourage continued investment in Coney Island, the City, as landlord, entered into an Agreement of Lease (the "Original Lease") with NYCLDC, as tenant, for the Site, providing for the construction and operation of an outdoor performing arts facility (the "amphitheater"), publicly accessible open space, and adjoining restaurant and/or other commercial business within the Childs Building (the "Project"). The term of the Original Lease terminates no later than ten (10) years from the issuance of a temporary certificate of occupancy for the amphitheater, in accordance with a special permit granted to allow an outdoor amphitheater use on the Site (the "Original Lease Term"). Substantially concurrent with the execution and delivery of the Original Lease, NYCLDC assigned its interest as tenant under the Original Lease to Seaside Park LLC.

Financing for the Project is being provided, in part, through two funding agreements of up to \$36,900,000 provided by the City through NYCEDC. At its meeting on November 21, 2016, NYCEDC's Executive Committee approved up to an additional \$7,200,000 in funding for the construction of the Project.

In accordance with the terms of the Original Lease, subject to obtaining all required approvals (including NYCEDC and NYCLDC Board approvals), the City agreed to provide the tenant with an option to extend the Original Lease Term for ten (10) years (the "Childs Building Extension Option"), but only with respect to the Childs Building portion of the Site, Block 7071, Lot 130.

The Original Lease was approved by NYCLDC's Board on December 19, 2013. However, the terms for the Childs Building Extension Option were negotiated subsequent to the Board meeting and were not included in the presentation to the Board on such date.

Attachment A contains a map showing the Site.

The first phase of the Project, which entails the construction and development of the amphitheater and publicly accessible open space, was completed as of June 2016. The amphitheater, now commonly known as the Ford Amphitheater at Coney Island Boardwalk, has hosted over 40 shows and public events with well-known acts such as Ziggy Marley, the Beach Boys, Erykah Badu and Sting & Peter Gabriel in its first season. The second phase, which encompasses the restoration and redevelopment of the landmark Childs Building into a year-round commercial and entertainment destination, is ongoing and projected to be completed in the summer/fall of 2017.

Upon obtaining the required approvals and satisfying other conditions to implement the option set forth in the Original Lease, the Original Lease will be terminated and the City and NYCLDC will execute a new lease (the "Replacement Lease") that includes the Childs Building Extension Option. Substantially concurrent with the execution and delivery of the Replacement Lease, NYCLDC will assign its interest in the Replacement Lease to Seaside Park LLC or an affiliated entity for nominal consideration.

The Replacement Lease will be substantially as follows:

**OWNER/
LANDLORD:**

The City of New York (the "City")

**TENANT/
ASSIGNOR:**

NYCLDC

**LEASE
ASSIGNEE:**

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

Seaside Park is a joint venture between Coney Entertainment LLC, an affiliate of iStar Inc. ("iStar"), and Coney Island USA, Inc. ("CIUSA"), a local Coney Island not-for-profit corporation. iStar is a finance and investment company focused on the commercial real estate industry that owns outdoor entertainment facilities throughout the country.

SITE:

Contiguous properties totaling approximately 130,000 square feet, and improvements thereon, including the Childs Building, located off the Riegelmann Boardwalk between West 21st and West 23rd Streets, Coney Island, Brooklyn, comprised of Block 7071, Lots 27, 28, 30, 32, 34, 76, 130, 142, 200, 226, 231 and 300, within Community Board No. 13

OPTION

PROPERTY:

The Block 7071, Lot 130 portion of the Site, which includes the Childs Building, an approximately 60,000 square foot City designated landmark building located at 3052 West 21st Street (the "Option Property")

TRANSACTION

TERMS AND

OVERVIEW:

The initial term of the Replacement Lease will begin on the termination of the Original Lease and end at the termination date of the Original Lease (no later than 10 years after the issuance of a temporary certificate of occupancy for the amphitheater). As provided in the Original Lease, the Replacement Lease will have a nominal base rent for the initial term of the Replacement Lease for the Site. Base Rent during the ten-year extension term for the Option Property shall be determined by a fair market value appraisal of the Option Property as improved that takes into consideration development requirements and use restrictions on the Option Property, but shall not be payable for any period prior to Seaside Park recouping up to \$7,500,000 of its investment in interior improvements to the Childs Building plus an annual rate of return on such investment of no more than 6.5%. Repayment of this investment will be from rent pursuant to a sublease of the Option Property. Additionally, tenant will pay a PILOT, which for the initial term of the Replacement Lease will be substantially as set forth in the Original Lease.

The Original Lease and funding agreements were procured on a sole source basis in recognition of the unique nature of the transaction. iStar previously controlled a portion of the Site which was sold to the City contemporaneously with the closing under the Original Lease and sole source procurement allowed construction of the Project to commence expeditiously following the closing. Furthermore, iStar's relationship with CIUSA, a leading performing arts organization in Coney Island, allowed the Project to benefit from the unique combination of iStar's development experience and CIUSA's expertise in performing arts in the area. Furthermore, disposition of the Option Property for an additional 10-year period pursuant to the Childs Building Extension Option was similarly procured on a sole source basis in recognition of the above and the difficulty in obtaining an operator for the Childs Building willing to make a substantial investment in the property without a longer lease term.

ZONING:

R7D/C2-4 overlay within the Coney Island Special District.

APPROVALS:

On December 18, 2013, the Brooklyn Borough Board approved the disposition of the Site pursuant to the Original Lease. Similar to the approvals obtained previously for the Original Lease, the issuance of the Replacement Lease requires approvals pursuant to Section 384(b)(4) of the City Charter, including the approval of the Brooklyn Borough Board, approval of the NYCEDC Board of Directors,

approval of the NYCLDC Board of Directors and notice required pursuant to the Public Authorities Accountability Act. In 2013, City Planning and the City Council approved the disposition of the Site pursuant to ULURP.

APPRAISAL:

An appraisal completed in December 21, 2016 associated with the highest-and-best use for the Site in accordance with allowable zoning valued a lease of the Site with the same term as the Original Lease at \$4,600,000 annual rent. This appraisal took into account all existing site conditions and did not take into account any restrictions. A separate determination by the appraiser, which took into account the funding agreements as well as the development requirements and use restrictions in the Original Lease, valued the Site at nominal annual rent.

**BENEFIT TO
THE PUBLIC:**

In addition to contributing to overall economic activity and increasing tax revenues, the overall project has created approximately 300 construction jobs and 240 living wage jobs, of which approximately 90% were local hires, and will continue to create construction and permanent jobs as the renovation and redevelopment of the Childs Building continues. The Project will additionally contribute a variety of ongoing community benefits, including an amphitheater for community events, the restoration of the landmarked Childs Building and new public open space.

**PROPOSED
RESOLUTIONS:**

Approval for NYCLDC to enter into the Replacement Lease with the City and to assign the Replacement Lease to Seaside Park for nominal consideration, on substantially the above described terms.

Approval of any other actions or agreements necessary to effect the proposed transactions substantially as described herein.

The Board further resolves that there is no reasonable alternative to the proposed transfer to Seaside Park that would achieve the same public benefit as the transfer.

**NYCEDC
PROJECT
CODE:**

5300

