

MINUTES OF A REGULAR MEETING
OF THE BOARD OF DIRECTORS
OF
NEW YORK CITY LAND DEVELOPMENT CORPORATION
August 9, 2023

A regular meeting of the Board of Directors (the "Board") of New York City Land Development Corporation ("NYCLDC"), was held, pursuant to notice by the Secretary, on Wednesday, August 9, 2023, in Conference Center A/B, on the 14th Floor at the offices of New York City Economic Development Corporation ("NYCEDC") at One Liberty Plaza, New York, New York.

The following members of the Board of Directors were present:

Anand Amin (by Zoom)
Nate Bliss (by Zoom)
Kim Bryan (by Zoom)
Jeanny Pak (by Zoom)

The meeting was chaired by Mr. Bliss, Chairperson of NYCLDC. Also present were Mark Silversmith, Secretary of NYCLDC, who served as secretary of the duly constituted meeting, at which a quorum was present, Spencer Hobson, an Executive Vice President and Treasurer of NYCLDC, Hester Muis, an Executive Vice President of NYCEDC (by Zoom), PJ Berg, a Senior Vice President of NYCEDC, John Raymond, a Vice President of NYCEDC (by Zoom), Kevin Dunlevy, an Assistant Vice President of NYCEDC, Delano Clarke, a Vice President of NYCEDC, and Jaan Kangur, a Senior Paralegal of NYCEDC. The meeting was called to order at 2:14 p.m.

1. Approval of the Minutes of the April 28, 2023 Regular Meeting of the Board of Directors

There were no questions or comments with respect to the minutes of the April 28, 2023 regular meeting of the Board of Directors, as submitted. A motion to approve such minutes, as submitted, was made, seconded and unanimously adopted.

2. Long Term Ground Lease to Queens Development Group, LLC

At this time, Mr. Dunlevy presented a proposal for NYCLDC (i) to enter into a lease (the "Lease") for Block 1833, Lots 120, 130, 135 and possibly 112 on the Tax Map of the Borough of Queens (the "Site") from the City of New York (the "City"), (ii) to assign such Lease to (a) Queens Development Group, LLC ("QDG") or an affiliated entity (whichever, the "Developer") and/or (b) an affiliated housing development fund corporation or other entity whose purpose is to facilitate affordable housing and/or obtain financing for the proposed project (the "Financing Entity"), and (iii) to enter into any related agreements and documents and consents and amendments to effectuate the Project, substantially as hereinafter defined, all to provide for development of the

Site by the Developer into two 12-story, mixed-use buildings comprising approximately 859,409 gross square feet ("GSF") as well as open space, which development is expected to include (a) approximately 717,571 GSF of affordable housing, (b) approximately 24,311 GSF of commercial space, (c) approximately 2,210 GSF of community facility space, (d) approximately 91,901 GSF of parking space (approximately 323 spaces), and (e) approximately 38,881 square feet of open space (including Lot 112) (collectively, the "Project"), all on substantially the terms set forth in Exhibit A hereto.

In answer to a question from Ms. Bryan, Mr. Berg explained that the appraised value for highest and best use for Lot 120 was listed as \$0 in the meeting item because under zoning Lot 120 was required to be open space. In answer to a second question from Ms. Bryan, Mr. Berg explained that Lot 112 was included as a possible portion of the leased site because QDG had agreed to maintain open space, and that Lot 112 was one of the lots required by zoning to be open space. Mr. Berg further noted that it was anticipated that in the Uniform Land Use Review Procedure for Phase 2 Lot 112 would be mapped as part of a street, in which case it would no longer be included in the lease if it is originally included therein. In answer to another question from Ms. Bryan, Mr. Dunlevy explained that the Board approval being sought at the current meeting was for the lease with the first 2 of 3 buildings in Phase 1, which totaled approximately 880 housing units, and that the balance of approximately 220 units in Phase 1, which were projected to be senior affordable housing units, were dependent on the New York City Department of Housing Preservation and Development ("HPD") pipeline. He then added that the land for the additional housing units was anticipated to be leased to QDG in the next 1-2 years.

In answer to a question from Mr. Bliss, Mr. Dunlevy stated that the program for buildings 1 and 2 included affordable residential, all of which was under the HPD mix and match term sheet, community facility space, retail, and parking, and that it was anticipated that the affordable residential and community facility space would be covered under a synthetic Article 11 exemption for likely the duration of the regulatory period for the affordable housing units, and that the retail and parking would be covered under a synthetic Industrial and Commercial Abatement Program abatement.

A motion was then 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 the Developer and/or a Financing Entity that will achieve the same purpose 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 at 2:26 p.m.

Mark Silvermith
Secretary

Dated: September 29, 2023
New York, New York

EXHIBIT A

NEW YORK CITY LAND DEVELOPMENT CORPORATION

**LONG TERM GROUND LEASE TO QUEENS DEVELOPMENT GROUP, LLC
Board of Directors Meeting
August 9, 2023**

LESSOR: The City of New York (the "City")

**LESSEE/
LEASE ASSIGNOR** NYCLDC

LEASE ASSIGNEE: The Lease assignee will either be (i) Queens Development Group, LLC ("QDG") or an affiliated entity (whichever, the "Developer") and/or (ii) an affiliated housing development fund corporation ("HDFC") or other entity whose purpose is to facilitate affordable housing and/or obtain financing for the proposed project (the "Financing Entity"). If the Financing Entity is the Lease assignee, the Developer will be the beneficial owner of the leasehold interest. The Developer is controlled directly or indirectly by the Related Companies and Sterling Equities and/or their affiliates.

**SITE
LOCATION:** Block 1833, Lots 120, 130, 135 and possibly 112 (the "Site")
Willets Point
Borough of Queens
Community Board #7

**SITE
DESCRIPTION:** The Site is approximately 139,479 square feet. If Lot 112 is removed from the Site, the Site will be approximately 135,609 square feet. The Site is owned by the City and is currently vacant. The Site is approximately depicted in Attachment A.

BACKGROUND: The City has envisioned the redevelopment of Willets Point over several mayoral administrations. The Willets Point and Flushing Meadows Corona Park area had been historically known as the 'Valley of the Ashes' due to their serving as a coal ash dump during the early 20th century. Though the coal ash was removed from the entire area and the larger Flushing Meadows Corona Park area was developed for the 1939 World's Fair, the area known as Willets Point was never fully developed. In the mid-20th century, the Willets Point area evolved into primarily a neighborhood of automobile chop shops consisting of one-story metal

structures and lacking basic infrastructure such as sanitary sewers.

In 2002, the Downtown Flushing Task Force convened to develop a planning strategy for the growth of Downtown Flushing, the Flushing River waterfront, and Willets Point. Building upon this strategy, in 2008, approximately 63-acres bounded by Seaver Way (126th Street), Northern Boulevard, Block 1833, Lot 1 to the west of Flushing Creek, and Roosevelt Avenue was rezoned, established as the Special Willets Point Zoning District (“SWPD”), and designated as an Urban Renewal Area. The City commenced purchasing properties from private landowners within Willets Point that would be part of future land assemblages.

NYCEDC released an RFP in 2011 for development proposals, and in 2012, the Developer was selected. QDG’s initial proposal included development of the SWPD and the parking lots of Citi Field (“Willets West”), which parking lots are mapped parkland. SWPD was to have been a mixed-use neighborhood featuring office, retail, hotel, a school, open space, and 2,500 units of housing, 35% of which was to have been affordable. Willets West was to have been developed as a retail mall. The Willets West component was challenged in court, and in 2017, was ruled to be a use inconsistent with the legislation that provided for the construction of Citi Field and its precursor Shea Stadium on parkland. Since Willets West was to have financially supported development of the entire plan, redevelopment was postponed.

On February 5, 2018 NYCEDC entered into a Pre-Development Agreement with the Developer, which as amended as of March 5, 2021 provided for a re-envisioned project consisting of the environmental remediation of the Site in accordance with State DEC standards pursuant to the Brownfield Cleanup Program; construction of on-site and off-site infrastructure, including the replacement of a 72” trunk water main in Willets Point Boulevard, construction of sanitary and storm sewers, distribution water mains, dry utilities, streets, open space and other associated work; construction of 100% affordable residential buildings totaling approximately 1,100 housing units; and delivery of a development-ready construction pad to the New York City School Construction Authority. The Developer is performing the infrastructure and remediation work pursuant to two funding agreements with NYCEDC.

In July 2021, infrastructure and remediation work commenced – with remediation expected to be completed in 2023 and infrastructure expected to be completed in 2025.

The Site will include the first 881 of the planned housing units for Willets Point.

PROJECT DESCRIPTION:

The Site will be developed by the Developer into two, 12-story mixed-use buildings comprising approximately 859,409 gross square feet as well as open space. Each building will be sited on its own tax lot. The development is expected to include (i) approximately 717,571 gross square feet of affordable housing, (ii) approximately 24,311 gross square feet of commercial space, (iii) approximately 2,210 gross square feet of community facility space, (iv) approximately 91,901 gross square feet of parking space (approximately 323 spaces), and (v) approximately 38,881 square feet of open space (including Lot 112) (collectively, the "Project"). Subject to unavoidable delays, the Developer is to commence construction of the Project within 90 days of the Lease effective date and substantially complete construction of the Project by 36 months after the construction commencement date.

The Developer anticipates delivering approximately 881 affordable housing units, which will include a homeless set-aside and units at affordability levels ranging from very low income to moderate income.

If Lot 112 is included in the Lease, it is anticipated that at a later date the Lot 112 portion of the Site will be withdrawn from the Lease and will become part of a mapped street.

PURPOSE OF THE DISPOSITION/BENEFIT TO THE PUBLIC:

It is anticipated that the disposition of the Site will transform an underutilized City-owned asset that has historically been a contaminated area into a mixed-use development that provides for affordable housing, retail, and community facility uses.

LEASE TERMS:

It is anticipated that the City (as Lessor) and NYCLDC (as Lessee) will enter into a lease for the Site (the "Lease"). It is further anticipated that NYCLDC will then assign the Lease to the Developer or the Financing Entity and that NYCEDC will administer the Lease on behalf of the City.

The term of the Lease will be 99 years.

The annual base rent will be \$1 during the period that the rents of the housing units on the Site are regulated pursuant to an agreement related to affordable housing with HPD. Upon termination or expiration of the regulatory period, and every 25 years thereafter, the annual base rent will be based on an appraisal of the fair market value of the Site for the uses permitted under the Lease, with periodic escalations.

The Lease assignee will make payments in lieu of taxes ("PILOT") in amounts equal to the real property taxes that would be assessed and levied against the Site if the owner of the Site was not the City except that PILOT will reflect (i) any as-of-right exemptions, abatements, credits, or other reductions that the Developer or the Financing Entity would be entitled to if it was the owner of the Site, and (ii) to the extent that any portion of the Project is being used for a regulated affordable housing use, a discretionary abatement in line with abatements for projects encumbered by a regulatory agreement under then-applicable laws, regulations, policies and/or programs.

**APPRAISED
VALUE:**

An independent appraisal of the Site was commissioned in June 2023. The appraisal valued the fair market annual rent for the Site (including Lot 112) at \$0, accounting for the specific development requirements and restrictions pertaining to the use and transfer of the Site. The appraisal also valued the highest and best use fair market value of the Site (including Lot 112) at \$87,300,000.

Appraised values for the individual tax lots are shown in the table below for each value determination.

| | Highest and Best Use | As Restricted |
|---------------------|----------------------|---------------|
| Block 1833, Lot 112 | \$0 | \$0 |
| Block 1833, Lot 120 | \$0 | \$0 |
| Block 1833, Lot 130 | \$50,800,000 | \$0 |
| Block 1833, Lot 135 | \$36,500,000 | \$0 |
| Total | \$87,300,000 | \$0 |

**EXISTING
ZONING:**

The Site is zoned C4-4 within the Willets Point Special District ("SWPD").

PUBLIC APPROVALS:

On September 24, 2008 (Calendar No. 17) City Planning approved the disposition and rezoning of the Site, as part of the Willets Point Urban Renewal Area.

Pursuant to Section 384(b)(4) of the City Charter, the proposed disposition of the Site was approved by the Queens Borough Board on May 10, 2021. The proposed disposition is anticipated to obtain Mayoral authorization in September 2023.

The Project design is subject to review and approval by the Public Design Commission ("PDC"). The Project received Final Approval from PDC on April 24, 2023.

PROPOSED RESOLUTIONS:

Approval for NYCLDC to (i) enter into the Lease for the Site from the City substantially as described herein, (ii) assign such lease to the Developer and/or a Financing Entity, substantially as described herein, and (iii) enter into any related agreements and documents and consents and amendments to effectuate the Project substantially as described herein.

The Board of Directors further resolves that there is no reasonable alternative to the proposed transfer to the Developer and/or a Financing Entity that will achieve the same purpose as the transfer.

NYCEDC PROJECT CODE:

1906

NYCEDC STAFF:

PJ Berg, Senior Vice President, Real Estate Transaction Services

John Raymond, Vice President, Real Estate Transaction Services

Kevin Dunlevy, Assistant Vice President, Real Estate Transaction Services

Maria Lombera, Associate, Real Estate Transaction Services

Sharmaine Belton, Analyst, Real Estate Transaction Services

Judy Fensterman, Assistant General Counsel, Legal

