



New York City Economic Development Corporation

MINUTES OF
A SPECIAL MEETING OF THE
REAL ESTATE AND FINANCE COMMITTEE
OF
NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION
March 8, 2019

A special meeting of the Real Estate and Finance Committee (the "Committee") of the Board of Directors (the "Board") of New York City Economic Development Corporation ("NYCEDC"), was held on Friday, March 8, 2019, at NYCEDC's offices at 110 William Street, in the 6th Floor Legal Library, New York, New York.

The following members of the Committee were present:

James McSpiritt
Patrick J. O'Sullivan, Jr. (by conference telephone)
Mark Russo (by conference telephone)
Betty Woo (by conference telephone)

Members of NYCEDC staff also were present.

The meeting was chaired by Mr. O'Sullivan and called to order at 3:02 p.m. Meredith Jones, an Executive Vice President, General Counsel and Secretary of NYCEDC, served as secretary of the duly constituted meeting, at which a quorum was present.

1. Acquisition of 979 Broadway, Brooklyn

Brian Ker, an Assistant Vice President of NYCEDC, presented a proposal for (i) the Committee's approval for NYCEDC to enter into contract to acquire, subject to the approval of NYCEDC's Board of Directors, Block 3193, Lots 17, 18, 20, 21, 22, 120 and 121 on the Tax Map of the Borough of Brooklyn (the "Site"), and to pay a down payment of \$650,000, and (ii) the Committee to recommend that the Board approve the proposed acquisition of the Site by NYCEDC, on substantially the terms set forth in Exhibit A hereto.

At this time, Mr. Ker stated that BGG Real Estate Services was chosen to perform the appraisal and that an initial indication of the appraisal was expected later in March. Mr. Ker then explained NYCEDC's market analysis for valuing the Site, which included taking into account the parking value and the value of the property's density rights, and he noted that NYCEDC took into account a 50-100% range of density rights being transferrable.

In answer to a question from Mr. O'Sullivan, it was indicated that NYCEDC getting fully reimbursed for the cost of the purchase was dependent on the rezoning of the area being approved. Sunitha Amalraj, a Senior Vice President of NYCEDC, stated that the zoning certification was expected to be announced at the end of 2019 or the beginning of 2020. In answer to additional questions from Mr. O'Sullivan, Ms. Amalraj stated that NYCEDC wished to enter into a contract to purchase at this time to ensure that NYCEDC had the right to purchase at the current price.

In answer to a question from Mr. Russo, Mr. Ker stated that NYCEDC would have an appraisal by the time of Board approval and closing, and that this special meeting of the Committee was requested so that NYCEDC could move the transaction forward and begin its due diligence. In answer to a second question from Mr. Russo, Ms. Amalraj stated that NYCEDC had looked at values to determine a purchase amount. At this time, there was discussion among the Committee and NYCEDC staff regarding the valuation and purchase price for the Site. In answer to a question from Mr. McSpirtt, Ms. Amalraj stated that the funds needed to acquire the property were already available, and that NYCEDC had initiated the process to be reimbursed from those funds.

In answer to a question from Mr. O'Sullivan, Hester Muis, an Executive Vice President of NYCEDC, stated that the reimbursement was dependent on the rezoning, and that it was important to balance the downside risk with the upside of NYCEDC getting fully reimbursed for the purchase and in the possibility of a future sale. Mr. Ker further pointed out that even without the rezoning there were other development sites moving forward in the neighborhood. In answer to another question from Mr. Russo, Ms. Amalraj stated that it was anticipated that NYCEDC would have the appraisal by the time of the next Committee meeting and the May Board meeting. At this time, the members of the Committee agreed that at this meeting they could approve NYCEDC entering into the contract and putting down the deposit, but that they would like to see the appraisal before recommending that the Board approve the acquisition of the Site.

A motion then was made that the Committee approve that NYCEDC enter into a contract to acquire the Site and to pay a down payment of \$650,000, as set forth in the Proposed Resolutions section of Exhibit A hereto, with the understanding that NYCEDC would return to the Committee after it had an appraisal of the Site with a proposal that the Committee recommend that the Board approve the proposed acquisition of the Site by NYCEDC. Such motion was seconded and unanimously approved.

2. Adjournment

There being no further business to come before the meeting, the meeting of the Committee was adjourned at 3:31 p.m.

Mark Silverman

Assistant Secretary

Dated: April 23, 2019
New York, New York

Exhibit A

ACQUISITION OF 979 BROADWAY, BROOKLYN
Real Estate and Finance Committee Meeting
March 8, 2019

SELLER: Bang Keun Lee

PURCHASER: NYCEDC

SITE: Block 3193, Lots 17, 18, 20, 21, 22, 120 and 121
Borough of Brooklyn

SITE DESCRIPTION: The Site, an approximately 13,500 square foot parcel of unimproved land, is located next to a transit hub (M, J and Z trains) and two major, active commercial corridors (Broadway and Myrtle Avenue). It is positioned in a fast-growing, mid-density neighborhood. The Site is encumbered by restrictions due to overhead MTA subway tracks and a related Real Estate Utility Corporation Easement (see Attachment A).

PURCHASE PRICE: It is proposed that NYCEDC enter into a contract with the Seller (the "Contract") to purchase the Site for \$6,500,000 (all cash) with a down payment of \$650,000 (10% of Purchase Price). The down payment will be at-risk. However, NYCEDC shall have the right to terminate the Contract, with return of the down payment, either (i) by the end of a 60-day due diligence period based on any unsatisfactory diligence results (see also Environmental Matters, below); or (ii) in the event that the NYCEDC Board of Directors does not approve the transaction. The due diligence period commences upon execution of the Contract. If the closing takes place, NYCEDC anticipates that it will be reimbursed for the Purchase Price by the City.

APPRAISED VALUE: An appraisal is being performed for NYCEDC by an independent appraiser to determine the estimated fair market value of the fee simple interest of the Site, based on highest and best use under current zoning. The appraised value will be presented to the Board at the time the acquisition is presented to the Board for approval.

PURPOSE OF ACQUISITION/ BENEFIT TO THE PUBLIC: NYCEDC expects that the City will want to later activate the Site to provide a public benefit as part of an area-wide rezoning that will facilitate the development and improvement of the area. If

the City decides to activate the Site, NYCEDC will transfer the Site to the City for \$1.00.

**EXISTING
ZONING:**

The Site is currently zoned R-6/C2-3 (FAR 2.43).

**ENVIRONMENTAL
MATTERS:**

A Phase I environmental condition report has been ordered for the Site, and a Phase II may also be conducted if determined to be necessary. If, by the end of the 60-day due diligence period, the reports indicate that any environmental issues exist, NYCEDC has the right to terminate the Contract and the down payment will be returned.

**PROPOSED
RESOLUTIONS:**

(1) Approval for NYCEDC to enter into the contract to acquire, subject to the approval of NYCEDC's Board of Directors, the Site, and to pay a down payment of \$650,000, substantially as described herein; and

(2) Recommend that the Board approve the proposed acquisition of the Site by NYCEDC, substantially as described herein

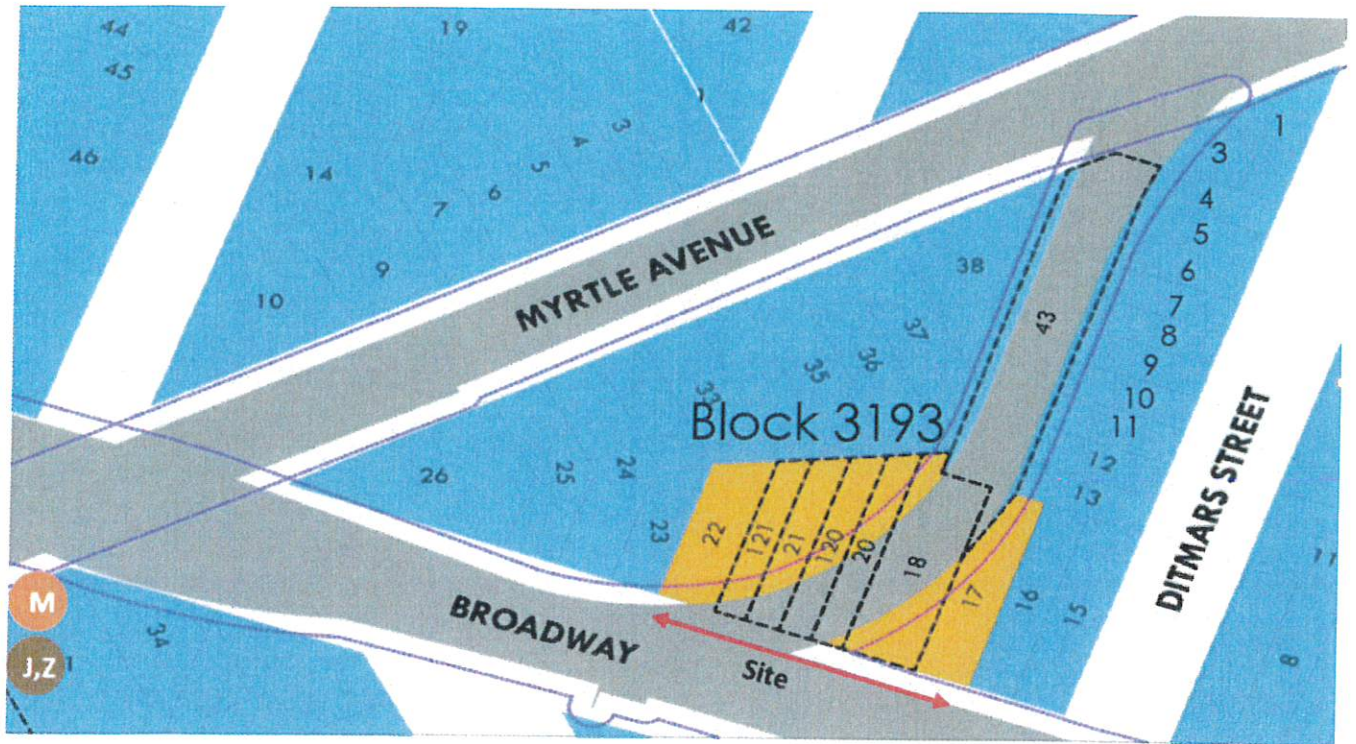
**NYCEDC
PROJECT CODE:**

7796

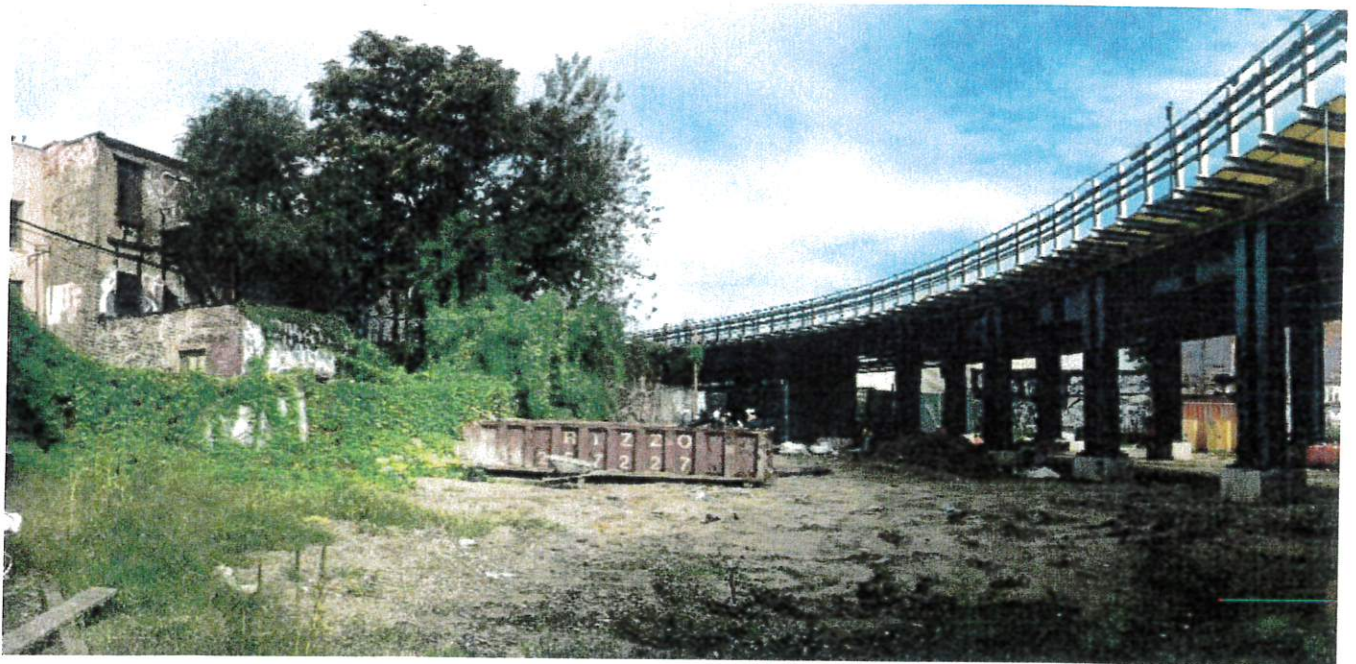
STAFF:

Sunitha Amalraj, Senior Vice President, Real Estate Transactions
Brian Ker, Assistant Vice President, Real Estate Transactions
Eric Rivera, Associate, Real Estate Transactions
Anne Sherman, Senior Counsel, Legal

Attachment A



- 979 Broadway
- 10' MTA Clearance Requirement (and elevated tracks)
- REUC Easement-affected lots



View of Site



Street View of Site