



New York City Economic Development Corporation

MINUTES OF THE MEETING OF THE
REAL ESTATE AND FINANCE COMMITTEE
OF
NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION
September 12, 2018

A 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 Wednesday, September 12, 2018, at NYCEDC's offices at 110 William Street, in Conference Room 5B, New York, New York.

The following members of the Committee were present:

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

Members of NYCEDC staff also were present.

The meeting was chaired by Mr. O'Sullivan and called to order at 2:03 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. (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 July 24, 2018 Committee Meeting

It was moved that the minutes of the July 24, 2018 meeting of the Committee be approved, as submitted. Such a motion was seconded and unanimously approved.

2. Long Term Ground Leases to The Peninsula JV, LLC

Diana Clement, an Assistant Vice President of NYCEDC, presented a proposal for New York City Land Development Corporation ("NYCLDC") (i) to lease from the City of New York (the "City") Block 2763, Lot 29 and part of Lots 1 and 2, and Block 2738, Lot 35 on the Tax Map of the Borough of the Bronx (the "Site") pursuant to multiple leases, (ii) to assign such leases to either (a) The Peninsula JV, LLC, a joint venture between Gilbane Development Company, The Hudson Companies Incorporated and MHANY Management Inc., or affiliated entity(ies) (the "Developer") 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 on the Site (the "Financing Entity"), and (iii) to enter into any related agreements and documents and consents to effectuate the demolition of the structures on the Site and the development of a mixed-use development comprised of five buildings that total approximately 825,000 square feet on the Site, on substantially the terms set forth in Exhibit A hereto.

In answer to a question from Mr. Russo, Ms. Clement stated that there had been a juvenile detention center on the Site for over 50 years, and that the facility had been vacant since a grass roots effort led to its closing in 2011. In answer to a question from Mr. O'Sullivan, Ms. Clement stated that NYCEDC received four good responses to its request for expressions of interest ("RFEI"), and that NYCEDC felt the Developer's response was the strongest because it offered a robust industrial program, its average median incomes and densities were more in line with the New York City Department of Housing Preservation and Development's policy goals, and its project came with deep ties to the neighborhood and a strong phasing plan. In answer to a second question from Mr. O'Sullivan, Ms. Clement stated that the project had received all necessary approvals, including the New York City Public Design Commission's approval for the overall plan and for Phase I of the project. In answer to an additional question from Mr. O'Sullivan, Ms. Clement explained that the project plan and phasing would be governed by the pre-development agreement ("PDA") until the completion of Phase III, at which time the PDA would cease and NYCEDC's relationship with the Developer would be governed by the leases.

In answer to a question from Mr. Russo, Ms. Clement stated that NYCEDC anticipated that Phase I would close in December, and that construction of the industrial building would take approximately 12 months and construction of the first housing building would take approximately 24 months. Ms. Clement added that the PDA contained milestones and timelines that the Developer had to meet, and that the project was structured to incentivize the Developer to continue to progress to each new phase. In answer to a question from Mr. O'Sullivan, Ms. Clement stated that because two tenants that originally had intended to become tenants in the new industrial building, Lightbox-NY and Bronx Brewery, decided not to proceed, the Developer was working to tenant those spaces and hired a brokerage firm and other consultants to assist in that effort. NYCEDC felt comfortable about the ability of the remaining space to be tenanted.

A motion was made that the Committee recommend that the Board of Directors approve the matters set forth for approval in the Proposed Resolutions section of Exhibit A hereto. 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 Committee was adjourned at 2:19 p.m.



Assistant Secretary

Dated: October 23, 2018
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
Gilbane.....	Gilbane Building Company
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

**LONG TERM GROUND LEASES TO THE PENINSULA JV, LLC
Board of Directors Meeting
September 28, 2018**

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

**LESSEE/
LEASE ASSIGNOR:** NYCLDC

LEASE ASSIGNEE: The lease assignee (for each lease) will either be (i) The Peninsula JV, LLC, a joint venture between Gilbane Development Company ("Gilbane"), The Hudson Companies Incorporated ("Hudson") and MHANY Management Inc. ("MHANY"), or affiliated entity(ies) (the "Developer") 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 on the Site (the "Financing Entity"). If the Financing Entity is the lease assignee, the Developer will be the beneficial owner of the leasehold interest. With respect to the industrial space, lease assignee may be one of the above lease assignees and/or a not-for-profit organization affiliated with MHANY (any such not-for-profit organization being part of "Developer" but only with regard to the industrial space).

Gilbane is controlled directly or indirectly by Robert V. Gilbane, Edward T. Broderick and Matthew P. Lawrence.

Hudson is controlled directly or indirectly by David Kramer, William Fowler, Alison Novak, Aaron Koffman and Sally Gilliland.

MHANY is a not-for-profit corporation controlled by its members.

**SITE
LOCATION:** Block 2763, Lot 29 and part of Lots 1 and 2; Block 2738, Lot 35 (the "Site")
1201-1231 Spofford Avenue
Borough of the Bronx
Community Board No. 2 ("CB2")

**SITE
DESCRIPTION:** The Site, which includes the former Spofford Juvenile Detention Center and an Administration for Children's Services ("ACS") managed early childhood education center, occupies a full block on the west side of Spofford Avenue between Tiffany Street and Manida Street in Hunts Point in the Bronx. The Site shares a northern border with the Corpus Christi Monastery, Julio Carballo Fields and

Hunts Point Recreation Center, and includes an improved but non-operational structure comprising Spofford Juvenile Detention Center and an improved, operational structure housing the early childhood educational center. In total, the Site is approximately 206,000 square feet (4.73 acres).

The Site is approximately depicted in Attachment A.

BACKGROUND:

The majority of the Site has been vacant since 2011 when the 170,000 square foot Spofford Juvenile Detention Center, which was built in the 1950s, was closed after approximately 50 years of operation. An early childhood education center, operated by La Peninsula, funded and managed by ACS, remains on the Site in a separate building (the "ACS Facility").

NYCEDC released a Request for Expressions of Interest on June 23, 2015 for the disposition and redevelopment of the Site and ultimately selected the Developer as the successful respondent on October 16, 2016. Respondents to the RFEI and a brief summary of their responses are listed in Attachment B.

PROJECT DESCRIPTION:

The Developer proposes to demolish the structures on the Site and develop a mixed-use development comprised of five buildings that total approximately 825,000 square feet ("SF"). The development will include (i) approximately 700,000 SF of affordable housing, (ii) approximately 50,000 SF of industrial space, (iii) approximately 20,000 SF of commercial space, (iv) approximately 55,000 SF of community facility space, (v) approximately 54,000 SF of publicly accessible open space and (vi) underground parking for approximately 260 vehicles (collectively, the "Project").

The Developer anticipates delivering an aggregate of approximately 740 affordable housing units. It is expected that a total of 40% of the residential units will be permanently affordable: 25% by reason of the City's Mandatory Inclusionary Housing program ("MIH") and 15% pursuant to an additional commitment from Developer. The remaining 60% of the residential units are expected to remain affordable for a period of time (the "Regulatory Period") set by HPD and New York City Housing Development Corporation ("HDC") pursuant to a project agreement with the Developer. Affordable units will be spread across multiple income bands with an anticipated range from 30% to 90% of the Area Median Income.

It is anticipated that the Project will close in phases and be leased in multiple leases. The property for each phase will

be released upon satisfaction of certain terms and conditions set forth in the Pre-Development Agreement including but not limited to completion of certain construction requirements of the previous phase(s). Construction of each phase is expected to commence shortly after each closing as specified in the corresponding lease.

Phase I is anticipated to include construction of buildings 1A and 1B and no less than 8,200 SF of publicly accessible open space. Building 1A is anticipated to be an approximately 50,000 SF light industrial and commercial building. It is anticipated that the building will house food production, media, financial services, and retail tenants. Building 1B is anticipated to include approximately 180 affordable housing units and approximately 15,000 SF of artist workspace.

Phase II is anticipated to include construction of buildings 2A and 2B and no less than 31,000 SF of publicly accessible open space. Building 2A is expected to include approximately 220 affordable housing units, and building 2B is expected to include approximately 140 affordable housing units. Phase II is anticipated to also include (i) approximately 10,000 SF of community facility space and (ii) an approximately 15,000 SF daycare and early childhood education facility with an approximately 5,000 SF private play area.

Phase III is expected to include construction of an approximately 195-unit affordable housing building where the current ACS facility stands and no less than approximately 6,000 SF of publicly accessible open space. In addition to the housing, Phase III is anticipated to include approximately 26,000 SF of community facility and commercial space.

In March 2018, the Developer commenced clean-up, asbestos remediation, demolition and soil remediation pursuant to a license agreement administered by NYCEDC. Under the license agreement, the Developer is required to secure the Site while this work is underway.

**PURPOSE OF
DISPOSITION/
BENEFIT TO
THE PUBLIC:**

It is anticipated that the disposition of the Site will transform a vacant and underutilized City-owned asset into a mixed-use development that provides for affordable housing, industrial space, a daycare and early childhood education facility and the creation of new publicly accessible open space.

LEASE TERMS:

It is anticipated that the City (as Lessor) and NYCLDC (as Lessee) will enter into multiple long term leases for the Site, most likely, one lease per building. It is further anticipated that NYCLDC will then assign each such lease to a lease assignee entity listed above.

No lease term will be longer than 99 years. For building 1A, the industrial building, the initial lease term will be a minimum of 25 years with two renewal options for a total anticipated term of 99 years. The annual rent for the initial term will be at least \$10 and thereafter based on an appraisal of fair market value subject to the lease for the renewal terms.

The initial term of each lease for a residential building (1B, 2A, 2B and 3) will be 60 years or such term as is required to accommodate a low income housing structure or other financing structure, as determined in cooperation with HPD and HDC, with two renewal options for a total anticipated term of 99 years per lease. The annual rent for the Regulatory Period of each of the residential buildings will be at least \$10. At the termination of the Regulatory Period, it is anticipated that the ground rent will be based on an appraisal of fair market value subject to the lease.

Beginning in the tenth year of the lease or earlier, it is anticipated that the Developer shall pay participation rent equal to 50% or more of all non-residential rent proceeds (including but not limited to rent proceeds from building 1A) above \$150,000. At the direction of HPD or HDC, NYCEDC will forgo the collection of participation rent.

Developer will also make payments in lieu of taxes ("PILOT") in amounts equal to the real property taxes that would be assessed and levied against the Project if Developer was the owner of the Site, provided that PILOT will reflect any abatements, exemptions, or credits for which the Project or Developer qualifies.

APPRAISED VALUE:

An independent appraisal was commissioned in August 2018. The appraisal concluded that the fair market value of the Site, accounting for the specific development requirements and restrictions pertaining to the use and transfer of the Site is \$0.00. The appraisal concluded that the highest and best use fair market sale value of the Site is \$17,300,000.

EXISTING ZONING:

The Site is zoned M1-2/R7-2 Special Mixed-Use District. The Site was designated as a MIH area and was granted special permits (i) to create a Large Scale General

Development, and (ii) to modify height, parking and setback requirements.

**PUBLIC
APPROVALS:**

A Final EIS was issued for the Project on February 2, 2018. City Planning on February 26, 2018 (Calendar No. 5, 6, 7, 8, 9 and 10) and the New York City Council on March 22, 2018 approved the disposition and rezoning of the Site to M1-2/R7-2 Special Mixed-Use District pursuant to ULURP. The Site was designated as a MIH area and was granted special permits to (i) create a Large Scale General Development, and (ii) modify height, parking and setback requirements. Pursuant to Section 384(b)(4) of the City Charter, on June 22, 2018, the Bronx Borough Board approved the proposed disposition of the Site by the City.

The Project design is subject to review and approval by the Public Design Commission ("PDC"). The Project received Conceptual Approval from PDC on April 24, 2018 and Preliminary Approval for Phase 1 on June 11, 2018.

**PROPOSED
RESOLUTIONS:**

Approval for NYCLDC to (i) lease the Site from the City pursuant to multiple leases, (ii) assign such leases to the Developer and/or the Financing Entity, substantially as described herein, and (iii) enter into any related agreements and documents and consents 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 the Financing Entity that will achieve the same purpose as the transfer.

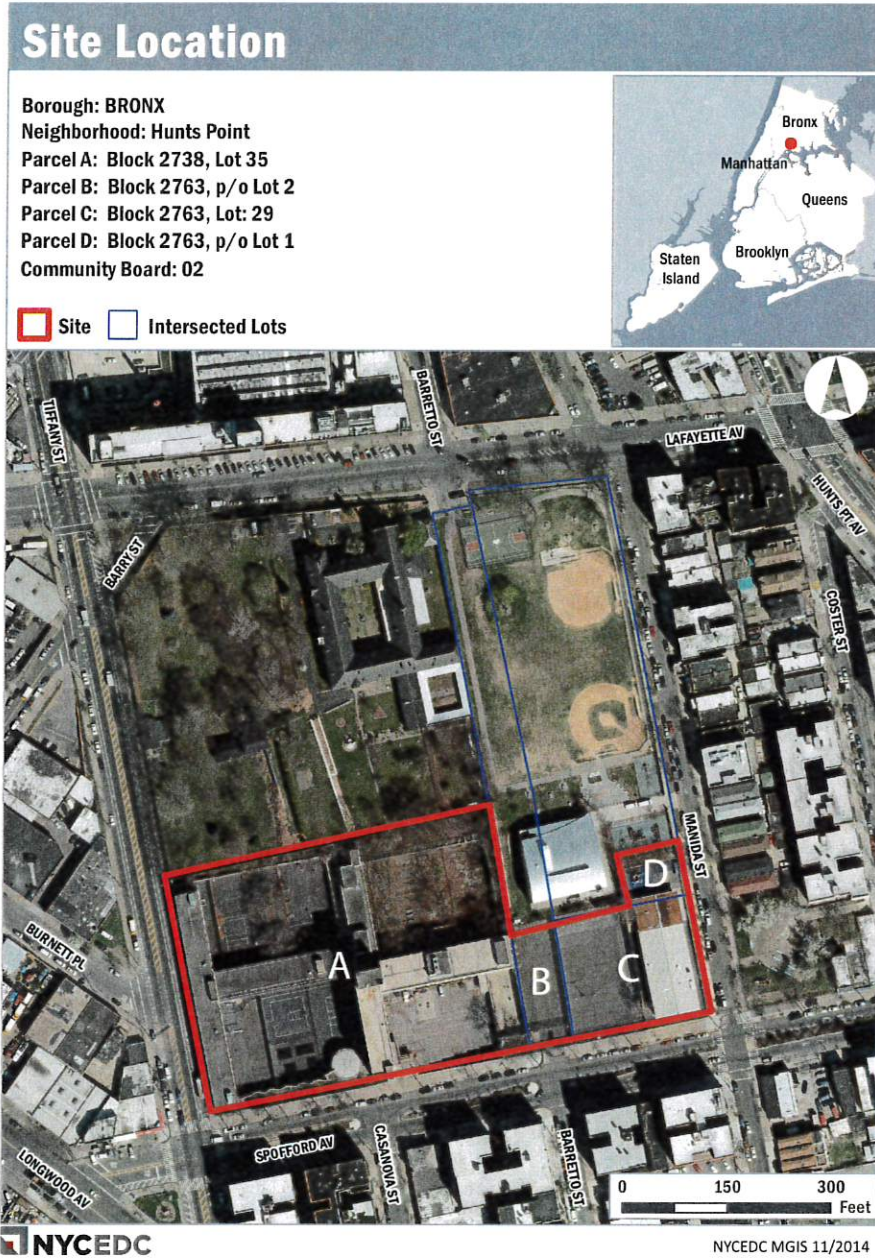
**NYCEDC
PROJECT CODE:**

6060

STAFF:

Diana Clement, Assistant Vice President, Real Estate Transaction Services
Susan Goldfinger, Senior Vice President, Real Estate Transaction Services
Jeffrey Nelson, Executive Vice President, Real Estate Transaction Services
Randi Cohen, Counsel, Legal

ATTACHMENT A
PROJECT LOCATION



ATTACHMENT B

INITIAL RESPONDENT RESPONSES

Development Partners	Proposed Project	Approximate Proposed Payment	Housing Units
Gilbane Development led with Mutual Housing Association of New York and Hudson Companies	Mixed-use development with affordable housing, commercial, community facility and industrial space	Ground Rent: \$1.00	753
BRP led with L+M, Direct Invest Development, Majora Carter Group, Habitat for Humanity and Settlement Housing Fund	Mixed-use development with affordable housing, commercial, community facility and industrial space	Ground Rent: \$1.00	1,097
Monadnock Development led with Signature Urban Properties, Urbane Development, Artspace	Mixed-use development with affordable housing, commercial, community facility and industrial space	Ground Rent: \$1.00	746
SEBECO Development, Inc.	Mixed-use development with affordable housing, commercial and community facility space	Ground Rent: \$1.00	482