



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 14, 2017

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 Thursday, September 14, 2017, at NYCEDC's offices at 110 William Street, in Conference Room 6A, New York, New York.

The following members of the Committee were present:

William Candelaria (by conference telephone)
Lynn Kelly (by conference telephone)
David Lichtenstein (by conference telephone)
Patrick J. O'Sullivan, Jr.
Mark Russo (by conference telephone)

Members of NYCEDC staff also were present.

The meeting was chaired by Mr. O'Sullivan and called to order at 2:04 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 18, 2017 Committee Meeting

It was moved that the minutes of the July 18, 2017 Committee meeting be approved, as submitted. Such a motion was seconded and unanimously approved.

2. CBC Associates, LLC: Deed Modification

Warren Hagist, an Associate of NYCEDC, presented a proposal for NYCEDC (i) to consent, on a case-by-case basis, under the deed for the sale by NYCEDC to CBC Associates, LLC of Block 2984, Lots 10, 46 and 67 on the Tax Map of the Borough of the Bronx, as modified (the "Deed"), to non-retail uses for the approximately 15,292 square feet of commercial space on Lot 67, which is required to be used as retail space during the Use Restriction Period as set forth in Exhibit A hereto and (ii) as needed, to consent to an amendment of the regulatory agreement related to the financing for the development on Lot 67, with respect to the use of the commercial space as set forth in

(i) during the Use Restriction Period, on substantially the terms set forth in Exhibit A hereto.

In answer to a question from Mr. O'Sullivan, Mr. Hagist stated that aside from the change in use type being requested, the developer was in compliance with the other requirements under the Deed. In answer to a second question from Mr. O'Sullivan as to attempts by the developer to lease the space for retail use, Sarah Govier, a Vice President of NYCEDC, stated that the developer had advertised the space online and employed a retail broker to lease the space. In answer to an additional question from Mr. O'Sullivan, Ms. Govier stated that the Committee would be recommending approval of the change in use type on a case-by-case basis, and that the developer would then come to NYCEDC staff on a case-by-case basis for approval going forward.

A motion was made that the Committee recommend that the Board of Directors approve the matters set forth for approval in the Proposed Resolution section of Exhibit A hereto. Such motion was seconded and unanimously approved.

3. Lease for Office Space

Mark Spector, a Senior Vice President of NYCEDC, presented a proposal for NYCEDC to enter into a lease agreement between Brookfield Properties OLP CO. LLC, as landlord, and NYCEDC, as tenant, on substantially the terms set forth in Exhibit B hereto.

In answer to a question from Mr. Russo, Mr. Spector explained that NYCEDC already had done some due diligence with regard to the cost of the move and related improvements but, once it had more final estimated numbers, would come back to the Board for it to approve the improvement costs associated with the new space.

A motion was made that the Committee recommend that the Board of Directors approve the matter set forth for approval in the Proposed Resolution section of Exhibit B hereto. Such motion was seconded and approved. Mr. O'Sullivan recused himself from voting on this item.

4. Amended Sublease for Battery Maritime Building

Maxwell Padden, an Assistant Vice President of NYCEDC, presented a proposal for authorization for the various matters set forth in Exhibit C hereto, including consent to the assignment to and assumption by an affiliate of Centaur Properties, LLC ("Centaur") and Cipriani USA, Inc. ("Cipriani" and together with Centaur, the "JV") of the tenant's interest in NYCEDC's sublease of a majority of the Battery Maritime Building ("BMB") to 10 SSA Landlord LLC, an affiliate of The Dermot Company, Inc.

In answer to a question from Mr. O'Sullivan, Mr. Padden stated that currently NYCEDC expected the closing to occur in mid-October, construction to start shortly after closing, and to achieve substantial completion of the project in December of 2018. In answer to a second question from Mr. O'Sullivan, Mr. Padden stated that the JV had executed term sheets with two lenders and had demonstrated the capacity to finance

the project.

In answer to a question, Mr. Padden stated that the project was approximately 55-60% complete, and that the estimated remaining cost of construction was approximately \$90,000,000. In answer to a question from Mr. O'Sullivan, Mr. Padden explained that the JV would be purchasing the existing EB-5 note on the building, at which time the EB-5 lender and investors would exit the deal. Mr. Padden further noted that the tax credits, though slightly diminished because of the extended construction timeline, would remain substantially in place as the deal was originally structured. In answer to an additional question from Mr. O'Sullivan, Mr. Padden stated that the pier structure remained a City obligation, the JV would be responsible for the BMB structure but not underneath it, and the New York City Department of Parks and Recreation would be responsible for maintenance of the esplanade.

A motion was made that the Committee recommend that the Board of Directors authorize the matters set forth for authorization in the Proposed Resolutions section of Exhibit C hereto. Such motion was seconded and unanimously approved.

5. Brooklyn Army Terminal Subleases

Chun Leung, a Vice President of NYCEDC, presented a proposal for NYCEDC's subleasing of approximately 3.6 million square feet of space at Buildings A and B (constituting the portions of those buildings renovated in Phases I through V), available rooftop space at Buildings A and B, and undeveloped land at the Brooklyn Army Terminal ("BAT") (together, the "BAT Site") to various users on terms substantially consistent with those set forth in Exhibit D hereto, and that future subleases for the BAT Site that substantially meet or exceed the specified parameters would be authorized and would not have to be presented to the Board for approval.

In answer to a question from Mr. O'Sullivan, Mr. Leung stated that the base rents in Phases I through IV would increase under the new plan. Matthew Kwatinetz, an Executive Vice President of NYCEDC, noted that this adjustment would be only to the minimum rent. In answer to an additional question from Mr. O'Sullivan, Mr. Kwatinetz explained that appraisals were done approximately every year so that NYCEDC could know if the Board approved amount was substantially out of line with the current appraisal, to enable NYCEDC to decide whether to return to the Board for a new approval.

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 D hereto. Such motion was seconded and unanimously approved.

6. Adjournment

There being no further business to come before the meeting, the meeting of the

Committee was adjourned at 2:30 p.m.

Mark Schmitt
Assistant Secretary

Dated: October 24, 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
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

CBC ASSOCIATES, LLC: DEED MODIFICATION
Board of Directors Meeting
September 29, 2017

- OWNER:** CBC Associates, LLC ("CBC")
- SITE LOCATION:** Block 2984, Lots 46 and 67 (together, "the Site")
Borough of the Bronx
Community Board No. 3
- SITE DESCRIPTION:** The Site is an approximately 48,992 square foot parcel located at 1825 Boston Road in the Crotona Park East neighborhood of the Bronx. It is bounded by East 176th Street on the north, Boston Road on the east, East 175th Street on the south, and Crotona Parkway on the west. The Site was originally part of a larger site (the "Original Site") comprised of the Site and Block 2984, Lot 10.
- Lot 67 (a portion of the Site) is improved with an 8-story, mixed-use building containing 79 units of affordable housing and approximately 15,292 square feet of commercial space ("Crotona A") which is required to be used as retail space pursuant to a regulatory agreement with HPD related to the financing for the development on Lot 67 (the "Regulatory Agreement"). Lot 46 (the other portion of the Site) will be improved with an 8-story, mixed-use building containing 108 units of affordable housing and approximately 9,000 square feet of commercial space ("Crotona B"). Crotona A received a temporary certificate of occupancy ("TCO") in October 2016. Crotona B is under construction.
- BACKGROUND:** In 2002, NYCEDC sold the Original Site to CBC. In 2003, NYCEDC modified the deed (the "Deed") for the sale to allow a self-storage facility to be constructed on the Lot 10 portion of the Original Site and to require that CBC build 15,000 square feet of entertainment and/or retail space on the Site within 2 years of receiving a TCO for the self-storage facility. The TCO was received in 2005 but construction did not commence on the Site within the 2 years.
- Pursuant to NYCEDC Board approval on August 4, 2010, NYCEDC further modified the Deed in 2014 (the

"2014 Deed Modification"), to require, among other things, (a) construction of (i) a minimum of 50 units of affordable housing and (ii) a minimum of 15,000 zoning square feet of retail space on the Site (the "Retail Construction Requirement"), and (b) use pursuant to the terms of the Regulatory Agreement and for no other uses, except with the prior written approval of NYCEDC.

Simultaneously with the 2014 Deed Modification, the Regulatory Agreement was entered into between HPD, the New York City Housing Development Corporation ("HDC"), Crotona Terrace Building A LLC ("Developer") and SOBRO-Boston Renaissance Housing Development Fund Corporation ("HDFC") which is nominee for the Developer. The Developer is managed and controlled by an affiliate of Joy Construction Corporation ("Joy") and owned by such affiliate and an affiliate of SOBRO Development Corporation. The Regulatory Agreement requires that not less than 15,000 gross square feet of commercial space be used only for retail purposes prior to 5 years from the later of (i) issuance of a TCO, and (ii) the conversion of an HDC construction loan (for the required Site construction that was undertaken on Lot 67) to long-term permanent loan(s) (the "Use Restriction Period" and, together with the Retail Construction Requirement, the "Retail Requirements"). NYCEDC is a third party beneficiary of this section of the Regulatory Agreement. The Site is ground leased to an affiliate of Joy, and Lot 67 is subleased to HDFC as nominee for the Developer.

In June 2015, NYCEDC further modified the Deed in order to facilitate the financing and development of Crotona B. Among other actions, the 2015 Deed modification released Lot 46 from the Retail Requirements, so they now only apply to Lot 67.

**PROPOSED
MODIFICATIONS:**

The Developer has requested NYCEDC's permission to lease approximately 13,200 square feet of the Crotona A commercial space for a non-retail use. It currently intends to lease such space to a New York City based non-profit that provides a variety of services to children in poverty, including educational, health and arts programs. The proposed tenant would use the

space primarily as offices and classrooms, not for retail uses.

RATIONALE FOR MODIFICATIONS:

The Developer has stated that it has sought retail tenants for the space, but has had difficulty attracting retail users. Therefore, if the retail use restriction remains in place, it seems likely that the space may be vacant for an extended period. It is preferable that the space be leased and occupied. Additionally, the proposed office and classroom uses are expected to yield greater benefits to the City than the retail use.

MODIFICATION FEE:

\$25,000 administrative fee payable to NYCEDC

PROPOSED RESOLUTION:

Approval for the President or an empowered officer of NYCEDC, on behalf of NYCEDC, to (i) consent under the Deed to non-retail uses for the Crotona A commercial space during the Use Restriction Period on a case-by-case basis, and (ii) as needed, consent to an amendment of the Regulatory Agreement with respect to the use of the Crotona A commercial space as set forth in (i) during the Use Restriction Period.

NYCEDC PROJECT CODE:

4549

STAFF:

Jeffrey Nelson, Executive Vice President, Real Estate Transaction Services
Sarah Govier, Vice President, Real Estate Transaction Services
Warren Hagist, Associate, Real Estate Transaction Services
Randi Cohen, Senior Counsel, Legal

Exhibit B

**LEASE FOR OFFICE SPACE
Board of Directors Meeting
September 29, 2017**

**PROJECT
OVERVIEW:**

NYCEDC's current lease at 110 William Street expires on August 31, 2019. In anticipation of this expiration, last year NYCEDC began to explore location options.

In March 2016, NYCEDC issued an RFP for commercial brokerage services to assist with either negotiating a new lease at 110 William Street or finding an alternative space within the New York City office market. Four proposals were received and Newmark & Company Real Estate Inc. d/b/a/ Grubb Knight Frank ("Newmark") was selected based on its extensive experience in the lower Manhattan office market, government experience, proposed fee, and senior level commitment to meeting NYCEDC's needs. Newmark will be paid a commission for its work by the owners of the property selected by NYCEDC.

After completing a comprehensive workplace study, Newmark conducted a market analysis to identify available spaces suitable to NYCEDC. Twenty potential buildings were identified across lower Manhattan, Downtown Brooklyn, and Long Island City in Queens as candidate locations. Ten buildings were toured and four selected for term sheet negotiations.

After several rounds of negotiation, it was determined that the two best options for NYCEDC were remaining at 110 William Street or relocating to 1 Liberty Plaza in Manhattan. 1 Liberty Plaza offers superior qualitative factors, including, but not limited to, contiguous column-free space, with open floorplates; modern base building systems such as HVAC, electrical, and lighting; abundant natural light; proximity to City Hall; access to multiple transit lines; and competitive financial terms. 110 William Street did not offer comparable qualitative benefits, but offered locational continuity, proximity to City Hall, and transit access. Design test-fits were conducted for both locations and reviewed with all NYCEDC department heads.

1 Liberty Plaza was selected based upon the superior qualitative factors and competitive financial terms and NYCEDC's ability to reduce square footage from the square footage at 110 William Street due to more efficient floorplates.

The proposed terms for a lease for space at 1 Liberty Plaza are described below:

TENANT: NYCEDC

LANDLORD: Brookfield Properties OLP CO. LLC

BUILDING: 1 Liberty Plaza, Manhattan

PREMISES: Entire 10th Floor – 44,025 rentable square feet
Entire 11th Floor – 43,886 rentable square feet
Entire 12th Floor – 43,523 rentable square feet
Entire 13th Floor – 43,523 rentable square feet
Entire 14th Floor – 44,529 rentable square feet
TOTAL: 219,486 rentable square feet

LEASE TERM: 20 years from the Rent Commencement Date. The Rent Commencement Date begins the day following the end of the rent abatement period, which is a 14-month period starting on the Commencement Date.

LEASE COMMENCEMENT: The Commencement Date is the earlier of (A) the date on which NYCEDC first occupies the Premises for the performance of any work, and (B) the later to occur of (i) March 1, 2018, and (ii) the substantial completion of Landlord's base building work on all floors.

OPTIONS TO EXTEND: Subject to NYCEDC occupying at least 80% of the Premises, NYCEDC shall have extension options ("Extension Options") for two five-year renewal terms or one ten-year renewal term. These Extension Options shall be available for a minimum of three contiguous full floors.

The Fixed Rent for the Extension Options shall be 100% of fair market rent ("FMV"), as determined by Landlord. If Landlord and NYCEDC cannot agree on FMV, each of the parties shall select an appraiser to determine FMV. If the selected appraisers cannot agree, a third appraiser will be chosen and select between Landlord's appraisal and NYCEDC's appraisal.

FIXED RENT: For the period beginning with the Rent Commencement Date:
Years 1-5: \$11,632,758 per annum (\$53.00 per rentable square foot)

Years 6-10: \$12,730,188 per annum (\$58.00 per rentable square foot)
Years 11-15: \$13,827,618 per annum (\$63.00 per rentable square foot)
Years 16-20: \$14,925,048 per annum (\$68.00 per rentable square foot)

ADDITIONAL CHARGES:

For the period beginning with the Rent Commencement Date, NYCEDC will pay its proportionate share of taxes above the 2018 base tax amount, and its proportionate share of operating expenses above the 2018 base operating year expense amount. For the period beginning with the Commencement Date, NYCEDC will pay the cost of electricity consumed on the Premises as determined by sub-metering or surveying at 103% of Landlord's cost.

USE:

The Premises may be used as offices for NYCEDC and DSBS and other entities administered by employees of NYCEDC and/or DSBS that are formed and operated for the purposes of carrying out the business purposes of NYCEDC and/or DSBS. In addition, space may be sublet to certain other municipal agencies or authorities of the City of New York.

STORAGE SPACE:

For the period beginning with the Rent Commencement Date, additional charges shall be payable for storage space at the following rate:

Years 1-5:	\$30 per rentable square foot
Years 6-10:	\$34 per rentable square foot
Years 11-15:	\$38 per rentable square foot
Years 16-20:	\$42 per rentable square foot

It is anticipated that 2,600 rentable square feet of storage space will be used, with the option of using up to 5,000 rentable square feet.

ABATEMENT OF RENT:

NYCEDC shall not be obligated to pay Fixed Rent or any payments in connection with operating expenses and real estate taxes for 14 months following the Commencement Date ("Free Rent Period"). The day immediately following the expiration of the Free Rent Period shall be the rent commencement date ("Rent Commencement Date").

SECURITY DEPOSIT:

No security deposit shall be required.

**LANDLORD
WORK
ALLOWANCE:**

Landlord will provide new code-compliant turn-key construction and installation of improvements ("Landlord's Turn-Key Work") in accordance with plans and specifications provided by NYCEDC. The cost of the Landlord's Turn-Key Work in excess of \$85.00 per rentable square foot will be borne by NYCEDC. The total NYCEDC cost of construction will be based on the finally developed plans and specifications. The amount to be spent by NYCEDC will be submitted to NYCEDC's Board or Executive Committee for approval at a later date. It is anticipated that the City will provide NYCEDC with Capital Budget funds to pay for the portion of the cost attributable to space to be used by DSBS.

Landlord is to achieve substantial completion of Landlord's Turn-Key Work within eleven months of NYCEDC's delivery of 100% construction drawings. If substantial completion of Landlord's Turn-Key Work is late, the Free Rent Period will be extended in accordance with a formula set forth in the lease.

**RIGHT OF FIRST
OFFERING:**

Provided NYCEDC is not in default and occupies 80% of the Premises and there are at least five years left in the initial lease term, Landlord shall offer NYCEDC on one occasion the right to include additional available space ("Offering Space") in the first three full floors of either elevator bank serving the Premises upon all the terms and conditions of the lease. The Fixed Rent of the Offering Space shall be FMV as determined by Landlord.

**TERMINATION:
OPTION:**

NYCEDC shall have the one time right to terminate the lease for all or a portion of the Premises, which right shall be effective as of the fifteenth anniversary of the Rent Commencement Date. If NYCEDC elects to terminate less than the entire Premises, it shall do so in contiguous, full-floor increments only, and from the top and bottom floors of the Premises. NYCEDC must provide 20 months' prior notice of its intent to terminate. Concurrently with its notice, NYCEDC shall forward a termination payment equal to the sum of (a) six months of Fixed Rent and Additional Charges, and (b) the unamortized portion of the broker's cost, work allowance, and Free Rent (amortized at an 8% annual interest rate over 240 months), with regard to the terminated portion of the Premises.

**PUBLIC
APPROVALS:**

No additional approvals are required

**PROPOSED
RESOLUTION:**

Approval of an Executive Vice President of NYCEDC entering into a lease agreement, substantially as described herein, between Brookfield Properties OLP CO. LLC, as Landlord, and NYCEDC, as Tenant.

**NYCEDC
PROJECT CODE:**

7126

STAFF:

Matthew Kwatinetz, Executive Vice President, Asset Management
Mark Spector, Senior Vice President, Asset Management
Richard E. Palumbo, Senior Counsel, Legal

Exhibit C

AMENDED SUBLEASE FOR BATTERY MARITIME BUILDING
Board of Directors Meeting
September 29, 2017

OVERVIEW:

The Battery Maritime Building ("BMB") is a four-story, approximately 140,000 square foot, City-owned building located at Block 2, Lot 2 on the Tax Map of Manhattan, also known as 10 South Street, adjacent to the Whitehall Ferry Terminal (such property as improved, the "Property").

In March 2006, NYCEDC released an RFP to lease and to redevelop the Property, other than a portion of the ground floor and the piles under the BMB (the leased portions will be referred to as the "Premises"). The balance of the Property that does not include the Premises is occupied by the Trust for Governors Island and City DOT in connection with ferry service to Governors Island and private ferry operations.

The Dermot Company, Inc. (or an affiliated entity) was selected as the developer in June 2007 and the Premises were required to be renovated and developed as a boutique hotel, restaurant and public/event space (the "Project"). It was anticipated that the Project would include approximately 70 hotel rooms, a rooftop restaurant and bar space, and the renovation of the Great Hall on the second floor and a mezzanine for public use and as an event space. The City, as landlord, and NYCEDC, as tenant, entered into a lease, dated as of July 1, 2012, for the Premises. NYCEDC then subleased the Premises to 10 SSA Landlord LLC (the "Original Tenant"), an affiliate of The Dermot Company, Inc., pursuant to a sublease dated as of the same date (the "Original Sublease").

Construction of the Project commenced in 2012; however, as a result of rising construction costs and unforeseen conditions at the site, the Original Tenant incurred significant cost overruns that it was unable to cover. Attempts to recapitalize the Project were unsuccessful and construction ceased in mid-2015. At present the Project remains approximately 55% to 60% complete.

NYCEDC has continuously cooperated with the Original Tenant and the Project lender to identify workout solutions and/or new development partners to complete the Project.

STONELEIGH WORKOUT: In November 2015, NYCEDC reached an agreement in principle with Stoneleigh Capital LLC ("Stoneleigh") which provided for Stoneleigh's or an affiliated entity's funding of the

capital shortfall, completion of Project construction, and management of operations at the Premises. In February 2016, the NYCEDC Board approved certain modifications to the Original Sublease to facilitate Stoneleigh's assumption of the Project and the assignment of the Original Sublease to an affiliate of Stoneleigh. These modifications primarily included:

- A waiver of an additional rent payment of \$2,000,000 that was due on the sooner of a capital event or the first day of the fifth lease year
- The replacement of percentage rent with a fixed supplemental rent payment
- Modified PILOT payments
- An increase in sales tax exemptions
- Programmatic changes to the Great Hall that amended the public hours
- A reduction in rooftop restaurant space to accommodate additional hotel suites.

Stoneleigh ultimately failed to close on the Project due to Federal Rehabilitation Tax Credits ("Tax Credits") financing issues.

SUBSEQUENT EVENTS: In mid-2016, NYCEDC commenced litigation against the Original Tenant, seeking liquidated damages for its failure to timely complete the Project. In May 2017, judgment was rendered in NYCEDC's favor, and as a result, through August 31, 2017 NYCEDC has recovered approximately \$2 million in liquidated damages.

In parallel, NYCEDC, the Original Tenant and the Project lender entered into four-way negotiations with multiple outside parties to reach agreement on terms that would satisfy the parties' respective interests. NYCEDC reached agreement on terms with Centaur Properties, LLC ("Centaur") and Cipriani USA, Inc. ("Cipriani" and together with Centaur, the "Joint-Venture" or "JV") and executed a letter of intent on August 11, 2017 (the "LOI"). The JV also has agreed upon terms with the Original Tenant and its Project lender.

Centaur is a full service real estate investment, development and management firm that operates in New York, Missouri and California. Focusing primarily on residential and commercial uses, Centaur has undertaken six major development projects and closed over 20 acquisitions in Manhattan since 1996. Cipriani is a full service hospitality company with a diverse portfolio that includes the management and operation of hotels, restaurants, event spaces, catering operations, and residential developments all over the world.

Cipriani's New York portfolio includes its namesake event/catering halls on Wall Street and 42nd Street as well as the redevelopment of the "Mr. C" branded hotel adjacent to the South Street Seaport. Cipriani is expected to operate the proposed Project.

As a condition to submission of its proposal to NYCEDC's Real Estate and Finance Committee and Board, the JV has agreed to provide NYCEDC with a \$5 million security deposit, which amount shall be non-refundable (except in the event that NYCEDC elects not to proceed with the revised Project or the Original Sublease is assigned to JV). The JV deposited an initial \$2 million simultaneously with its execution of the LOI. The remaining \$3 million is due upon the approval of the revised Project by the NYCEDC Real Estate and Finance Committee.

Pursuant to the LOI, the Original Tenant is expected to assign the Original Sublease to a wholly-owned affiliate of the JV. The JV will invest and provide for the required cash equity, financing, development and operational requirements to complete and operate the Premises and related improvements. NYCEDC and the JV are expected to enter into a modification of the Original Sublease (the "New Sublease"), with NYCEDC as landlord ("Landlord"), and the wholly-owned affiliate of the JV as tenant ("New Tenant").

Consistent with the structure of the transaction with Original Tenant, New Tenant will have the authority to sublease the Premises and/or enter into the ancillary agreements, as needed, to utilize the Tax Credits.

The terms of the New Sublease shall be substantially as set forth below.

NEW SUBLEASE TERMS:

Term: The term of the New Sublease shall be 49 years from Original Sublease commencement, plus five additional ten year extension options at New Tenant's discretion (the "Term"). The New Sublease shall have commenced at 12:01 a.m. on July 1, 2012.

Construction Completion Date: The outside date for substantial completion is expected to be August 31, 2019, subject to extension by reason of unavoidable delay.

Base Rent:

Base rent will remain consistent with the Original Sublease. The amounts of annual base rent are as follows:

New Sublease year 1 (2012):	\$120,000 (paid)
New Sublease year 2 (2103):	\$120,000 (paid)
New Sublease year 3 (2014):	\$225,000 (paid)
New Sublease year 4 (2015):	\$250,000 (paid)
New Sublease year 5 (2016):	\$270,000 (paid)
New Sublease year 6 (2017):	\$300,000 (account current)
New Sublease year 7 (2018):	\$350,000
New Sublease year 8 (2019):	\$400,000

After New Sublease year 8 the annual base rent will increase annually by the percentage increase in the Consumer Price Index (CPI) during the preceding lease year. Base rent will be subject to increases in each of New Sublease years 50, 60, 70, 80 and 90 (to the extent New Tenant exercises its renewal options) based on an appraisal to be completed in the previous New Sublease year (New Sublease years 49, 59, 69, 79, and 89, respectively); provided, however, that in no event will the annual base rent, as reappraised, be less than the base rent applicable to the New Sublease year immediately preceding such new base rent. In each of the New Sublease years between the years base rent is adjusted by such appraisals, annual base rent shall increase by the increase in the CPI during the preceding New Sublease year.

Percentage Rent:

The supplemental rent structure agreed to with Stoneleigh is replaced with the following percentage rent structure:

Through the New Sublease year ending in 2043 NYCEDC will receive an annual percentage rent payment if gross Project revenue exceeds \$35 million. The amount of such Percentage Rent Payment shall equal the sum of:

- (a) the product of (x) Project revenue minus \$35M, (y) the percentage of Project revenue attributable to hotel operations (the "Hotel Participation Percentage"), and (z) 10%; and
- (b) the product of (x) Project revenue minus \$35M, (y) the percentage of Project Revenue attributable to non-hotel operations (the "Non-Hotel Participation Percentage"), and (z) 1%.

After the New Sublease year ending in 2043, the percentage rent structure shall be modified to provide for two breakpoints. The first

breakpoint shall be \$25 million and the second breakpoint shall be \$35 million. After the New Sublease year ending in 2043, percentage rent shall be calculated as follows:

If Project revenue is less than the first breakpoint, the sum of:

- (a) the product of (x) Project revenue attributable to hotel operations, and (y) 3%; and
- (b) the product of (x) Project revenue attributable to non-hotel operations, and (y) 0.3%.

If Project revenue is greater than the first breakpoint and less than or equal to the second breakpoint, the sum of:

- (a) the product of (x) the first breakpoint, (y) the Hotel Participation Percentage, and (z) 3%;
- (b) the product of (x) the first breakpoint, (y) the Non-Hotel Participation Percentage, and (z) 0.3%;
- (c) the product of (x) Project revenue minus the first breakpoint, (y) the Hotel Participation Percentage, and (z) 4.75%; and
- (d) the product of (x) Project revenue minus the first breakpoint, (y) the Non-Hotel Participation Percentage, and (z) 0.475%.

If Project revenue is greater than the second breakpoint, the sum of:

- (a) the product of (x) the first breakpoint, (y) the Hotel Participation Percentage, and (z) 3%;
- (b) the product of (x) the first breakpoint, (y) the Non-Hotel Participation Percentage, and (z) 0.3%;
- (c) the product of (x) the second breakpoint minus the first breakpoint, (y) the Hotel Participation Percentage, and (z) 4.75%;
- (d) the product of (x) the second breakpoint minus the first breakpoint, (y) the Non-Hotel Participation Percentage, and (z) 0.475%;
- (e) the product of (x) Project revenue minus the second breakpoint, (y) the Hotel Participation Percentage, and (z) 6.5%; and
- (f) the product of (x) Project revenue minus the second breakpoint, (y) the Non-Hotel Participation Percentage, and (z) 0.65%.

Additional Rent:

Additional Rent will remain consistent with the Original Sublease. New Tenant will pay \$150,000 per year, growing annually by CPI increases, which will be set aside and be required to be used for the maintenance and operation of the East River Waterfront Esplanade

and Piers. The payment may be provided by NYCEDC to City Parks for such maintenance and operation.

PILOT:

For the first 24 years following execution of the New Sublease, New Tenant shall make payments in lieu of taxes ("PILOT") in accordance with the fixed schedule set forth below. New Tenant will not receive an ICAP benefit that would otherwise be available for this project on private property and that was available to Original Tenant. After 24 years after execution of the New Sublease, New Tenant shall make PILOT payments equal to real property taxes, as assessed by the Department of Finance.

Years After Execution	PILOT Amount
1	\$ 20,000
2	\$ 20,000
3	\$ 400,000
4	\$ 600,000
5	\$ 800,000
6	\$ 950,000
7	\$ 1,050,000
8	\$ 1,150,000
9	\$ 1,250,000
10	\$ 1,350,000
11	\$ 1,400,000
12	\$ 1,450,000
13	\$ 1,500,000
14	\$ 1,550,000
15	\$ 1,600,000
16	\$ 1,650,000
17	\$ 1,700,000
18	\$ 1,750,000
19	\$ 1,800,000
20	\$ 1,850,000
21	\$ 1,900,000
22	\$ 1,950,000
23	\$ 2,000,000
24	\$ 2,050,000

PILOST:

New Tenant will make payment in lieu of sales taxes ("PILOST") in an amount equal to the amount of any sales taxes which would have been due and payable by New Tenant, but for the City's ownership

of the Property and/or materials purchased to be incorporated therein, to the extent such amount exceeds \$2,400,000 in the aggregate.

**Opening and
Operating
Covenants:**

In conformity with the provisions agreed to with Stoneleigh, the Great Hall will be available for public events during certain days and evenings as posted on the Battery Maritime Building website with no less than 30 days advance notice, which availability must fall within certain parameters specified in the New Sublease. At other times the Great Hall will be available for private events. In addition:

- New Tenant will make space available for local non-profit users to host exhibits and events.
- New Tenant may not charge non-profit users a space rental fee except for certain cost reimbursements.
- New Tenant shall make the Great Hall available for extended hours (9:00 AM to 10:00 PM) at least 58 days in the year to community based non-profit users and/or the public without a space rental charge, except for certain cost reimbursements

Appraisal:

NYCEDC has commissioned an updated appraisal of the BMB leasehold (the "Appraisal") in order to establish a fair market rent for the Premises. Utilizing the conclusions of the Appraisal, NYCEDC staff has estimated that the net appraised value of the leasehold interest in the Premises (calculated as the net present value of base rent, additional rent, and PILOT paid over the first 24 years of the lease term) is approximately \$11.5 million.

The net present value of PILOT, base rent, and additional rent paid pursuant to the New Sublease (over the same 24-year term) is approximately \$21.9 million, well in excess of appraised value.

**Summary of
Modifications:**

The following are the primary modifications to the deal terms that were approved by the NYCEDC Board in February, 2016 in connection with the proposed Stoneleigh transaction, which will be reflected in the New Sublease:

- The construction completion date will be extended to August 31, 2019, subject to unavoidable delay.
- Fixed supplemental rent will be replaced by percentage rent substantially as described above.
- The PILOT payment schedule will be modified substantially as described above.

- Allowance for certain design and construction changes to the Premises, currently expected to encompass reducing the number of anticipated hotel rooms from approximately 70 to approximately 45.

**PROPOSED
RESOLUTIONS:**

(1) To authorize NYCEDC to consent to the assignment and assumption of the Original Sublease, substantially as described above;

(2) To authorize NYCEDC to enter into the New Sublease for the Premises to a wholly-owned affiliate of the JV, on substantially the above described terms;

(3) To authorize NYCEDC to modify the New Sublease and other documents going forward as reasonably requested by a permitted mortgagee, or permitted equipment leaseholder, and/or in relation to permitted financing, provided that such changes do not materially change the permitted use of the Premises or the financial return to the City and NYCEDC or materially increase the obligations of the City and NYCEDC or materially decrease the obligations of the New Tenant; and

(4) To authorize the President and any empowered officer of NYCEDC to enter into any agreements and take any actions necessary to effectuate the above described transactions, substantially as described herein, including, without limitation, entering into recognition agreements requested by permitted mortgagees.

STAFF:

Jeff Nelson, Executive Vice President, Real Estate Transaction Services

Hester Muis, Senior Vice President, Real Estate Transaction Services

Maxwell Padden, Assistant Vice President, Real Estate Transaction Services

Exhibit D

BROOKLYN ARMY TERMINAL SUBLEASES
Board of Directors Meeting
September 29, 2017

- LESSOR:** The City of New York (the "City")
- LESSEE AND SUBLESSOR:** NYCEDC (NYCEDC currently leases BAT from the City)
- SUBLESSEES:** Various existing users of the Site and future users to be determined
- SITE:** Approximately 3.6 million square feet of Buildings A and B (constituting the portions of those buildings renovated in Phases I through V), available rooftop space at Buildings A and B, and undeveloped land at BAT (together, the "Site")
- USES:** Phases I through V of Buildings A and B at BAT shall be solely used for industrial and commercial purposes and purposes ancillary thereto, in accordance with the New York City Zoning Resolution, as from time to time amended.
- Phases I through V of Buildings A and B are anticipated to consist primarily of light manufacturing, digital production, warehouse and distribution, office space, medical laboratory and telecom uses. Other types of uses may also be permitted.
- Undeveloped land: a variety of uses, including ancillary parking and storage. However if undeveloped land is used for the development of a new building, Board approval for such development will be sought separately.
- Rooftop space at Buildings A and B: telecom uses, uses ancillary to interior space uses, agriculture, and energy generation.

**PROJECT DESCRIPTION/
PURPOSE OF TRANSFERS/
BENEFITS TO PUBLIC:**

Periodically, staff seeks Board approval of the terms under which subleases may be entered into at BAT without further Board approval. Such a subleasing plan was approved by the Board on May 11, 2006 with regard to the Site. Subsequently the Board approved individual subleases and subleases for areas such as the Laundry Building and the Annex Building.

At this time, it is proposed that the current subleasing plan authorized by the Board in 2006 for subleasing terms for the Site be updated to establish new minimum acceptable base rents and certain other sublease terms and conditions for the Site. Existing subleases would not be changed by the proposed new subleasing plan.

The proposed minimum base rents for rental spaces within BAT Building A and Building B and the remainder of the Site are based upon the fair market rental rates determined by a market rental study appraisal performed in September 2017 by real estate appraiser Goodman-Marks Associates, Inc. Minimum acceptable base rent has been increased from the previously approved minimum base rent.

The purpose and benefits of entering into subleases at BAT are primarily to promote and retain industrial businesses in the City, by providing space for such businesses, and providing and retaining jobs in this sector and the neighborhood.

**PROPOSED
NEW SUBLEASE
TERMS:**

Rent-Free Period: As has been authorized in the past, an initial rent-free period for any portion of the Site may be proposed by a prospective subtenant and will be considered in context with the overall rental proposed. The rent free period shall not exceed six months.

Buildings A and B Minimum Acceptable Base Rent:

For the interior portions of Buildings A and B (other than ancillary interior space leased in connection with rooftop telecom uses, agriculture, and energy production, for which there is no minimum rent), the base rent for the first annual lease year of the sublease shall be at least the following (provided that no portion of such base rent need be paid for an initial rent-free period, if any, included in such initial lease year):

Building	Location	Net Rentable Area (SF)	Rent/SF
Building A	Dock Level	5,000 - 10,000	\$13.00
		10,001-20,000	\$12.50
		20,001-30,000	\$11.00
		30,001-55,000	\$10.00
	First floor above dock level	100-1,000	\$20.00
		1,001-5,000	\$19.00
		5,001-9,000	\$13.50

	Upper Levels (Floor 2-8)	2,000-5,000	\$18.00
		5,001-10,000	\$12.50
		10,001-16,000	\$11.50
		16,001-24,000	\$11.00
		24,001-40,000	\$10.00
		40,001-70,000	\$9.00
		70,001-130,000	\$8.50
Building B	First floor above basement	10,000-20,000	\$11.50
		20,001-30,000	\$10.00
		30,001-40,000	\$9.50
	Upper Levels (Floor 2-8)	1,500-2,500	\$18.50
		2,501-5,000	\$17.00
		5,001-10,000	\$12.00
		20,000-30,000	\$9.50
		30,001-40,000	\$8.50
	Basement storage	5,000-10,000	\$4.75

Thereafter, either (a) beginning with the second year of the sublease, base rent shall increase by at least 2% annually or (b) base rent shall increase by at least 10% at the end of each five year period.

Rooftop Space and Ancillary Interior Space: Appraised value for highest and best use permitted, is the minimum rent for rooftop uses, such as agriculture, energy generation, and telecom uses, provided that rooftop space may be used for uses (including telecom uses) that are ancillary to interior space uses with no minimum rent or additional Board authorization.

Undeveloped Land: Minimum base rent for a sublease of undeveloped land must equal at least \$6.25 per square foot for the first five years of the sublease and must increase by a total of at least 10% over each succeeding five year period. Undeveloped land may be offered under the terms of a sublease for a variety of uses (other than development of a new building, which requires additional Board approval), including ancillary parking or storage. Tenants of interior space may be provided with use of space for parking for employees and customers at no additional charge.

Term: Initial term: a maximum of 10 years. Renewal terms may be offered that, combined with the initial term, shall not exceed 20 years.

Subtenant Improvement Allowance: A subtenant improvement allowance is authorized by the Board for permanent leasehold improvements for the Site in the form of a rent credit not to exceed

six months of the base rent after the rent-free period, if any. Subtenant improvement allowance rent credits will be subject to NYCEDC staff's approval of the cost and completion of the permanent leasehold improvements. The subtenant improvements allowance will be in addition to any rent-free period provided.

Utilities and Property Condition: Electricity will be paid by sublessees. Utility charges, including, electricity charges, may include an administration fee. Sublessees in Building B pay for their own heat. Sublessees in Building A are not charged separately for heat. However, sublessees in Building A Phase V may be charged an additional HVAC fee. NYCEDC may upgrade utilities through energy efficient improvements and pass costs to sublessees.

Interior subtenant spaces in Buildings A and Building B generally will be delivered in "as is" condition, with working base building systems and light fixtures, or, for some premises, such as the new Phase V premises, in "vanilla box" condition, as is deemed appropriate by NYCEDC staff. The undeveloped land will be delivered in "as is" condition.

**PROPOSED
RESOLUTIONS:**

The approval of NYCEDC's subleasing of space at the Site to various users on terms substantially consistent with those described above. Future subleases for the Site that substantially meet or exceed the specified parameters would be authorized and would not have to be presented to the Board for approval.

STAFF:

Julie Stein, Senior Vice President, Asset Management
John Hong, Associate, Asset Management
Scott Shostak, Senior Counsel, Legal