

**BUILD NYC RESOURCE CORPORATION
POLICY FOR THE ACQUISITION AND DISPOSITION OF REAL PROPERTY**

Adopted December 13, 2011; as amended through June 12, 2018

I. Introduction

In accordance with the requirements of Title 5-A of Article 9 of the Public Authorities Law and Section 2824(1)(e) of the Public Authorities Law, as amended by the Public Authorities Accountability Act of 2005, as amended (“PAAA”), the following comprehensive guidelines (“Guidelines”) set forth for the Build NYC Resource Corporation (“Build NYC”) (i) the operative policy and instructions regarding the use, awarding, monitoring and reporting of contracts for the disposal of property through means of real property sale, ground lease, space lease and roof top lease, (ii) the guidelines relating to the acquisition of real property, and (iii) the related policies and procedures.

II. Methods of disposing of real property

Build NYC shall dispose of real property in accordance with Title 5-A and other applicable laws in a manner so as to permit such full and free competition as is appropriate under the circumstances and shall award contracts to parties offering the most advantageous terms, financial and/or otherwise. The Contracting Officer for real property dispositions, appointed by Build NYC’s Board of Directors (the “Board”), shall supervise and direct all dispositions of Build NYC real property. The real property may be disposed of for not less than fair market value for cash, credit, or other property, with or without warranty, upon such terms and conditions as the Contracting Officer or his/her designee deems proper, except as otherwise permitted herein. No disposition of real property shall be made unless an appraisal has been made by an independent appraiser whose written report will be included in the Build NYC file. To the extent reasonably feasible, the appraisal shall be dated within twelve months of the date on which Build NYC enters into a contract to dispose of the real property. The independent appraiser must be a New York State Certified General Real Estate Appraiser and may not be an entity owned or controlled by Build NYC, the City, New York City Economic Development Corporation, or the prospective purchaser or lessee, or any of their affiliates. An appraisal meeting the foregoing requirements is a “Conforming Appraisal”. Before approving the disposal of any real property the Board shall be advised of the date of the Conforming Appraisal.

Under the Contracting Officer’s or his/her designee’s direction, Build NYC primarily uses two methods of disposition: Request for Proposals (“RFP”) and negotiated disposition.

RFPs

The RFP process is a process whereby the development community and other entities and individuals are invited to submit proposals for one or more properties. In an effort to create

full and free competition consistent with the value and nature of the property, RFPs will be advertised in the City Record and shall be advertised through the internet and in local newspapers, including community-based newspapers, in multi-language publications, and/or in trade publications, where appropriate given the nature of the property. In addition, RFPs shall be posted on Build NYC's web-site (or the portion of another entity's web-site devoted to Build NYC), and, on occasion, distributed to a direct mailing list. All advertisements shall list when and where proposals shall be disclosed, except that if the disposition falls within one of the criteria for a negotiated disposition described below, at the discretion of the Contracting Officer, the advertisement may omit such disclosure information and/or the disclosure may or may not be made. The Contracting Officer shall approve the location of all advertisements and postings and any omission of disclosure information.

RFPs for real property sales and ground leases may, but are not required to, include an introduction and sections on development strategy, objectives, disposition process, public review process, general conditions and, where appropriate, economic development benefits. All RFPs for real property sales and ground leases must include a site description, proposal requirements and selection criteria.

Although the selection criteria as appropriate for each RFP varies, as appropriate, Build NYC will include, where appropriate, at least the following selection criteria in reviewing submissions and selecting a proposal:

- *Economic Impact on / Spending in New York City* - projected expenditures, including purchase price, construction costs and annual operating costs; projected temporary (construction) and permanent on-site employment and payroll; projected applicable New York City taxes such as real property, sales and personal income taxes; and the extent, if any, to which the proposed project will create additional sources of revenue to the City.
- *Development Team Qualifications* – experience and development skills to complete the proposed project on time and within budget, for which experience in completing projects of a similar nature and scope as is contemplated by the RFP shall be taken into account.
- *Financial Viability* – developer's financial means to complete the project, availability of funding sources to finance the project, and sufficient use to support operating expenses, capital costs and any debt service.
- *Integration into Surrounding Community* – environmental issues such as pedestrian access, vehicular access and circulation, building mass, parking availability, landscaping, and overall integration into surrounding community.
- *Design* – architectural design, urban design, environmental development techniques, and compliance with applicable zoning, environmental and other regulatory controls.
- *MWBE Participation* – participation by minority-owned and women-owned businesses.
- *Purpose* – whether the project involves an industry or activity which the City seeks to retain and foster and conforms with Build NYC's mission

Depending on the nature of the real property, RFPs may include additional selection criteria deemed appropriate by the Contracting Officer or Build NYC's Executive Director.

With regard to an RFP for a real property sale or ground lease, Build NYC shall notify the City Council Member and Community Board whose districts include the property, that an RFP is being issued.

The contract will be awarded to the candidate presenting the most advantageous terms, price and other factors considered in connection with the criteria enumerated in the RFP. Build NYC may reject the proposals when the minimum terms and conditions have not been met, competition is insufficient and/or it is in the public interest to do so. The award/designation will be made by notice within a reasonable time of the original advertisement, all circumstances considered.

Negotiated Disposition

RFP by advertisement is not always the most appropriate and effective means of disposal of real property. In certain instances, including when the disposition is for less than fair market value but the purpose of the disposition is within Build NYC's purpose, mission or governing statute or the disposition is otherwise authorized by law, Title 5-A permits a negotiated disposition subject to obtaining such competition as is feasible under the circumstances. In some circumstances, the disposition will involve a sole source disposition. Title 5-A, Sections 2897(6)(c)(ii)-(vi) and 2897(7), set forth that real property may be disposed of through a negotiated disposition when:

- (i) the fair market value of the property does not exceed fifteen thousand dollars;
- (ii) bid prices after advertising therefor are not reasonable, either as to all or some part of the property, or have not been independently arrived at in open competition;
- (iii) the disposal will be to the state or any political subdivision, and the estimated fair market value of the property and other satisfactory terms of disposal are obtained by negotiation;
- (iv) the disposal is for an amount less than the fair market value of the property, and (a) the transferee is a government or other public entity and the terms and conditions of the transfer require that the ownership and use of the asset will remain with the government or any other public entity, (b) the purpose of the transfer is within the purpose, mission or governing statute of Build NYC, or (c) in the event Build NYC seeks to transfer an asset for less than its fair market value to other than a governmental entity, which disposal would not be consistent with Agency's mission, purpose or governing statutes, Build NYC shall provide written notification thereof to the governor, the speaker of the state assembly, and the temporary president

of the state senate, and such proposed transfer shall be subject to denial by the governor, the state senate, or the state assembly in the manner specified in Section 2897(7)(iii); provided, however, that with respect to a below-market transfer by Build NYC that is not within the purpose, mission or governing statute of Build NYC, if the governing statute provides for the approval of such transfer by the executive and legislative branches of the political subdivision in which Build NYC resides, and the transfer is of property obtained by Build NYC from that political subdivision, then such approval shall be sufficient to permit the transfer; or (v) such action is otherwise authorized by law.

Item (v) includes, without limitation, sales and leases of real property where the property has been acquired for purposes of disposal under Section 1411 of the New York State Not-for-Profit Corporation Law.

In the event a below fair market value asset transfer (pursuant to an RFP or negotiated disposition) is proposed to Build NYC's Board for approval, the following information must be provided to Build NYC's Board and the public:

1. a full description of the asset;
2. a Conforming Appraisal of fair market value and any other information establishing fair market value as may be sought by the Board;
3. a description of the purpose of the transfer, and a reasonable statement of the kind and amount of the benefit to the public resulting from the transfer, including but not limited to the kind, number, location, wages, or salaries of jobs created or preserved as required by the transfer, the benefits, if any, to the communities in which the asset is situated as are required by the transfer;
4. a statement of the value to be received compared to the fair market value;
5. the names of any private parties participating in the transfer, and if different than the statement required by subparagraph "4" of this paragraph, a statement of the value to the private party; and
6. the names of other private parties who have made an offer for such asset, the value offered, and the purpose for which the asset was sought to be used.

Before approving the disposal of any property for less than fair market value, the Board shall consider the information described in the above paragraph, and make a written determination that there is no reasonable alternative to the proposed below-market transfer that would achieve the same purpose of such transfer. The Contracting Officer shall provide such supplemental information as the Board may require.

If an RFP involves a disposition that meets one of the criteria described above for negotiated dispositions, the Contracting Officer or his/her designee may direct that the disposition of the real property be considered a negotiated disposition. In such circumstance, a public disclosure of the proposals would not be necessary unless otherwise

required but an explanatory statement and 90 days notice (or such other period as the statute may be amended to require) would be required as detailed below.

Upon meeting Title 5-A's requirements for a negotiated disposition, the decision to proceed with a negotiated disposition in a situation where an RFP will not be used is based on an analysis of the facts and nature of the project. In such instance, a negotiated disposition may be undertaken without limitation under the following circumstances where appropriate:

- risk of business relocation or expansion outside the City, based upon a written assessment of such risks
- to permit expansion of business in the City
- due to number of jobs to be created or retained
- development of sites which lack private sector interest (as demonstrated by a failed RFP or other competitive means within the past two years)
- proximity of real property to a business' existing location, or
- other important public purpose

Regardless of the reason the negotiated disposition is deemed permissible, such competition as is "feasible" under the circumstances is still required. In some instances where advertisement is not used, Build NYC might notify neighboring businesses of an available parcel to give them the opportunity to submit a proposal, thereby effecting competition. However, in other instances, even such notification might not be feasible. Realistically, in certain situations a sole source disposition or little competition will be the only feasible alternative. For example, if a lease is for a sum below fair market value and failure to renew could threaten relocation outside the City, loss of jobs or business failure, a sole source negotiated disposition will be permissible under Title 5-A Section 2897(6)(c)(v). So too, if a space is leased at fair market value to a tenant that provides many jobs and services as well as promises future economic development to the community, a sole source negotiated disposition might also be appropriate to preserve the jobs in the City. Similarly, if a tenant requires an adjacent available space to expand his/her business and such expansion would create new jobs and prevent the business from leaving the City, a sole source negotiated disposition at fair market value might also be appropriate. In cases where a sole source disposition is presented to Build NYC's board of directors for approval, the board of directors should be informed of the justification for doing a sole source.

If a negotiated disposition is undertaken, in accordance with Section 2897(d) of the PAAA, in most cases not less than 90 days (or such other period as the statute may later require) prior to the disposal of the property, an explanatory statement must be submitted to the state comptroller, state director of the budget, state commissioner of general services and state legislature, a copy of the same to be maintained in Build NYC's files.

III. Acquisitions

Real property may be purchased by Build NYC for purposes of use, resale, leasing or otherwise permitting the use of the property or space therein, and may be leased by Build NYC for purposes of use, subleasing or assignment of lease or otherwise permitting the use of the leased property or space. The purpose of such acquisition shall be to further a purpose of Build NYC under Section 1411 of the New York State Not-for-Profit Corporation Law. Except for acquisitions arising out of the enforcement of remedies (including rights of reacquisition), the following requirements shall apply to acquisitions by Build NYC. The Contracting Officer or his/her designee shall approve the terms of the acquisition and obtain the approval of the Board for the same. In Build NYC's consideration of the acquisition of real property for the reasons enumerated above, the following information must be provided to the Board:

1. a full description of the real property;
2. a Conforming Appraisal of the fair market value and any other information establishing fair market value as may be sought by the Board;
3. a description of the purpose of the acquisition, and a reasonable statement of the kind and amount of the benefit to the public resulting from such acquisition, such as the kind, number, location, wages, or salaries of jobs created or preserved as required by the acquisition, the benefits, if any, to the communities in which the property is situated as are required by the acquisition;
4. a statement of the acquisition costs as compared to the fair market value, if such acquisition costs are above the fair market value; and
5. the names of any private parties participating in the acquisition; and
6. any known environmental issues.

IV. Approvals

All purchases, sales and leases of real property by Build NYC (except for those arising out of the enforcement of remedies, including exercises of rights of reacquisition) must be approved by its Board. Approvals may be obtained for specific purchases, sales or leases or the Board may grant approval to purchases, sales or leases in accordance with Board-approved guidelines.

V. Monitoring and Reporting Contracts for Disposal

Prior to the disposal of the real property, the project manager involved in the disposition shall be the primary person responsible for the monitoring of compliance with the terms of the contract or other agreement or memorandum for the disposal and shall keep the Contracting Officer or his/her designee informed of all major issues that arise and of the status of the disposition.

The Contracting Officer shall cause a record to be maintained of all real property disposed of and shall cause to be prepared and transmitted all reports relating to the disposition of real property required by Title 5-A.

VI. Appointment of Contracting Officer

The Executive Vice President who, from time to time, oversees those employees of New York City Economic Development Corporation that are engaged in real estate activities shall be Build NYC's Contracting Officer for real property dispositions. If there is more than one Executive Vice President who oversees those employees, each of those Executive Vice Presidents shall be considered a Contracting Officer for real property dispositions and may take any action that may be taken by the Contracting Officer.