

Museum for African Art Capital (W610)

June 24, 2010

Authorization to Amend the General Project Plan

Grantee:	Museum for African Art (the “Museum” or the “MAA”)
ESD Investment:	\$6,000,000 approved on August 19, 2009 (Arts and Cultural Projects)
Project Location:	1280 Fifth Avenue, New York, New York County
NYS Empire Zone:	N/A
Project Completion:	June 30, 2010

Background/Project Status:

These materials refer to and include, in their entirety, the attached materials presented to and approved by the ESD Directors on August 19, 2009 (the “Materials”). Any substantive changes to the project or terms and conditions are noted in these materials.

In March 2008, MAA’s development partner, Brickman Associates, a New York City-based real estate private equity firm selected through a competitive bidding process, began construction of the foundation. Subsequent to the completion of the foundation, construction of the Museum’s core and shell began in November 2008 and is expected to be completed by June 2010. Bovis Lend Lease’s New York City location is managing the construction of the core and shell, which is a cast-in-place concrete and punched window façade system. This summer, immediately following completion of the core and shell, the building’s fit-out will begin and should be completed by April 2011. The final Certificate of Occupancy should be obtained by April 2011. The total project cost for the construction of the Museum is approximately \$113 million. Tishman Construction, headquartered in New York City, advises the Museum on pre-construction and construction-related aspects of the project, which can include acquisition, planning, site preparation, design, and construction. The Museum anticipates opening its new facility to the public in April 2011.

Revised Project Scope and Budget:

The Museum is requesting that the project scope and budget be modified to include a portion of the core and shell costs, including pre-development activities and labor. ESD grant funds will be disbursed in a lump sum upon completion of the core and shell.

The revised budget is as follows:

Financing Uses	Amount	Financing Sources	Amount	Percent
Construction Costs	30,000,000	ESD Grant	\$6,000,000	13.7%
Soft Costs (including Architectural and Engineering Fees)	2,500,000	Executive-sponsored Grant* (not yet approved)	6,000,000	13.7%
Legal and Insurance Fees	4,000,000	Developer Equity	1,500,000	3.4%
Financing and Interest Costs	7,250,000	New York City Funds*	14,500,000	33.1%
		Upper Manhattan Empowerment Zone Grant*	2,000,000	4.6%
		New Market Tax Credits	3,750,000	8.6%
		Trustees and Individual Donations*	10,000,000	22.9%
Total Project Costs	\$43,750,000	Total Project Financing	\$43,750,000	100.0%

*Funds either committed or anticipated

The Museum has a \$25 million line of credit with Wachovia, at Prime + 3%;
Collateral: ESD Grant - \$6 million; Executive-sponsored Grant - \$6 million; and New York City Funds \$13 million.

Additional Term and Condition:

The Grantee or any wholly owned subsidiary shall prohibit, for five years from the date of the disbursement of Grant funds, any transfer of the project in whole or in part, by sale, lease, or conveyance of any interest in or with respect to the project except (a) transfers of minor interests in the project site, such as utility easements and limited rights-of-way, and (b) sale of the property to a not-for-profit museum. In the event that such a prohibited transfer occurs within such five-year period, the Grantee shall pay to ESD, promptly upon ESD’s written demand therefore, the applicable amount indicated below.

The Recapture Amount is based on the time that has lapsed between when the Grant funds were disbursed and when the transfer occurred. The Recapture Amount shall be calculated by aggregating the Recapture Amount for each disbursement of the Grant, which in each instance shall be equal to:

- (i) 100% of the disbursed amount if the transfer occurred in the calendar year that the disbursement was made, or in the first full calendar year after the disbursement was made;
- (ii) 80% of the disbursed amount if the transfer occurred in the second full calendar year after the disbursement was made;
- (iii) 60% of the disbursed amount if the transfer occurred in the third full calendar year after the disbursement was made;
- (iv) 40% of the disbursed amount if the transfer occurred in the fourth full calendar year after the disbursement was made;
- (v) 20% of the disbursed amount if the transfer occurred in the fifth full calendar year after the disbursement was made.

Design and Construction:

The Museum for African Art Project is a construction project that is located at 1280 Fifth Avenue on the corner of 110th Street. The building will total 55,544 usable square feet. The total construction costs are \$30,000,000. The Design Architect is Robert A. M. Stern (“RAMSA”) and the Consultant for planning and development of space is Tishman Hotel Corporation. The Construction Manager for the core and shell is Bovis Lend Lease.

ESD will reimburse design and construction expenditures up to \$6,000,000.

Design & Construction (“D&C”) Staff will review the construction documents and, at its option, visit the site during construction. Payment will be reviewed and approved when D&C requirements have been met.

Environmental Review:

Pursuant to the State Environmental Quality Review Act (“SEQRA”), Article 8 of the Environmental Conservation Law, and its implementing regulations (6 NYCRR Part 617), and in connection with the approval of funding for the proposed project, the Directors made a Determination of No Significant Effect on the Environment at their meeting of August 19, 2009. This determination addressed all aspects of the proposed project. Therefore, no further environmental review is required in connection with this action.

Attachments: ESD Directors’ materials August 19, 2009