

FOR CONSIDERATION

June 23, 2015

TO: The Directors

FROM: Curtis L. Archer

SUBJECT: Victoria Theater Redevelopment Project – Operator and Manager of Cultural Arts Component

REQUEST: Authorization to Conditionally Designate Operator and Manager and Enter into Lease/Operating Agreement; Authorization to Take Related Actions

I. Summary of Proposed Action

Proposed Operator: Apollo Theater Foundation, Inc.

Site: 25,000 square feet in the Cultural Arts component of the Victoria Theater Redevelopment Land Use Improvement and Civic Project (the “Project”) located at 235-237 West 125th Street between Frederick Douglass Boulevard and Adam Clayton Powell Blvd

Proposed Action: Conditional Designation of Apollo Theater Foundation, Inc. as the operator and manager of the Cultural Arts component of the Project

II. Background

Harlem Community Development Corporation (“Harlem CDC”) and its parent corporation, New York State Urban Development Corporation d/b/a Empire State Development (“ESD”), in 2012 adopted a General Project Plan and in 2013 affirmed a Modified General Project Plan (“MGPP”) for the Project.

The Project when substantially completed will include a condominium unit (the “Cultural Unit”) that will be owned by Harlem CDC and pursuant to the MGPP is to be leased and utilized primarily by cultural partners selected by Harlem CDC. Apollo Theater Foundation, Inc. is one of four cultural partners that the MGPP anticipates will be included as occupants of the Cultural Unit.

233 West 125th Danforth LLC (“Developer”) is the developer of the Project and will undertake the construction of the Cultural Unit and provide within it two black box theaters, a box office, back-of-house operations and office space for cultural arts organizations. Certain specialty finishes and requirements are not included and will need to be provided by the Cultural Unit operator. Certain expenses that are required to make the Cultural Unit fully operational will not be provided by the Developer.

The MGPP contemplates Harlem CDC or its designee owning the Cultural Unit and leasing it at nominal rents for cultural purposes.

III. Selection Process

On January 16, 2015, Harlem CDC and ESD issued the “Request for Proposals for Victoria Theater Redevelopment Project – Operator and Manager of the Cultural Arts Component (the “RFP”) soliciting proposals for the operation and management of the Cultural Unit. The primary focus of the RFP was to identify a qualified operator that had the experience as well as the financial and administrative capacity to operate the Cultural Unit and complete the build-out within the Cultural Unit of those finishes that are not being provided by the Developer. Specifically, the RFP sought an operator with:

- At least 10 years of experience operating, maintaining and managing space of at least 20,000 SF for not-for-profit arts and cultural organizations in NYC, including facilities management, leasing, scheduling, developing operating budgets, etc.
- Strong financials
- Experience with the design and construction of cultural arts facilities, including evaluating their capital and FF&E budget requirements
- Extensive fund-raising and marketing experience, infrastructure and capacity
- Prior successful experience working with racially and ethnically-diverse cultural arts entities and in particular Harlem-based and Black cultural arts entities
- Knowledge of the NYC and Harlem’s cultural arts industry’s landscape and key players. Respect within NYC’s arts, culture and heritage sectors.
- Experience developing, curating and presenting cultural arts content
- Commitment to and experience with cultivating new and emerging arts, culture and heritage non-profit organizations

Pursuant to Harlem CDC and ESD procurement policies, the RFP was advertised in the New York State Contract Reporter on January 16, 2015 and on ESD and Harlem CDC’s websites.

A Pre-Bid Information session for prospective Respondents was held at Harlem CDC’s offices on February 10, 2015 and responses were due on March 10, 2015. The Apollo Theater Foundation, Inc. was the only respondent to the RFP.

A proposal review team consisting of Harlem CDC and ESD staff evaluated the written proposal and interviewed the Respondent. The proposal review team consisted of Harlem CDC’s Deputy

Director, ESD's Director of Real Estate Development and Planning, Director of the New York Empowerment Zone, Director of Community Relations and Senior Financial Project Manager of Real Estate Development. The review team evaluated the proposal based on selection criteria outlined in the request for proposals and unanimously agreed that the overall proposal exceeded expectations and outlined a programming strategy that sought to incorporate the local cultural partners and ensure the ongoing vitality of the 125th Street cultural corridor. Through its proposal, the Apollo Theater Foundation, Inc. demonstrated an in-depth understanding of the cultural arts industry in Harlem and New York City, financial and programmatic capacity, and the necessary theater management and fundraising experience to successfully operate the Cultural Unit.

The more compelling aspects of the Apollo Theater Foundation Inc. proposal include:

- Office space and Theaters usage offered to the Project's cultural partners at below market rates
- Shared services program for box office, marketing, back office support, production and general management
- Commitment to and demonstrated success in fundraising to cover operating deficits
- Marketing plan including but not limited to digital and social media, community engagement
- Benefit of over 80 years of experience with the Apollo Theater

IV. Responsible Parties

Pursuant to State Finance Law Section 139-j and 139-k and ESD's policy related thereto, staff has (a) considered the ability of Apollo Theater Foundation, Inc. to perform the services as set forth in these materials, and (b) consulted the list of offerers determined to be non-responsible bidders and debarred offerers maintained by the New York State Office of General Services. Based on the foregoing, staff finds Apollo Theater Foundation, Inc. to be responsible.

V. Non-Discrimination and Contractor & Supplier Diversity

ESD's Non-Discrimination and Contractor & Supplier Diversity policies will apply to this Project. The Recipient shall be required to include minorities and women in any job opportunities created, to solicit and utilize Minority and Women Business Enterprise (MWBES) for any contractual opportunities generated in connection with the Project and shall be required to use Good Faith Efforts (pursuant to 5 NYCRR §142.8) to achieve an overall MWBE Participation Goal of 30%. The overall goal shall include a Minority Business Enterprise Participation Goal of 22% and a Women Business Enterprise Participation Goal of 8% related to the total value of ESD's funding.

VI. Environmental Review

The redevelopment of the Victoria Theater was the subject of an environmental review performed by ESD as the lead agency. A Final Environmental Impact Statement (“FEIS”) was prepared pursuant to the New York State Environmental Quality Review Act (“SEQRA”) and the implementing regulations for the New York State Department of Environmental Conservation. SEQRA Findings were adopted by ESD Directors on July 17, 2013. The activities in this request for authorization have been addressed in the FEIS and the SEQRA Findings, and therefore, no further environmental review is required in connection with this request.

VII. Requested Actions

The Directors are requested to authorize the Corporation to Conditionally Designate Apollo Theater Foundation, Inc. as the operator and manager of the Cultural Arts Space at the Victoria Theater Redevelopment Project (235-237 West 125th Street) and enter into negotiations with Apollo Theater Foundation, Inc. of the terms of a lease/operating agreement to operate and manage the space.

VIII. Recommendation

Based on the foregoing, I recommend approval of the requested actions.

IX. Attachments

Resolution

June 23, 2015

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Lease/Operating Agreement; Authorization to Take Related Actions

RESOLVED, that based on the materials presented at this meeting (the “Materials”) a copy of which is hereby ordered filed with the records of the corporation, the Corporation hereby finds Apollo Theater Foundation, Inc. to be responsible; and be it further.

RESOLVED, that in accordance with the Materials, the Corporation is hereby authorized to Conditionally Designate Apollo Theater Foundation, Inc. as the operator and manager of the Cultural Arts Space at the Victoria Theater Redevelopment Land Use Improvement and Civic Project at 235-237 West 125th Street and enter into negotiations for a lease/operating agreement with Apollo Theater Foundation, Inc. and be it further.

RESOLVED, that the President, or his or her designee(s) be, and each of them hereby is, authorized to take such action and execute such documents as may be necessary or appropriate to carry out the foregoing Resolutions.

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