

LEGAL NOTICE

NEW YORK STATE URBAN DEVELOPMENT CORPORATION
D/B/A EMPIRE STATE DEVELOPMENT

NOTICE OF PUBLIC HEARING TO BE HELD
ON DECEMBER 2, 2015

REGARDING ARTHUR KILL LAND USE IMPROVEMENT PROJECT

PURSUANT TO
NEW YORK STATE URBAN DEVELOPMENT CORPORATION ACT

IN CONNECTION WITH
PROPOSED GENERAL PROJECT PLAN AND
ESSENTIAL TERMS OF PROPOSED SALE OF PROPERTY
TO BROADWAY STAGES

PLEASE TAKE NOTICE that New York State Urban Development Corporation, d/b/a Empire State Development (“ESD”), pursuant to Section 16 of the New York State Urban Development Corporation Act (Chapter 174, Section 1, Laws of 1968, as amended; the “Act”), has filed a proposed General Project Plan (the “Plan”) with respect to the Arthur Kill Land Use Improvement Project (“Project”) in the offices of the Clerks of the County of Richmond and of the City of New York, and has provided copies thereof to the Mayor of the City of New York, the Borough President of the Borough of Richmond, the Chair of the City Planning Commission, and the Chair of Staten Island Community Board No. 3. The Plan also is available on-line at http://esd.ny.gov/PublicMeetings_Notices.html.

The Plan, which contains the essential terms of a proposed sale and related documents (the “Contract Documents”) with Broadway Stages (“Developer”), is also on file at ESD’s New York City offices, 633 Third Avenue, New York, New York 10017 and is available for inspection by the general public between the hours of 9:30 a.m. to 5:00 p.m., Monday through Friday, public holidays excluded. Copies of the Plan are available, without charge, to any person requesting such copies at ESD’s office at the address given above. To inspect and/or obtain copies of the Plan, please contact ESD at (212) 803-3768 or ArthurKillRFP@esd.ny.gov.

The Plan proposes sale of the former Arthur Kill Correctional Facility, located along the Arthur Kill on the southwesterly side of Staten Island at 2911 Arthur Kill Road (Block 7187, Lot 1), consisting of approximately 69 acres and 43 buildings (the “Property”). Adjacent to the Property are approximately 12.5 acres of lands underwater along or within the Arthur Kill which will not be sold. The essential terms of the Plan and the Contractual Documents are as follows:

Developer would purchase the Property for \$7,000,000 and construct and maintain a fully operational, first-class working film production studio space on the Property, including approximately 100,000 square feet of new construction sound stages on the Site within two years of purchase. Developer would also have the option to construct additional sound stages totaling an additional approximately 70,000 square feet. Developer would also adaptively reuse existing buildings on the Property for production studio uses.

PLEASE TAKE FURTHER NOTICE that, in accordance with the Act, ESD will hold a public hearing, open to all persons, to consider the Plan and the Contract Documents, at the Staten Island Hilton Garden Inn, 1100 South Avenue, Staten Island, New York 10005 from 5:00 p.m. to 7:00 p.m. on December 2, 2015. At the hearing, members of the public and other interested parties will be afforded an opportunity to appear and comment on the Plan and on the Contract Documents. Copies of the Plan also will be available at the hearing location. In addition, comments on the Plan and Contract Documents are requested and may be made orally or in writing at the hearing or presented in writing to ESD at 633 Third Avenue, New York, New York 10017 (Attention: Tom Conoscenti) or at ArthurKillRFP@esd.ny.gov on or before the hearing date. Comments received by ESD after 7:00 p.m. on December 2, 2015 will not be considered.

Dated: November 20, 2015
New York, New York

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION d/b/a EMPIRE STATE
DEVELOPMENT

By: Eileen McEvoy
Corporate Secretary

FOR CONSIDERATION

November 19, 2015

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: New York City (Richmond County) – Arthur Kill Land Use Improvement Project

REQUEST FOR: Adoption of Land Use Improvement Project Findings Pursuant to Section 10 of the UDC Act; Adoption of the Draft General Project Plan (“GPP”); Authorization to Hold a Public Hearing on the GPP and Essential Terms of a Proposed Transaction with Broadway Stages Pursuant to the UDC Act and Other Applicable Law; Determination of No Significant Effect on the Environment; and Authorization to Take Related Actions

I. Project Summary

Developer: Broadway Stages (Conditionally Designated Developer)
203 Meserole Avenue
Brooklyn, NY 11222

Developer Contact: Gina Argento, President
203 Meserole Avenue
Brooklyn, NY 11222
info@broadway-stages.com

ESD Investment: No ESD financing. Developer will pay ESD costs arising from the Project.

Project Location: 2911 Arthur Kill Road
Staten Island, New York
a/k/a Richmond County Block 7187, Portion of Lot 1

Proposed Project: Redevelopment of the former Arthur Kill Correctional Facility as a first class television and film production studio space (the “Project”). The Project will create jobs, provide at least approximately 100,000 square feet of new construction sound stages, and adaptively reuse existing buildings as film studios and attendant uses such as equipment storage, cafeterias, training facilities and production offices. Developer has the

option of building five additional sound stages totaling another approximately 70,000 square feet.

Project Type: Land Use Improvement Project

Regional Council: The Regional Council has been made aware of the Project.

Completion: 2020

Employment: Existing – None
Projected Construction – 367 jobs (242 direct; 125 indirect)
Permanent – 1311 jobs (559 direct; 752 indirect) upon completion in 2020

Project Team:

Real Estate:	Thomas Conoscenti
Environmental:	Rachel Shatz
Supplier Diversity:	Tawanda Mitchell
Design & Construction:	Barbara Helm
Legal:	Robin Stout, Jonathan Beyer and Lauren Axelrod

II. Estimated Project Costs and Financing Sources

See the Project's Draft General Project Plan, attached hereto (the "GPP"), at Section V.

III. Background

A. Arthur Kill Correctional Facility

The Arthur Kill Correctional Facility consists of an approximately 69-acre waterfront site in the Rossville section of Staten Island that is owned primarily by the New York State Office of General Services ("OGS") and in part by ESD, is operated by the New York State Department of Corrections ("DOCCS"), and served as a correctional facility from 1976 through 2011 (the "Development Site" or "Site"). The Development Site, which is currently unused and vacant, is described in more detail in Section II of the GPP. There are no families or individuals to be displaced from the Site.

ESD has been asked to assist OGS and DOCCS in disposing of the Development Site. ESD issued a Request for Proposals ("RFP") in May 2013 seeking proposals for the purchase and redevelopment of the Development Site. The RFP invited Respondents to propose any non-residential uses that would create new economic opportunities for New Yorkers along the Rossville waterfront and maintain consistency with surrounding land uses. In accordance with existing plans for the West Shore developed by the New York City Department of City Planning and the New York City Economic Development Corporation, described in more detail in Section II of the GPP, the RFP prohibited the

development of residential uses on the Site and encouraged commercial, industrial, and recreational uses. In February 2014, ESD conditionally designated Broadway Stages as developer ("Developer") of film and television production studio space, subject to the legally required public review process.

B. The Project

Developer would purchase the Site and build, within two years from taking title, approximately 100,000 square feet of new construction sound stages on the Site. The Project also involves adaptive reuse of existing buildings on the Site, transforming many of them into film studios, and using the remaining buildings for shop spaces, equipment storage, sub-vendor spaces, cafeterias, training facilities and production offices. At Developer's option based on market conditions, Developer may also construct five (5) additional sound stages totaling an additional approximately 70,000 square feet.

Developer will maintain fully operational, first-class working film production studio space on the Site for a minimum of twenty (20) years. After twenty (20) years, if operation of a film and media production studio is no longer economically viable, the Development Site may be used for any use permitted under the existing zoning regulations at that time.

IV. Essential Terms of the Proposed Transaction

See the GPP, at Section IX.

V. Project Schedule

The Project would be constructed in two phases and would consist of the design, development, construction, and operation of multiple improvements at the Development Site by Developer, including but not limited to the following:

Phase 1

A. Construction of five (5) sound stages totaling approximately 100,000 square feet, with a capital investment of approximately \$20,000,000.

B. Renovation and occupation of the existing gymnasium (identified as Building #21 on the Site Key Plot Plan, attached as Exhibit B to the GPP) into an air-conditioned, soundproofed, working studio.

C. Renovation and retrofitting of the existing swimming pool for the purpose of underwater filming.

Phase 2

A. At Developer's option based on market conditions, construction of up to five (5) additional sound stages totaling approximately 70,000 square feet.

It is anticipated that Developer would commence Phase 1 promptly after Developer's closing on the purchase of the Development Site from ESD ("Closing"). Developer would use best efforts in a good faith attempt to substantially complete Phase 1 construction

within 24 months (two years) of Closing, subject to force majeure. Depending on market conditions, the Phase 2 sound stages could be built within 60 months (five years) of Closing.

VI. Financial Terms

Developer will pay ESD an all cash, non-contingent payment of not less than seven million dollars (\$7,000,000) for fee simple interest in the Site ("Purchase Price"). ESD currently holds a 10% non-refundable deposit from Developer which will be applied to the Purchase Price at Closing. Developer also will fund all out-of-pocket, third-party expenses incurred by ESD in connection with the Project, including counsel and environmental consultant expenses. Further financial terms are set forth at GPP Section IX(D).

VII. Basis for Statutory Findings

Land Use Improvement Findings

ESD staff recommends that the Directors find that the proposed Project is consistent with the requirements of the UDC Act for land use improvement projects and satisfies the findings required under the UDC Act as follows:

Section 10(c) of the UDC Act requires that for a land use improvement project, the Corporation make a finding:

- (1) That the area in which the project is to be located is a substandard or insanitary area, or is in danger of becoming a substandard or insanitary area and tends to impair or arrest the sound growth and development of the municipality;
- (2) That the project consists of a plan or undertaking for the clearance, replanning, reconstruction and rehabilitation of such area and for recreational and other facilities incidental or appurtenant thereto; [and]
- (3) That the plan or undertaking affords maximum opportunity for participation by private enterprise, consistent with the sound needs of the municipality as a whole.

The Development Site, which has been vacant for four years, is a substandard or insanitary area, or is in danger of becoming a substandard or insanitary area and tends to impair or arrest the sound growth and development of New York City, particularly the Rossville section of Staten Island. First, as set forth in the New York City Waterfront Revitalization Program ("WRP"), the current vacant condition of the Site conflicts with the WRP goal of revitalizing the waterfront by encouraging commercial development of appropriately located vacant and underutilized land. Further, a May 2010 report released by the New York City Department of City Planning ("NYCDP") and the New York City Economic Development Corporation ("NYCEDC"), entitled "Working West

Shore 2030 – Creating Jobs, Improving Infrastructure and Managing Growth” (the “Report”) found a need to provide more local employment choices on the West Shore. Second, the Site is built to only a fraction of its zoning potential. In October 2008, the NYCDP and NYCEDC released an Existing Conditions Report for land use and transportation on Staten Island’s West Shore. The 2008 report found that nearly one-third of the Charleston-Tottenville neighborhood, where the Development Site is located, has a built Floor Area Ratio (“FAR”) which is 50% or less than the allowable FAR. The proposed Project will increase built FAR on the Site by 22%. In addition, the Project will utilize thousands of additional unbuilt square feet on the Site for film and television shoots. Third, supplemental studies of the Project by Vanasse Hangen Brustlin found that the Site has begun to fall into disrepair. Evidence of this includes overgrowth of vegetation, vacancy and some deterioration of the interior of the buildings.

The Project will clear, replan, reconstruct and rehabilitate the Development Site, and will maximize participation of Developer, who will be responsible for the payment of all costs associated with the Project, and other private enterprises that will construct and utilize Project facilities

Accordingly, staff recommends that the Directors find that the Property in its current condition is located in or is in danger of becoming a substandard or insanitary area and that it tends to impair or arrest the sound growth and development of New York City. Further, staff recommends that the Directors find that the Project will clear, re-plan, reconstruct, and rehabilitate the Property and that the Project maximizes participation by private enterprise.

VIII. Design and Construction

The Project calls for the redevelopment of the former Arthur Kill Correctional Facility including at least approximately 100,000 square feet of new construction sound stages and adaptive reuse of existing buildings on the site. Construction/renovation is tentatively scheduled to begin in early 2016. ESD’s Design and Construction Department (“D&C”) will monitor construction progress.

IX. Environmental Review

ESD, as lead agency, has completed an environmental review of the proposed project, pursuant to the requirements of the State Environmental Quality Review Act and the implementing regulations of the New York State Department of Environmental Conservation. This review, which was coordinated with the involved agencies due to the project’s Type I classification, found that the proposed project would not result in significant adverse impacts on the environment. Therefore, staff recommends that the Directors make a Determination of No Significant Effect on the Environment.

X. Non-Discrimination and Contractor & Supplier Diversity Requirements

New York State Executive Law Article 15-A, ESD recognizes its obligation under the law to promote opportunities for maximum feasible participation of certified Minority and

Women-owned Business Enterprises (“MWBEs”) in the performance of ESD projects. Accordingly, ESD’s Non-Discrimination and Contractor & Supplier Diversity policies will apply to the Project.

Pursuant to the Cost Agreement entered into between Developer and ESD on January 31, 2014, Developer and its affiliates and/or partners shall be required to solicit and utilize MWBEs for any contractual opportunities generated in connection with the Project and to use Good Faith Efforts (pursuant to 5 NYCRR § 142.8) to achieve an overall MWBE Participation Goal of 23% in relation to the total value of the Project. The aforementioned goal shall include a Minority-owned Business Enterprise Participation Goal of 13% and a Women-owned Business Enterprise Participation Goal of 10%, both related to the total value of the Project. In addition, pursuant to the Cost Agreement, Developer will use best efforts to achieve the following goals for workforce participation related to the overall workforce to be utilized on the Project: minority workforce participation of 13%, women workforce participation of 10%, Staten Island workforce participation of 40%, and New York State workforce participation of 75%.

XI. Requested Actions

The Directors are being asked to: (a) Adopt Land Use Improvement Project Findings pursuant to Section 10 of the UDC Act; (b) Adopt the Draft General Project Plan (“GPP”); (c) Authorize a Public Hearing on the GPP and Essential Terms of a Proposed Transaction with Broadway Stages pursuant to the UDC Act and other applicable law; (d) Make a Determination of No Significant Effect on the Environment; and (e) Authorize Related Actions.

XII. RECOMMENDATION

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

XIII. ATTACHMENTS

Resolutions
Draft General Project Plan

November 19, 2015

NEW YORK STATE URBAN DEVELOPMENT CORPORATION D/B/A EMPIRE STATE DEVELOPMENT – Adoption of Land Use Improvement Project Findings Pursuant to Section 10 of the UDC Act; Adoption of the Draft General Project Plan (“GPP”); Authorization to Hold a Public Hearing on the GPP and Essential Terms of a Proposed Transaction with Broadway Stages Pursuant to the UDC Act and Other Applicable Law; Determination of No Significant Effect on the Environment; and Authorization to Take Related Actions

RESOLVED, that, on the basis of the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation (the “Materials”), relating to the Arthur Kill Land Use Improvement Project (the “Project”), the Corporation hereby finds pursuant to Section 10(c) of the New York State Urban Development Corporation Act of 1968, as amended (the “Act”):

- (1) That the area in which the project is to be located is a substandard or insanitary area, or is in danger of becoming a substandard or insanitary area and tends to impair or arrest the sound growth and development of the municipality;
- (2) That the project consists of a plan or undertaking for the clearance, re-planning, reconstruction and rehabilitation of such area and for recreational and other facilities incidental or appurtenant thereto;
- (3) That the plan or undertaking affords maximum opportunity for participation by private enterprise, consistent with the sound needs of the municipality as a whole; and be it further

RESOLVED, that on the basis of the Materials relating to the Project, indicating that there are no families or individuals to be displaced from the Project area, the Corporation hereby finds that the requirements of Section 10(g) of the Act are satisfied; and be it further

RESOLVED, that on the basis of the Materials, and substantially on the terms and conditions described in the Materials, the Corporation does hereby adopt, subject to and pursuant to, and for the purposes of a public hearing required by, Sections 6 and 16 of the UDC Act, and as may be appropriate pursuant to other applicable laws:

- (1) the proposed General Project Plan (the “GPP”) for the Project submitted to this meeting, together with such changes therein as the Chairman and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, a copy of which GPP, together with such changes, is hereby ordered filed with the record of the Corporation; and
- (2) the essential terms of the proposed transaction between ESD as Seller and Broadway

Stages as Purchaser and Developer; and be it further

RESOLVED, that the GPP shall not be final until action is taken by the Directors as provided in the UDC Act and until such time as all requirements of the UDC Act and other applicable law in connection therewith have been satisfied; and be it further

RESOLVED, that the Chairman and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized in the name of and on behalf of the Corporation to take such actions as may be considered necessary or appropriate in connection with the holding of the public hearing required pursuant to Sections 6 and 16 of the UDC Act and other applicable law (which hearing may be held simultaneously with one or more hearings which may be held

pursuant to other applicable law), including without limitation, the providing, filing or making available of copies of the GPP or a digest thereof and the findings required by Section 10 of the UDC Act relating to the Project, the fixing of a date for such hearing, the publication of a notice relating to the GPP and such hearing in accordance with the UDC Act, other applicable law, and the procedures heretofore approved by the Corporation with respect to similar hearing, and the making of a report or reports to the Directors on such hearing, written comments received, and any local governmental recommendations respecting the Plan; and be it further

RESOLVED, that based on the Materials, the Corporation hereby determines that the proposed action will not have a significant effect on the environment and that the Project is consistent with applicable coastal policies set forth in 19 NYCRR 600; and be it further

RESOLVED, that the Chairman and Chief Executive Officer, or his designee, be, and each of them hereby is, authorized in the name of and on behalf of the Corporation to execute and deliver any and all documents and to take all actions as may be considered necessary or appropriate in connection with carrying out the public hearing(s) and to effectuate the foregoing resolutions.

* * *

New York State Urban Development Corporation
d/b/a Empire State Development

ARTHUR KILL
Land Use Improvement Project

General Project Plan
November 2015

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New York State Urban Development Corporation
d/b/a Empire State Development

ARTHUR KILL
Land Use Improvement Project

General Project Plan
November 2015

I. Background

New York State is disposing of surplus State owned properties, including mental health facilities and correctional facilities. At the request of the Governor's Office, a committee of agency heads and staff from the New York State Office of General Services ("OGS"), the New York State Division of Budget ("DOB"), and the New York State Urban Development Corporation d/b/a Empire State Development ("ESD"), among others, have engaged in discussions focused on disposition of these large institutional properties. These deliberations verified that many of the facilities require creative approaches to transfer them from State ownership and to avoid the continued carrying costs and potential liabilities associated with depreciating properties. Some of the facilities can be sold in the marketplace for productive private use, while others can be dedicated to more specific economic development purposes consistent with ESD's mission and the needs of the surrounding community.

The Arthur Kill Correctional Facility consists of an approximately 69-acre waterfront site in the Rossville section of Staten Island that is owned primarily by OGS and in part by ESD, is operated by the New York State Department of Corrections and Community Supervision ("DOCCS"), and served as a correctional facility from 1976 through 2011 (the "Development Site" or "Site"). The Development Site is described in more detail in Section II below, "Development Site Location and Context". The Site is currently unused and vacant, and there are no families or individuals to be displaced from the Site.

ESD has been asked to assist OGS and DOCCS in disposing of the Development Site. ESD issued a Request for Proposals ("RFP") in May 2013 seeking proposals for the purchase and redevelopment of the Development Site. The RFP invited Respondents to propose any non-residential uses that would create new economic opportunities for New Yorkers along the Rossville waterfront and maintain consistency with surrounding land uses. In accordance with existing plans for the West Shore developed by the New York City Department of City Planning ("NYCDCP") and the New York City Economic Development Corporation ("NYCEDC"), described in more detail in Section II below, the RFP prohibited the development of residential uses on the Site and encouraged commercial, industrial, and recreational uses. In February 2014, ESD conditionally designated Broadway Stages, Inc. ("Developer") to develop film and television production studio space on the Site, subject to the legally required public review process.

In accordance with its RFP response, Developer would build, within two years from taking title, approximately 100,000 square feet of new construction sound stages on the Site, which will be approximately 40 feet tall and attached to two existing buildings. The Project also involves adaptive reuse of existing buildings on the Site, transforming many of them into film studios, and using the remaining buildings for shop spaces, equipment storage, sub-vendor spaces, cafeterias, training facilities and production offices. At Developer's option based on market conditions, Developer may also construct five (5) additional sound stages totaling approximately 70,000 square feet.

Developer will maintain fully operational, first-class working film production studio space on the Site for a minimum of twenty (20) years. After twenty (20) years, if operation of a film and media production studio is no longer economically viable, the Development Site may be used for any use permitted under the existing zoning regulations at that time.

II. Development Site Location and Context

The Development Site is located along the Arthur Kill on the southwesterly side of Staten Island at 2911 Arthur Kill Road. The Site is bounded on the north by the Arthur Kill, on the south by Arthur Kill Road, on the east by commercial, recreational, and open space uses, and on the west by Industrial Loop, a private road with a mix of light and heavy industrial uses. The Site is a portion of Block 7187, Lot 1 on City Tax Maps and is located in Staten Island Community District #3. A Development Site Map is attached as Exhibit A.

The Site was acquired by the State in 1967 for mental hygiene purposes but was used from 1976 to 2011 as a correctional facility, when it was closed by DOCCS. The Site is approximately 69 acres and currently has 43 buildings including 8 barrack-style housing units, kitchen/mess hall, administration building, maintenance garage, guard towers, storage warehouse, infirmary, sewage pumping station, and a gymnasium. The total square footage of the primary buildings on Site is approximately 341,330 square feet. There is a parking lot for approximately 600 cars and outdoor recreational facilities on the Site. A Site Key Plot Plan is attached as Exhibit B. Adjacent to the Site are approximately 12.5 acres of lands underwater along or within the Arthur Kill, and ownership of these lands will be retained by OGS rendering them unavailable for disposition by ESD. The Development Site Map attached as Exhibit A indicates the 12.5 acre underwater portion. Portions of the Development Site are comprised of wetlands, disturbance of which would be subject to applicable state and federal regulations. The Project does not contemplate any activities that would affect these wetlands.

Independent of the closure of the Arthur Kill Correctional Facility, NYCDP and NYCEDC released a land use and transportation report entitled "Working West Shore 2030 – Creating Jobs, Improving Infrastructure and Managing Growth", in May 2010 (the "**Report**"). This Report and the accompanying "West Shore 2030 Work Plan" are guiding documents, providing a framework for future public and private investment and land use decisions in the area of the Site. They are the product of a collaborative effort by the City of New York, local civic groups and Staten Island's

elected officials.

The Report provides recommendations for areas where targeted infrastructure improvements can support future job creation. The Development Site is located within the area identified as the Rossville Waterfront, an area which supports a mix of maritime, light industrial, commercial and destination retail uses. Redevelopment of the Site is an integral part of this effort to spur economic development and potentially forge strong connections to the waterfront and is a unique opportunity to leverage underutilized State assets.

The Site is also within the boundaries of the New York City Waterfront Revitalization Program (“WRP”). The WRP sets forth the City’s policies to promote appropriate activities at various waterfront locations within the City. Specifically, the WRP provides that commercial and residential development would revitalize the waterfront and “should be encouraged on appropriately located vacant and underused land.” In its current state, the vacant Development Site does not meet the goals of the WRP policies.

III. Project Description, Schedule, and Zoning

The Project would be constructed in two phases and would consist of the design, development, construction, and operation of multiple improvements at the Development Site by Developer, including but not limited to the following:

Phase 1

- A. Construction of five (5) sound stages totaling approximately 100,000 square feet, with a capital investment of approximately \$20,000,000.
- B. Renovation and occupation of the existing gymnasium (identified as Building #21 on the Site Key Plot Plan, attached hereto as **Exhibit B**) into an air-conditioned, soundproofed, working studio.
- C. Renovation and retrofitting of the existing swimming pool for the purpose of underwater filming.

Phase 2

- A. At Developer’s option based on market conditions, construction of up to five (5) additional sound stages totaling approximately 70,000 square feet.

Schedule

It is anticipated that Developer would commence Phase 1 promptly after Developer’s closing on the purchase of the Development Site from ESD (“Closing”). Developer would use best efforts in a good faith attempt to substantially complete Phase 1 construction within 24 months (two years) of Closing, subject to force majeure. Depending on market conditions, the Phase 2 sound stages could be built within 60 months (five years) of Closing.

Zoning

No override of the New York City Zoning resolution is required. The majority of the Site is

located in an M3-1 district, which accommodates heavy industrial uses, but also permits light industrial and many commercial uses. The current zoning allows for a total of 5,848,000 buildable square feet at the Site. The existing DOCCS facilities occupy approximately 341,330 square feet and Developer plans to develop an initial approximately 100,000 square feet of sound stages, with an option to construct approximately 70,000 additional square feet of sound stages. The remainder of the Site will be used as a back lot to shoot outdoor scenes for movies and television shows. The Site also is located within the Special South Richmond Development District (ZR 107-00), a NYC zoning designation that provides additional rules to guide future development and infrastructure planning on the south shore of Staten Island.

IV. Economic Impact

Film and television production is essential to the cultural and economic growth of both the City and State of New York. Between 2004 and 2014, the number of major film and television productions applying for the State Film Production Tax Credit increased tenfold, from 18 to 196. Spending within the State by those productions rose from a projected \$598 million to \$2.7 billion over the same timeframe. In 2012, film industry employment in the State reached 47,404, a 28% increase from 2008. New York City is widely regarded as one of the leading centers of such activity in the country, serving as host to film, television, commercial, musical and theatrical productions. Today, New York City's production industry generates over \$7 billion annually and employs over 130,000 people. Approximately 4,000 small businesses serve the industry and are thriving due to its steady growth. In 2014, 242 films were given permits to film in New York City, up from 200 in 2010. In the past few years, the number of episodic television series being filmed in New York has ballooned to 46, more than double the amount in 2010.

Developer owns and operates one of the largest full-service film, television and music production facilities in New York. For more than thirty years Developer has been a major and integral participant in the growth of the film and television industries in the City and State and has contributed greatly to the State's capacity to attract large-scale productions. Its company and clients have employed thousands of people and created hundreds of local jobs. Developer's client list includes the largest film studios and television networks, including NBC, CBS, Warner Brothers, Netflix, Disney, ABC, Paramount Studios and Sony, along with various independent production companies that produce commercials, music videos and reality shows. Developer's existing facilities, located in Brooklyn and Queens, include over one million square feet of versatile shooting stages, production facilities, extensive sets, prop and wardrobe rooms, carpentry shops, an on-site lighting/grip company, an on-site expendables company, trucks and generators, make-up and hair studios, storage facilities and crew parking lots. In 2012, Developer provided production services to thirteen of twenty-three cable and network television pilots shot in New York.

The Project would benefit the State and City of New York and the borough of Staten Island by: (1) enhancing the State and City as centers for film and television production; (2) creating

new employment, training and mentorship opportunities for professionals and apprentices in the film, television, music, and media production fields, with a particular emphasis on local hiring and training of State Island residents; (3) generating additional tax revenues; and (4) furthering promotion of the media arts.

V. Estimated Project Costs and Proposed Funding Sources

I. Phase 1

Use of Funds		%	Sources of Funds		%
Land Costs	\$7,000,000	23%	Equity	\$13,500,000	44%
Construction Costs	\$20,000,000	65%	Financing	\$17,000,000	56%
Fit-Out Costs	\$3,000,000	10%			
Financing Costs	\$500,000	2%			
Total	\$30,500,000	100%	Total	\$30,500,000	100%

II. Phase 2

Use of Funds		%	Sources of Funds		%
Land Costs	0	0	Equity	\$10,000,000	49%
Construction Costs	\$18,000,000	88%	Financing	\$10,000,000	49%
Fit-Out Costs	\$2,000,000	10%	Project Revenues*	\$500,000	2%
Financing Costs	\$500,000	2%			
Total	\$20,500,000	100%	Total	\$20,500,000	100%

* Phase 1 revenues to be made available for Phase 2 costs.

VI. NYS Participation

OGS

Pursuant to Section 13-a of the NYS Urban Development Corporation Act ("**UDC Act**"), OGS is authorized to "grant and convey to [ESD]... unappropriated state lands... which [ESD] shall certify to be necessary or convenient for its corporate purposes." Accordingly, upon ESD's issuance of the required certificate, OGS shall transfer to ESD title to and possession of those portions of the Development Site not already owned by ESD, as described in Section IX ("**Essential Terms of the Transaction**") below.

ESD

Pursuant to the UDC Act, ESD was created to implement the "policy of the state to promote a vigorous and growing economy, to prevent economic stagnation and to encourage the creation of new job opportunities...". UDC Act, Section 2. To that end, ESD is empowered, pursuant to UDC Act Section 10(c), to undertake a "Land Use Improvement Project" upon finding:

- (1) That the area in which the project is to be located is a substandard or insanitary area, or is in danger of becoming a substandard or insanitary area and tends to impair or arrest the sound growth and development of the municipality;
- (2) That the project consists of a plan or undertaking for the clearance, replanning, reconstruction and rehabilitation of such area and for recreational and other facilities incidental or appurtenant thereto; [and]
- (3) That the plan or undertaking affords maximum opportunity for participation by private enterprise, consistent with the sound needs of the municipality as a whole.

The Development Site, which has been vacant for four years, is a substandard or insanitary area, or is in danger of becoming a substandard or insanitary area and tends to impair or arrest the sound growth and development of New York City, particularly the Rossville section of Staten Island. The Site is built to only a fraction of its zoning potential. As set forth above in Section II, the current condition of the Site conflicts with the WRP goal of revitalizing the waterfront by encouraging commercial development of appropriately located vacant and underutilized land. Further, the Report described in Section II found a need to provide more local employment choices on the West Shore. An accompanying Existing Conditions Report, issued in October 2008, found that nearly one-third of the Charleston-Tottenville neighborhood, where the Development Site is located, has a built Floor Area Ratio (FAR) which is 50% or less than the allowable FAR. The proposed Project will increase built FAR on the Site by 22%. In addition, the Project will utilize thousands of additional unbuilt square feet on the Site for film and television shoots.

The Project will clear, replan, reconstruct and rehabilitate the Development Site, and will maximize participation of Developer, who will be responsible for the payment of all costs

associated with the Project, and other private enterprises that will construct and utilize Project facilities. The City of New York has been advised of and supports the Project and ESD's participation in the Project.

In order for the Project to be developed, ESD will:

- A. serve as lead agency pursuant to SEQRA and be responsible for preparing requisite SEQRA review analyzing all environmental aspects of the Project; and
- B. acquire the portion of the Development Site currently owned by OGS and dispose of the Development Site in its entirety, inclusive of the portions currently owned by ESD, to Developer via Deed, with Restrictive Declaration and other related documents, upon the terms set forth above under Section IX below ("Essential Terms of the Transaction") pursuant to Section 6 of the UDC Act.

Developer also will be required, among other things: (1) to pay all costs of acquiring the Development Site; (2) to reimburse ESD for all ESD third-party, out-of-pocket, expenses incurred in connection with development of the Development Site, including legal and other consultant fees; (3) to pay to ESD at Closing a one-time fee of \$455,000 to defray ESD's internal costs associated with the Project and in lieu of further ESD participation in Project income and appreciation; and (4) to pay to DOCCS Site maintenance costs of \$15,000 per month until Closing.

The significant public benefits to be derived from the Project are described below in Section VII, "Public Use, Benefit and Purpose". A failure to implement the Project, of course, is likely to mean, at a minimum, that such public benefits will not accrue in any timely or complete fashion, and such failure is likely to retard the growth of substantial economic development and opportunity in the Rossville neighborhood and in the wider community.

ESD is coordinating the Project with:

New York City Department of City Planning
New York City Economic Development Corporation
New York State Department of Corrections and Community Supervision
New York State Department of State
New York State Office of General Services
Office of the Staten Island Borough President

VII. Public Use, Benefit and Purpose

The Project will provide multiple public benefits, including but not limited to:

- A. Elimination of blight. Absent a project to use the property, the Development Site will remain vacant, underutilized, and subject to deterioration. Such conditions would hamper or impede sound economic growth and development and impair or arrest the sound growth of the area surrounding the Development Site. The Project will eliminate substandard and insanitary conditions at the Development Site.
- B. Job retention and creation. The Project is expected to directly create approximately 600 permanent jobs and indirectly create approximately 700 permanent jobs.
- C. Training/job development. Developer will work with the International Alliance of Theatrical Stage Employees, Local 52 ("IATSE"), to provide new union members with a curriculum devised by IATSE, and shall set a number of mentorship hours to be provided by IATSE, to train apprentices to pursue a professional career in the film/television/music/other media production field. Developer shall offer such programs on-site, and will jointly develop promotional/advertising material with IATSE to promote these on-site apprenticeship programs exclusively to Staten Island residents.
- D. Creation of production studio space. The Project will provide for the creation of not less than approximately 100,000 gross SF of new construction film and television production space. The availability of such facilities in an accessible New York City location will enhance significantly the likelihood of film and television production companies and supporting industries remaining in or relocating to, and expanding in, New York City.
- E. Enhancement of tax bases. As a direct result of returning the Site to the tax rolls with improved physical structures which will provide increased employment opportunity, the Project will create substantial tax revenues for the State and the City, including real property taxes, sales taxes and employee income taxes. Redevelopment of the Development Site is expected to result in an estimated \$4.3 million in tax revenue to New York State and City during construction and \$115 million post-construction tax revenue over a seven-year analysis period.
- F. Interim construction benefits. Construction of the Project will create direct benefits resulting from expenditures on labor, materials and services, and indirect benefits due to expenditures by material suppliers, construction workers and others involved in the Project.

During construction and renovation, Developer will source the majority of materials locally, wherever possible. All construction related materials, such as plumbing, masonry, lumber and electrical supplies would be purchased from Staten Island vendors, wherever possible.

- G. Sustainable green programs. Developer will commit 5% of the Development Site for gardening, allowing local students and residents to learn about urban agriculture. In addition, Developer will build and install solar panels on the roofs of Project buildings. These initiatives will provide fresh food for the community, improve local air quality, moderate building temperature, and reduce storm water run-off.

The urban garden will be modeled on Eagle Street Rooftop Farm, located on the roof of a building owned by Developer in Greenpoint, Brooklyn. That farm provides fresh produce, chickens, eggs, honey and hot sauce to local purveyors.

VIII. Environmental Review

ESD, acting as lead agency pursuant to the requirements of the State Environmental Quality Review Act ("SEQRA") and the implementing regulations of the New York State Department of Environmental Conservation, has prepared an Environmental Assessment Form ("EAF") and supplemental analyses for the Project. ESD's review under SEQRA has concluded that the Project will result in no significant adverse impacts to the environment. To the extent the environmental review identified additional Project requirements, these items will be required to be implemented by Developer pursuant to the Restrictive Declaration described in Section IX(F) below.

IX. Essential Terms of the Transaction

A. Acquisition and Disposition

ESD would acquire from OGS title to and possession of those portions of the Development Site not already owned by ESD, and then simultaneously convey the entire Development Site, inclusive of the portions currently owned by ESD, to Developer.

B. Project Location

See Section II ("Development Site Location and Context") above.

C. Project Schedule

See Section III ("Project Description, Schedule, and Zoning") above.

D. Financial Terms

- a. ESD to OGS. Proceeds from the sale will be recycled into capital expenditures for New York State facilities or projects.
- b. Developer to ESD. Developer will pay ESD an all cash, non-contingent payment of not less than seven million dollars (\$7,000,000) for fee simple interest in the Site ("**Purchase Price**"). ESD currently holds a 10% non-refundable deposit from Developer which will be applied to the Purchase Price at Closing.

Further:

- c. Developer will fund all out-of-pocket, third-party expenses incurred by ESD in connection with the Project, including consultant, counsel and environmental

expenses. Developer has executed a Cost Agreement with ESD committing to fund these expenses, and Developer has deposited funds with ESD which ESD is holding in an imprest account as security for payment of these expenses.

- d. Developer will pay to DOCCS \$15,000 per month for site operation costs.
- e. Developer shall be responsible for all costs of due diligence and other preliminary work by Developer.
- f. Developer will pay to ESD at Closing a one-time, all cash, non-contingent administrative fee of \$455,000.
- g. Developer shall be responsible for any and all Development Site preparation costs, including demolition, and any and all required remediation.

E. Construction

- a. Developer will commence Phase 1 promptly after Closing.
- b. Developer will use best efforts in a good faith attempt to substantially complete Phase 1 within 24 months (two years) of Closing.
- c. Depending on market conditions, and at Developer option, Developer will use best efforts in a good faith attempt to substantially complete Phase 2 within 60 months (five years) of Closing.
- d. Once construction commences, Developer will diligently pursue construction through to substantial completion, at Developer's sole cost and expense.

Developer, or an appropriate affiliate, will provide guaranties of completion and performance or completion bonds, letters of credit or other forms of acceptable security guaranteeing performance and completion of construction of Phase 1 and Phase 2.

F. Restrictive Declaration:

Developer would design, develop, construct, and operate the Project at the Development Site in conformity with a Restrictive Declaration requiring Developer to design, develop, construct, and operate the Project as described in this General Project Plan. The Restrictive Declaration would be recorded against the Development Site and run with title to the land.

X. Building Code

The construction of the Project will conform to the New York City Building Code and local zoning requirements, and will be subject to and conditioned upon NYCDOB review.

XI. Non-Discrimination and Contractor Diversity

Pursuant to New York State Executive Law Article 15-A, ESD recognizes its obligation under the law to promote opportunities for maximum feasible participation of certified Minority and Women-owned Business Enterprises ("MWBEs") in the performance of ESD projects. Accordingly, ESD's Non-Discrimination and Contractor & Supplier Diversity policies will apply to the Project.

Pursuant to the Cost Agreement entered into between Developer and ESD on January 31, 2014, Developer and its affiliates and/or partners shall be required to solicit and utilize MWBEs for any contractual opportunities generated in connection with the Project and to use Good Faith Efforts (pursuant to 5 NYCRR § 142.8) to achieve an overall MWBE Participation Goal of 23% in relation to the total value of the Project. The aforementioned goal shall include a Minority-owned Business Enterprise Participation Goal of 13% and a Women-owned Business Enterprise Participation Goal of 10%, both related to the total value of the Project. In addition, pursuant to the Cost Agreement, Developer will use best efforts to achieve the following goals for workforce participation related to the overall workforce to be utilized on the Project: minority workforce participation of 13%, women workforce participation of 10%, Staten Island workforce participation of 40%, and New York State workforce participation of 75%.

EXHIBIT A

DEVELOPMENT SITE MAP



EXHIBIT B **SITE KEY PLOT PLAN**

