



New York City Land Development Corporation
One Liberty Plaza
New York, NY, 10006

Authorities Budget Office
JUN 07 2024

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New York State Senate
State Capitol
Albany, New York 12224

State of New York
Authorities Budget Office
P.O. Box 2076
Albany, New York 12220-0076

Re: Willets Point Phase 2, Soccer Stadium and Open Space
Block 1823 Lots 1, 3, 12, 19, 20, 21, 23, 26, 28, 33, 40, 44, 47, 52, 55;
Block 1824 Lot 1, 12 19, 21, 26, 28, 33, 38, 40, 45, 53, 100;
Block 1825 1, 19, 21, 25, 28, 30, 37, 46, 48, 53, 55, 58, 150, and;
Block 1833 103 on the Tax Map of Queens, New York City Land Development
Corporation – Explanatory Statement

To the Addressees:

Reference is made to Sections 2897(6)(d)(i) and (ii) of the New York State Public Authorities Law (the “Public Authorities Law”) and the requirement set forth therein to prepare and transmit an explanatory statement of the circumstances of each disposal by negotiation of certain property by a public authority (as the term “disposal” is defined in Section 2895(2) of the Public Authorities Law). Section 2897(6)(d)(ii) of the Public Authorities Law requires that such explanatory statement be transmitted not less than 90 days prior to the disposal of the property. Since the transaction contemplated herein falls within the purview of Section 2897(6)(d)(i) and (ii) of the Public Authorities Law, please accept this explanatory statement in satisfaction of the applicable requirements of the Public Authorities Law.

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New York City Land Development Corporation ("NYCLDC"), a New York not-for-profit corporation and a New York local development corporation, intends to enter into a long-term ground lease (the "Lease") with The City of New York (the "City"), for nominal consideration, for all of that certain property currently identified on the tax map for the Borough of Queens as Block 1823 Lots 1, 3, 12, 19, 20, 21, 23, 26, 28, 33, 40, 44, 47, 52, 55 (Lots 1 and 3 may not initially be included in the lease for the Site and work with regard to them may not be undertaken until they can be delivered vacant of occupants, which may occur after the lease for the remainder of the Site is entered into and may be added to the lease by an amendment at a later date), Block 1824 Lot 1, 12, 19, 21, 26, 28, 33, 38, 40, 45, 53, 100, Block 1825 1, 19, 21, 25, 28, 30, 37, 46, 48, 53, 55, 58, 150, and Block 1833 Lot 103. (the "Site"). Simultaneously therewith, NYCLDC intends to assign its interest as tenant under the Lease to Queens Development Group II, LLC, a Delaware limited liability company, or an affiliated entity (the "Developer").

The Site is owned by the City and is comprised of approximately 447,301 square feet. The Site is part of the larger Special Willetts Point District ("SWPD"), which was created in 2008 under an urban renewal plan and encompasses all 63-acres of Willetts Point, an area bounded by Roosevelt Avenue, Seaver Way, Northern Boulevard, and the western property line boundary of Block 1833, Lot 1. The City's long-term plan is to transform the SWPD into a mixed-used neighborhood. Aside from Block 1823, Lots 1, 3, and 12, the Site is presently free and clear of structures and has been prepared for development. Block 1823, Lots 1, 3, and 12 will be cleared and remediated pursuant to New York State's Brownfield Cleanup Program ("BCP") or under terms provided by the Mayor's Office of Environmental Remediation, at the Developer's option. The remainder of the Site has been remediated pursuant to the BCP, and has received a Certificate of Completion from New York State Department of Environmental Conservation.

It is contemplated that the Site will be developed by the Developer with a 25,000-seat Major League Soccer stadium (the "Stadium"), together with ancillary retail, office and community uses comprising approximately 500,000 square feet and approximately 64,000 square feet of new publicly accessible open space and approximately 8,000 square feet of temporary but continuous activation uses during Stadium events on Block 1823, Lots 1 and 3 (if the Lots are included in the Lease) until a permanent use is agreed upon (the "Project").

The Lease will be for a term of 49 years ("Initial Term"), with one option to extend for an additional 25 years ("Extension Term"), for a total term of 74 years (collectively, the "Term"). The annual base rent payable by Tenant under the Lease will be \$500,000 beginning on the Lease effective date through the earlier of (a) the date of completion of the Stadium construction and (b) the 4th anniversary of the Lease effective date (the earlier of (a) and (b), the "Rent Phase-In Date"), \$1,000,000 commencing on the Rent Phase-In Date and thereafter growing to approximately \$4,000,000 annually by the final year of the Initial Term. The Extension Term base rent shall be based on fair market value as determined by an appraiser taking into account the Lease use restrictions. The City will also receive additional rent from the Developer if Developer enters into a new Stadium naming rights agreement with an entity other than Etihad

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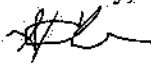
Airways or an affiliate, as the initial naming rights partner. It is currently anticipated that the Lease will be executed and simultaneously assigned to Developer by the end of 2024.

NYCLDC has obtained an appraisal of the Site for its highest and best use, by an independent appraiser. The appraisal valued the Site land at \$187,900,000 with an annual ground rental of \$16,900,000 based on the highest and best use. This value did not take into account the Project requirements and restrictions pertaining to the use of the Site, which include the Stadium and open space. A separate determination by the appraiser, which did take into account the costs of such requirements and restrictions, resulted in a land value of \$11,500,000 with an annual ground rental value of \$1,000,000 for the Site upon commencement of operations. Over the Initial Term of the Lease, it is anticipated that the net present value of the annual ground rent payments will be approximately \$24,500,000.

The disposition of the Site pursuant to the Lease has been authorized by Section 384(b)(4) of the City's Charter, which authorizes the Mayor of the City, with the approval of a majority of members of the Borough Board of Queens, to lease the Site to a New York local development corporation without competitive bidding and for such purpose or purposes and at such price as may be determined by the Mayor to be in the public interest. The Project will have a public benefit for, and a positive economic impact on, the City and the State of New York (the "State") by generating private sector jobs and tax revenues for the City and the State during both the construction and operation of the Project. The Project will also transform an underutilized City-owned asset into a mixed-use development that provides a world-class Major-League Soccer stadium, ancillary uses, and much needed open space.

We appreciate this opportunity to provide you with an explanatory statement regarding the Project and its anticipated public benefit for and positive economic impact on the City and State.

Sincerely,



Spencer Hobson
Executive Vice President
New York City Land Development Corporation

