

Regular Meeting of the New Rochelle Industrial Development Agency

July 27, 2022 at 7:30 PM

515 North Ave. – Council Conference Room, New Rochelle, New York 10801

AGENDA

1. Roll Call/Announcements
2. Minutes
3. 255 Huguenot Owner LLC Assignment - Resolution
4. Other Business/Discussion Items
5. Next Meeting Date – Sept. 28, 2022
6. Adjournment

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Minutes Summary of the Regular Meeting of the New Rochelle Industrial Development Agency (IDA)
held on Wednesday, May 25, 2022 at 7:30 pm in City Hall, Council Conference Room

Present: Charles B. Strome, III, Chair
Ivar Hyden, Vice Chair
Howard Greenberg, Secretary
Jordanna Davis, Member
Amy Moselhi, Member
Felim O'Malley, Member

Absent: Robert Balachandran, Treasurer

Also Present: Adam Salgado, IDA Executive Director, Commissioner of Development
Lisa Davis, Economic Development / IDA Manager
Jorge Ventura, Director of Economic Development
Darius Chafizedah, Transaction Counsel, Harris Beach

IDA Meeting was called to order by the Chairman, Mr. Strome. Roll Call was taken.

Announcements: None

Minutes: A motion was made by Mr. Hyden and seconded by Mr. Greenberg to approve the April, 2022 Minutes; and was unanimously approved.

Anchin, Block and Anchin Contract – Resolution

Mr. Salgado stated that the resolution before the Board is to authorize the extension of the Agreement with Anchin, Block & Anchin for Economic Opportunity and Non-discrimination Policy compliance monitoring services for one year beginning June 26, 2022 and concluding June 26, 2023. Additionally, the Board is asked to authorize an expansion of the scope of services to include the development and implementation of compliance monitoring with the Agency's revised Uniform Tax Exemption Policy; pursuant to the proposal submitted and included in the agenda meeting backup packets.

Brian Sanvidge of Anchin, Block & Anchin presented an overview of the City's compliance monitoring results to-date.

The resolution authorizes an expenditure not to exceed \$117,019 for one year and the transfer of \$34,000 from the IDA fund balance to the Consultants line item of the 2022 budget.

The Board engaged in question and comment. A motion to approve was made by Mr. Strome and seconded by Ms. Moselhi. All in favor, the motion passed.

Procurement Policy – Resolution

Mr. Salgado stated that the resolution before the Board is to adopt a revised procurement policy of the New Rochelle Industrial Development Agency in accordance with the provision of the New York State Public Authorities Law. Specifically, the dollar amount of goods and services that can be purchased at the discretion of the Chair or the Executive Director is requested to be raised to \$20,000 in order to be more effective in implementing and facilitating the Agency's goals and purposes.

The Board engaged in question and comment.

A motion to approve was made by Mr. Strome and seconded by Ms. Moselhi. All in favor, the motion passed.

Other Business/Discussion Items

Ms. L. Davis informed the Board that several expenditures were made pursuant to the procurement policy. These include: \$5000 to the New Rochelle Council on the Arts for mural photography and \$670 to IEDC for staff education.

Next Meeting: June 29, 2022

Adjournment: Mr. Hyden made a motion to adjourn the meeting, seconded by Mr. O'Malley. All in favor, the motion passed.

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Date: July 27, 2022

At a meeting of the New Rochelle Industrial Development Agency (the "Agency") held on July 27, 2022, at City Hall, 515 North Avenue, New Rochelle, New York, the following members of the Agency were:

Present:

Absent:

Also Present:

After the meeting had been duly called to order, the Chair announced that among the purposes of the meeting was to consider and take action on certain matters pertaining to the "Halstead Station" Project located at 1 Shearwood Place (f/k/a 255 & 275 Huguenot Street) in the City of New Rochelle, New York.

The following resolution was duly moved by _____, seconded by _____, discussed and adopted with the following members voting:

Voting Aye

Voting Nay

AUTHORIZING RESOLUTION
(Halstead Station Project)

A regular meeting of the New Rochelle Industrial Development Agency was convened at 7:30 p.m. on July 27, 2022, at New Rochelle City Hall.

The following resolution was duly offered and seconded, to wit:

Resolution No. 07/2022-____

RESOLUTION OF THE NEW ROCHELLE INDUSTRIAL DEVELOPMENT AGENCY (THE "AGENCY") (i) AUTHORIZING AND CONSENTING TO THE PLEDGE, TRANSFER, ASSIGNMENT AND/OR CONVEYANCE BY DSF MULTI-FAMILY REAL ESTATE FUND III, LP, DSF MULTI-FAMILY REAL ESTATE FUND III-A, LP AND DSF MULTI-FAMILY REAL ESTATE FUND III-B, LP OF ALL OF THE OWNERSHIP INTERESTS IN 275 HUGUENOT REIT LLC, THE SOLE MEMBER OF 255 HUGUENOT OWNER LLC TO SHEARWOOD STATION JV LLC INCLUDING 255 HUGUENOT OWNER LLC'S RIGHTS, TITLE AND INTERESTS IN AND TO THE 2020 AGENCY DOCUMENTS (AS DEFINED HEREIN) IN CONNECTION WITH THE PERMANENT FINANCING OF THE PROJECT (AS DEFINED HEREIN) LOCATED AT 1 SHEARWOOD PLACE AND 275 HUGUENOT STREET, NEW ROCHELLE, NEW YORK; (ii) AUTHORIZING THE EXECUTION AND DELIVERY OF ANY AND ALL INSTRUMENTS, DOCUMENTS, CERTIFICATES, AFFIDAVITS, RETURNS AND AGREEMENTS IN THE FORMS AND ON SUCH TERMS AND CONDITIONS ACCEPTABLE TO THE CHAIR OR EXECUTIVE DIRECTOR OF THE AGENCY IN CONNECTION WITH THE FOREGOING, ALL WITH RESPECT TO THE FACILITY (AS DEFINED HEREIN); AND (iii) AUTHORIZING FINANCIAL ASSISTANCE FOR THE BENEFIT OF SHEARWOOD STATION JV LLC AND/OR 255 HUGUENOT OWNER LLC IN THE FORM OF AN EXEMPTION FROM MORTGAGE RECORDING TAXES AS PERMITTED BY NEW YORK STATE LAW IN AN AMOUNT MORE FULLY DESCRIBED HEREIN

WHEREAS, by Title 1 of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 785 of the Laws of 1976 of the State of New York, as amended (collectively, the "Act"), the **NEW ROCHELLE INDUSTRIAL DEVELOPMENT AGENCY** (the "Agency") was created with the authority and power to own, lease and sell property for the purpose of, among other things, acquiring, constructing and equipping industrial, manufacturing and commercial facilities as authorized by the Act; and

WHEREAS, **DSF MULTI-FAMILY REAL ESTATE FUND III, LP, DSF MULTI-FAMILY REAL ESTATE FUND III-A, LP, and DSF MULTI-FAMILY REAL ESTATE FUND III-B, LP**, each a Delaware limited partnership (collectively, the "Assignor"), are currently the owners of 100% of the shares of common beneficial interest (the "Shares") of **275**

HUGUENOT REIT LLC, a Delaware limited liability company (the "REIT"), which is the sole member of **255 HUGUENOT OWNER LLC**, a Delaware limited liability company (the "Owner"); and

WHEREAS, the Owner owns the existing building located at 1 Shearwood Place, New Rochelle, New York, known as "Halstead Station" and the parking garage located at 275 Huguenot Street, New Rochelle, New York (together, the "Facility"), which Facility was acquired by the Owner with the assistance of the Agency (the " Project"); and

WHEREAS, in connection with the Project, the Owner and the Agency have entered into (i) a certain Second Amended and Restated Lease Agreement, dated as of November 6, 2020 (as amended and assigned from time to time, the "Phase I Lease"), by and between the Agency, as lessor, and the Owner, as lessee; (ii) a certain PILOT Mortgage, dated as of November 6, 2020 (as amended and assigned from time to time, the "2020 PILOT Mortgage"), by and from the Owner and the Agency to the Agency for the benefit of Westchester County, the City of New Rochelle and City School District of New Rochelle; and (iii) a certain Mortgage Consolidation, Extension and Modification Agreement, dated as of November 6, 2020 (the "2020 Mortgage"; and, together with the Phase I Lease and the 2020 PILOT Mortgage, the "2020 Agency Documents"), by and from the Owner and the Agency to Walker & Dunlop, LLC, as mortgagee, and securing a single lien in the amount of \$111,400,000.00; and

WHEREAS, in connection with the sale of the Shares to **SHEARWOOD STATION JV LLC**, a Delaware limited liability company (the "Assignee"), all the ownership interest of the REIT, the sole member of Owner, will be transferred to Assignee (the "Assignment"); and

WHEREAS, the Owner has submitted an application (the "Application") to the Agency requesting that the Agency (i) consent and approve the Assignment; (ii) in connection with the Assignment, join in a certain mortgage securing an amount up to \$140,000,000 (the "2022 Mortgage") to a certain new lender (the "New Lender"); (iii) execute and deliver a certain consent to Phase I Lease Assignment, a consent to a PILOT Mortgage Assignment and Assumption, an Agency Estoppel Certificate, a Consent of Lessor, and a Letter of Credit Termination Notice, each to be dated as of August 1, 2022 (or other such date acceptable to the Chair or the Executive Director of the Agency), and any and all instruments, documents, certificates, affidavits, returns and agreements in the forms and on such terms and conditions acceptable to the Chair or Executive Director of the Agency in connection with the foregoing; and (iv) authorize financial assistance (the "Financial Assistance") for the benefit of Assignee and/or Owner in the form of an exemption from mortgage recording taxes as permitted by New York State law upon the recording of one or more mortgages in favor of the New Lender ((i) – (iv) hereinabove together being the "2022 Transaction"); and

WHEREAS, the Act authorizes and empowers the Agency to promote, develop, encourage and assist projects such as the Facility and to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York and the City of New Rochelle; and

WHEREAS, the Agency has given due consideration to the aforementioned Application and related written notice and request of Assignee and the materials furnished to the Agency by or on behalf of Assignee.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE NEW ROCHELLE INDUSTRIAL AGENCY AS FOLLOWS:

Section 1. The Agency finds that the 2022 Transaction constitutes a "Type II action" pursuant to 6 N.Y.C.R.R. § 617.5 and therefore is exempt from review under SEQRA.

Section 2. The Agency hereby finds and determines:

(a) By virtue of the Act, the Agency has been vested with all powers necessary and convenient to carry out and effectuate the purposes and provisions of the Act and to exercise all powers granted to it under the Act; and

(b) The Facility continues to constitute a "project", as such term is defined in the Act; and

(c) The actions undertaken by the Agency will promote and maintain the job opportunities, health, general prosperity and economic welfare of the citizens of the City of New Rochelle and the State of New York and continue to provide a needed mixed-use commercial/residential building and related parking for the residents of the City of New Rochelle, and improve their standard of living and thereby serve the public purposes of the Act; and

(d) The 2022 Transaction and any and all other instruments, documents, certificates, affidavits, returns and agreements in connection therewith, all with respect to the permanent financing for the Project, are reasonably necessary to continue to provide a needed mixed-use commercial/residential building and related parking to the residents of the City of New Rochelle, and improve their standard of living and thereby serve the public purposes of the Act; and

(e) Based upon representations of Shearwood Station, the 2022 Transaction complies with the requirements of Section 6.3 of the Phase I Lease Agreement, and Shearwood Station is deemed to be a "qualified transferee" as such term is defined in the Phase I Lease Agreement; and

(f) It is desirable and in the public interest for the Agency to approve and consent to the 2022 Transaction and for the Agency to execute and deliver any and all instruments, documents, certificates, affidavits, returns and agreements in connection therewith, all with respect to the permanent financing of the Facility, subject to the satisfaction of the terms and conditions hereinafter set forth.

Section 3. The Chair and the Executive Director of the Agency are hereby further authorized, on behalf of the Agency, to execute, deliver and record the 2022 Mortgage and any assignment of leases and rents, security agreement, UCC-1 Financing Statements and all documents reasonably contemplated by these resolutions or required by the New Lender on a new mortgage lien securing up to \$140,000,000 to result in New York State and local mortgage

recording tax exemption benefits ("Mortgage Tax Benefits"), which Mortgage Tax Benefits excludes the additional mortgage recording tax imposed on real property located within a transportation district pursuant to Section 253(2)(a) of the New York Tax Law), to undertake the Project and/or finance or re-finance acquisition and Project costs, equipment and other personal property and related transactional costs (the "Lender Documents"; and, together with the 2022 Agency Documents, the "Project Documents"); and, where appropriate, the Secretary or Assistant Secretary of the Agency is hereby authorized to affix the seal of the Agency to the Lender Documents and to attest the same, all with such changes, variations, omissions and insertions as the Chair or the Executive Director of the Agency shall approve, the execution thereof by the Chair or the Executive Director of the Agency to constitute conclusive evidence of such approval; provided, in all events, recourse against the Agency is limited to the Agency's interest in the Facility.

Section 4. (a) The Agency hereby approves and consents to the 2022 Transaction and the execution, delivery and performance of the Project Documents.

(b) The Chair or the Executive Director of the Agency are each hereby authorized, on behalf of the Agency, to execute and, upon satisfaction by Assignee of the conditions set forth in Section 5 hereof, deliver any and all instruments, documents, certificates, affidavits, returns and agreements in connection with the 2022 Transaction in connection therewith in the forms and on such terms and conditions acceptable to the Chair or the Executive Director of the Agency and, where appropriate, the Secretary or Assistant Secretary of the Agency is hereby authorized to affix the seal of the Agency to any and all such instruments, documents, certificates, affidavits, returns and agreements and to attest the same. The execution of any and all such instruments, documents, certificates, affidavits, returns and agreements by the Chair or the Executive Director of the Agency, or by any authorized representative of the Agency designated by the Chair or the Executive Director as hereinafter provided, shall constitute conclusive evidence of such approval.

(b) The Chair or the Executive Director is further hereby authorized, on behalf of the Agency, to designate in writing any additional authorized representatives of the Agency.

Section 5. The Agency's approval and consent to the Project Documents and its authorization to deliver any instruments, documents, certificates, affidavits, returns and agreements with respect to the Project Documents pursuant to these Resolutions are subject to and conditioned upon (i) Shearwood Station's payment in full to the Agency of the 2022 Transaction fee of the Agency for the Project Documents in an amount to be determined by the Agency acting by and through its Chair or Executive Director, and (ii) Shearwood Station's payment in full of the fees and expenses of the Agency's legal counsel in connection with the Project Documents.

Section 6. The officers, employees and agents of the Agency are hereby authorized and directed for and in the name and on behalf of the Agency to do all acts and things required and to execute and deliver all such certificates, instruments and documents, to pay all such fees, charges and expenses and to do all such further acts and things as may be necessary or, in the opinion of the officer, employee or agent acting, desirable and proper to effect the purposes of the foregoing resolutions and to cause compliance by the Agency with all of the terms, covenants and provisions

of the documents executed for and on behalf of the Agency. All acts heretofore taken by the Agency with respect to the subject matter of the foregoing resolutions are hereby approved, ratified and confirmed.

Section 7. These Resolutions shall take effect immediately.

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CERTIFICATION

STATE OF NEW YORK)
) ss:
COUNTY OF WESTCHESTER)

I, the undersigned, Secretary of the New Rochelle Industrial Development Agency, DO HEREBY CERTIFY:

That I have compared the annexed extract of minutes of the meeting of the New Rochelle Industrial Development Agency (the "Agency"), including the resolutions contained therein, held on July 27, 2022, with the original thereof on file in the Agency's office, and that the same is a true and correct copy of the proceedings of the Agency and of such resolutions set forth therein and of the whole of said original insofar as the same related to the subject matters therein referred to.

I FURTHER CERTIFY, that all members of said Agency had due notice of said meeting, that the meeting was in all respects duly held and that, pursuant to Article 7 of the Public Officers Law (Open Meetings Law), said meeting was open to the general public, and that public notice of the time and place of said meeting was duly given in accordance with such Article 7.

I FURTHER CERTIFY, that there was a quorum of the members of the Agency present throughout said meeting.

I FURTHER CERTIFY, that as of the date hereof, the attached resolutions are in full force and effect and have not been amended, repealed or modified.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Agency this ___ day of _____, 2022.

Secretary

**DELBELLO DONNELLAN WEINGARTEN
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June 27, 2022

By E-mail

Chairman Charles B. Strome, III
Members of the Board of Directors
New Rochelle Industrial Development Agency
New Rochelle City Hall
515 North Avenue
New Rochelle, New York 10801

Re: Second Amended and Restated Lease Agreement dated November 6, 2020 by and between New Rochelle Industrial Development Agency (the "Agency"), as lessor, and 255 Huguenot Owner LLC ("Huguenot Owner"), as lessee (the "Lease").

Dear Chairman Strome and Members of the Board:

We are special counsel to DSF Group of Boston, Massachusetts, and its related companies, including Huguenot Owner, the owner of the existing building located at 1 Shearwood Place known as "Halstead Station" and the parking garage located at 275 Huguenot (together, the "Facility"),¹ which it acquired in 2016 with assistance from the Agency. DSF Multi-Family Real Estate Fund III, LP, a Delaware limited partnership, DSF Multi-Family Real Estate Fund III-A, LP, a Delaware limited partnership, and DSF Multi-Family Real Estate Fund III-B, LP, a Delaware limited partnership (collectively, "DSF"), the owners of 100% of the shares of common beneficial interest (the "Shares") of 275 Huguenot REIT LLC, the real estate investment trust which is the sole member of Huguenot Owner, have recently entered into a contract to sell the Shares to 2R Investments LLC, a New Jersey limited liability company ("Assignee"), and, in connection with the sale, to assign (the "Assignment") to Shearwood Station JV LLC ("Shearwood Station"), Assignee's affiliate, Huguenot Owner's rights, title, and interests in and to: (i) the Lease; and (ii) the PILOT Mortgage dated November 6, 2020, between the Agency and Huguenot Owner, as mortgagors, and the Agency, as mortgagee (the "PILOT Mortgage").

¹ Huguenot Owner is also the fee owner of the vacant lot located at 2 Shearwood Place, which is approved by the New Rochelle Planning Board for the development of a 301 unit multifamily building. The lot is also being acquired, but the 2 Shearwood Place development is not currently a project of the Agency and is not affected by the requests made here.

Huguenot Owner requests that the Agency (i) consent to the Assignment and (ii) in connection with Shearwood Station's acquisition of the Facility, join in an acquisition mortgage, presently anticipated to be in the amount of \$135,000,000 (the "Mortgage"), thereby conferring an exemption from mortgage recording tax.² With the consent of Assignee and Shearwood Station, we submit with this letter Shearwood Station's completed form of application for Agency assistance dated June 16, 2022, together with information about Khosla Capital, LLC, DKJ Trust, and Pacific Urban Investors, the principal investors in the enterprise.

In addition to Huguenot Owner's request that the Agency consent to the Assignment and join in the Mortgage, Huguenot Owner requests that the Agency execute an Estoppel Certificate and a Consent and Release, in essentially the same form as previously executed in connection with the sale by DSF Group in 2018 of its interests in the existing facility at 40 Memorial Highway. The proposed forms of the Assignment and Assumption of the Lease, Assignment and Assumption of the PILOT Mortgage, and the other documents are attached to this letter. Huguenot Owner acknowledges that as a condition to its consent, the Agency will, among other things, require Assignee to provide to the Agency a replacement irrevocable standby letter of credit in the amount of \$2,000,000.00, securing the payments, obligations, covenants and agreements of Assignee under the Lease Agreement.

We look forward to meeting with the Board on July 27, 2022. Thank you for your consideration.

Very truly yours,



PETER J. WISE

Enclosures

cc: Commissioner Adam Salgado, Executive Director
Lisa Davis, IDA/Economic Development Manager
Christopher A. Andreucci, Esq.
Jorge Ventura Ovalles
Thomas W. Mazza
Ryan Ball
Freddie Akrouche, Esq.
James A. Adams, Esq.
Joseph F. Behot, Esq.

² We note that pursuant to the Land Disposition and Development Agreement Land Disposition and Development Agreement by and between the City of New Rochelle (the "City"), AvalonBay Communities, Inc., and AvalonBay Redevelopment Investment, LLC, dated June 17, 1999, as amended to date, and assigned to Huguenot Owner, Assignee will make a corresponding "Mortgage Percentage Payment" to the City.