

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

SUBCOMMITTEE ON PLANNING, DISPOSITIONS AND CONCESSIONS

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February 12, 2013
Start: 1:40 p.m.
Recess: 2:00 p.m.

HELD AT: Council Chambers
City Hall

B E F O R E: STEPHEN T. LEVIN
Chairperson

COUNCIL MEMBERS:
Inez E. Dickens
Charles Barron
Sara M. Gonzalez
Peter A. Koo

A P P E A R A N C E S (CONTINUED)

Mark Spector
New York City Economic Development Corporation

Bo Farkas
Vice President
Development East Region
Prologis

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2 CHAIRPERSON LEVIN: Good afternoon.
3 Welcome to the Subcommittee on Planning,
4 Dispositions and Concessions. I am Council Member
5 Stephen Levin, chair of the subcommittee. We are
6 joined today by members of the committee Sara
7 Gonzalez of Brooklyn, Peter Koo of Queens, and we
8 are also joined by Council Member Ruben Wills of
9 Queens. We have two items on the agenda today.
10 One will be laid aside, but we will be hearing
11 Land Use Number 760, that is C130023 PPQ, Queens
12 Community Board District 13. That is Prologis
13 [phonetic] JFK site. We have two individuals
14 testifying on this item today. We have Mark
15 Spector from New York City Economic Development
16 Corporation and Boton Farkas [phonetic], One
17 Meadowlands Plaza—Prologis, excuse me, address is
18 One Meadowlands Plaza. I will ask Mr. Spector to
19 begin and tell us a little about why you are here
20 with us today. Before that, Council Member Wills,
21 do you want to speak prior to—thank you very much.
22 MARK SPECTOR: Can you hear me or
23 do I need to...? Now we're good. Okay. Thank you.
24 Good afternoon.
25 CHAIRPERSON LEVIN: Please identify

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yourself for the record.

MARK SPECTOR: Sure. Mark Spector from the New York City Economic Development Corporation. Good afternoon, Chairman Levin and members of the Subcommittee. I am joined today by a representative of the intended user of the property as you mentioned, Chairman Levin, Bo Farkas from Prologic LP. I am here today seeking disposition authority as part of the ULAR [phonetic] process. I will briefly describe the project as well as answer any questions you may have. The site is located in the Springfield Gardens neighborhood of Queens as you can see here on the aerial, it is bounded to the south by the Nassau Expressway. Just below that you can see the border of JFK airport. It's bounded on the north by 146th Avenue to the East by a Department of Sanitation parking lot and to the west by a vacant parcel.

CHAIRPERSON LEVIN: Which side is it?

MARK SPECTOR: If I had a nice little pointer, so it's actually overlaid is the site plan - - 146. This is a Department of

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Sanitation parking lot as well as - - .

CHAIRPERSON LEVIN: I'm sorry. You have to get on the mic. Thank you very much. I appreciate it. If you want to hold it closer to you.

MARK SPECTOR: That will work too.

CHAIRPERSON LEVIN: That will work.

MARK SPECTOR: So what I was saying was just again highlighting the location and the borders, so this is what will be a 212 space parking lot, and it's the current site, which is unimproved in a gravel parking lot. To the south is the Nassau Expressway, 146th Avenue is the northern border. This is vacant land, and then this is a Department of Sanitation parking lot, and the last thing that I had mentioned was this is a DSNY - - pile. So the site is comprised of approximately 112,000 square feet. An aerial map and site plan that I just pointed out is also attached to your testimony. It's currently an unimproved gravel lot like I mentioned. It's leased right now on a month to month basis to Prologis from DECAS. The current lot is used to provide parking for employees of light industrial

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2 and air cargo companies surrounding six adjacent
3 buildings. It's zoned M1 and there is also a
4 zoning map attached to my testimony. This site is
5 subject to Federal Aviation Administration height
6 restrictions and a New York State Department of
7 Transportation easement. In 2010, the New York
8 City Economic Development Corporation issued a
9 request for proposals for the site. The goals of
10 the RFP included enhancing the city's industrial
11 base by developing the site for a parking related
12 industrial use and insuring a use compatible with
13 the surrounding community's needs. Prologis, a
14 significant industrial property owner with over
15 one million square feet owned in the vicinity of
16 JFK airport and Bo Farkas will describe them in
17 greater detail shortly, submitted a proposal that
18 met these criteria. With proposed project they
19 will construct a 212 space lot, pave - - and light
20 the lots in addition to install new storm water
21 drainage as well as repave 146th Street for the
22 portion that borders the property. The project
23 achieves a number of benefits including the
24 enhanced landscaping and site aesthetics I
25 mentioned. It also will provide critical off

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2 street parking, thereby avoiding congestion and
3 further on street parking. It will enhance safety
4 due to new lighting and encourage bicycle use by
5 providing 20 bike parking spaces. By providing
6 needed parking the project will also help retain
7 important industrial jobs. The total construction
8 cost is two million, and approximately 15
9 construction jobs will be created. A letter of
10 support from Community Board 13 is also attached
11 to my testimony. As I mentioned earlier the Land
12 Use application before you seeks disposition
13 authority as part of ULARP in addition of approval
14 of Community Board 13, the project has received
15 approval from the borough president and the city
16 Planning Commission. Contingent upon your
17 approval, we anticipate completing ULARP this
18 month, 3D4 [phonetic] before the spring and
19 construction commencing this summer. I am happy
20 to answer any questions you may have. If there
21 are none, I'll turn the presentation over to Bo
22 Farkas to discuss the project and site plan in
23 greater detail.

24 CHAIRPERSON LEVIN: Thank you very
25 much, Mr. Spector. Mr. Farkas, go ahead.

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2 BO FARKAS: Thank you. Good
3 afternoon, Chairman Levin and Subcommittee
4 members. My name is Bo Farkas, and I am a vice
5 president of Prologis, a publically traded real
6 estate investment trust on the New York Stock
7 Exchange, and I'll briefly describe the
8 improvements we propose or Prologis proposes at
9 this project as well as answer any questions you
10 guys may have. As a brief introduction to
11 Prologis, we are a vertically integrated - - and
12 we own, develop and manage strictly industrial and
13 air cargo facilities around the globe. In terms
14 of size wise, we have investments in at
15 approximately 554 million square feet around the
16 globe, and this basic comprises about 21
17 countries, and it's leased to more than 4500
18 customers with annual revenues in 2012 topping 2
19 billion dollars, so - - company that we are
20 looking to do business here. In addition we are
21 also currently looking to a couple of other
22 potential redevelopment projects in and around
23 JFK, so that is some additional info for you guys.
24 As outlined by Mark, the subject property is
25 currently an unimproved gravel lot and it's leased

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2 by Prologis from DECAS, from Department of City
3 Wide Administrative Services on a month to month
4 basis. The current unimproved lot is used to
5 provide parking for employees of the adjacent
6 light industrial air cargo companies and a total
7 approximate employees in this area is estimated at
8 600 plus employees, and in the past when Prologis
9 lost a short term lease back in 2001, our
10 occupancy - - portfolio dropped 20 to 30 percent,
11 and as a result of really tenants leaving for
12 better accommodations. We have worked with the
13 city in the past to acquire the subject parcel and
14 came to an agreement to lease the property on a
15 long term basis from the city in lieu of acquiring
16 it as a result of the New York City EDC or free
17 process, and as a condition of the long term
18 lease, Prologis will construct a new 212 space
19 parking lot as Mark mentioned which will include a
20 dozen 12 foot diameter, 6 foot deep detention
21 tanks for storm water, 12 new catch basis
22 throughout the lot, 17 light poles, new curbing
23 and paving throughout. I do have a site plan that
24 I have attached also to the testimony. In
25 addition, Prologis is proposing to plant 46 trees

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 2 with an average caliper size of three inches and
 3 338 shrubs along the front by 46th Avenue. The
 4 parking lot will also include spaces for 22
 5 bicycles and a newly constructed sidewalk along
 6 146th Avenue as well as the complete milling and
 7 repaving of 146th Avenue between 155th Street and
 8 157th Street, which well, you guys can probably see
 9 it there. Maybe Mark you can point it out. It's
 10 along the frontage. Anyway, we are excited to
 11 bring this opportunity and this project to
 12 fruition and thank you for your time today. As
 13 Mark mentioned earlier, the project has received
 14 the approval of Community Board 13, the borough
 15 president, the planning commission and contingent
 16 upon your approval we anticipate completing ULARP
 17 this month and then the 384B for the spring and
 18 then construction commencing this summer.

19 CHAIRPERSON LEVIN: Who is going to
 20 be using the parking lot?

21 BO FARKAS: It's basically our
 22 tenants, so our tenants use it. Typically in
 23 industrial properties, we are required to provide
 24 parking as opposed to like office buildings where
 25 you really pay for your parking, so for car

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2 parking, we basically in some cases, we charge our
3 tenants back or tenants pay us back for parking,
4 but typically-

5 CHAIRPERSON LEVIN: [interposing]
6 Who are your tenants?

7 BO FARKAS: It's basically air
8 cargo type of tenants for the airport.

9 CHAIRPERSON LEVIN: Okay. As a
10 traveler I have had bad experiences parking at JFK
11 - - somewhat recently actually. Council Member
12 Wills, do you have any questions?

13 COUNCIL MEMBER WILLS: Yes. The
14 repaving the milling [phonetic] on 146th - -
15 hopefully this goes through, when does that start?

16 BO FARKAS: It should be this
17 summer, so as soon as what we are anticipating
18 what we have in our schedule is June/July, so
19 basically as soon as we-the whole construction is
20 only going to take like two to three months tops,
21 so within that timeframe starting June to August
22 or September, we should be all done.

23 COUNCIL MEMBER WILLS: Okay. My
24 other concerns have been alleviated by the awesome
25 counsel in Land Use, Gail Benjamin [phonetic], so

2 I am fine with everything.

3 CHAIRPERSON LEVIN: Thank you very
4 much, Council Member Wills. Do any of my
5 colleagues have any questions? Council Member
6 Koo?

7 COUNCIL MEMBER KOO: How much did
8 you say you are going to charge the tenants?

9 BO FARKAS: We actually don't
10 charge our tenants. Some tenants have it in their
11 rent, and some don't. It's basically the
12 buildings that are serviced by this parking lot
13 have zero parking or very little parking in some
14 cases, so as a result if we didn't provide any
15 parking we would never lease them. It's almost-
16 it's like a necessary evil. Typically when you
17 see warehouses in less populated areas, car
18 parking and land is cheaper so we provide car
19 parking no problem. In this case just from the
20 history of how the city as its developed over the
21 years, when we bought this portfolio we also had a
22 month to month lease put in place so that we could
23 provide parking and as a result lease up our
24 property. So as sort of a longwinded answer in
25 some cases we try to recoup our money as much as

possible, and some tenants we can't.

COUNCIL MEMBER KOO: - -

MARK SPECTOR: The lease term is 45 years.

COUNCIL MEMBER KOO: After 45 years, you will negotiate with the tenant.

MARK SPECTOR: To be clear the initial term is 45 years. There are two ten year options to renew, so the aggregate total will be 65 years. At that point, we have no obligation to re-tenant with Prologis. If the parties in the city decide to do so that will be something they will evaluate at that time.

COUNCIL MEMBER KOO: When are they paying the city a yearly lease rent or what?

MARK SPECTOR: Right now it's a monthly rent. It's a month to month lease, so what we are doing here is entering into a long term lease instead of a month to month basis that they are currently on, and as a part of that Prologis is improving the parking lots to the tune of two million and cost.

COUNCIL MEMBER KOO: Can we know how much is it, the lease? How much is the lease?

2 MARK SPECTOR: The rent?

3 Technically we usually disclose that in 384B4, but
4 I am happy to answer your question today. The
5 rent first of all will be the higher of appraised
6 value determined as fair market value rent or what
7 Prologis has proposed as a part of the RFP
8 process, and that is on a present value basis 2.5
9 million.

10 COUNCIL MEMBER KOO: Okay. Thank
11 you.

12 BO FARKAS: It's 2.5 million
13 dollars upfront.

14 CHAIRPERSON LEVIN: Council Member
15 Gonzalez, do you have any questions? Seeing no
16 more, I want to thank you gentlemen very much for
17 your testimony this afternoon, and we will be
18 voting on this item shortly, so thank you very
19 much.

20 MULTIPLE VOICES: Thank you.

21 CHAIRPERSON LEVIN: Okay. We are
22 going to close the hearing on Land Use Number 760,
23 and lay aside Land Use Number 741 to a future
24 date. With that, I will ask counsel to the
25 Committee to call the roll on Land Use Number 760.

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I recommend an aye vote.

COUNSEL: Chair Levin?

CHAIRPERSON LEVIN: Aye.

COUNSEL: Council Member Gonzalez?

COUNCIL MEMBER GONZALEZ: Aye.

COUNSEL: Council Member Koo?

COUNCIL MEMBER KOO: Aye.

COUNSEL: By a vote of three in the affirmative, zero abstentions, zero negatives, Land Use item 760 is approved and referred to the full Land Use Committee.

CHAIRPERSON LEVIN: Thank you very much, Council Member Wills, for joining us today.

[pause]

CHAIRPERSON LEVIN: Okay, we are going to be adjourning this hearing.

[gavel]

CHAIRPERSON LEVIN: The meeting is adjourned.

C E R T I F I C A T E

I, Kimberley Uhlig certify that the foregoing transcript is a true and accurate record of the proceedings. I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

Signature Kimberley Uhlig

Date 2/26/13