The meeting was called to order by Committee Chair Brian D. Obergfell at 4:45 p.m.

The following people were present:

**Committee Members:**
- Hon. Brian D. Obergfell, Chair
- Hon. Sandra Wilkin, Vice Chair
- Hon. Wellington Z. Chen
- Hon. Charles A. Shorter (left @ 5:38 p.m.)
- Prof. Jay Weiser, faculty member
- Mr. Donavan Borington, student member

**Trustee Observer:**
- Hon. Chika Onyejiukwa (left @ 5:01 p.m.)

**Trustee Staff:**
- Senior Advisor to the Chancellor and Secretary of the Board Gayle M. Horwitz
- Interim General Counsel and Vice Chancellor for Legal Affairs Jane Sovern
- Deputy to the Secretary Hourig Messerlian
- Ms. Towanda Lewis
- Mr. Anthony Vargas

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**Cal. No.**

**DISPOSITION**

The agenda items were considered and acted upon in the following order:

I. **ACTION ITEMS:**

   A. **APPROVAL OF THE MINUTES OF THE MEETING OF FEBRUARY 6, 2017.** Moved by Trustee Wellington Chen and seconded by Trustee Charles Shorter, the minutes were approved as submitted.

   B. **POLICY CALENDAR**

      1. **Bronx Community College – Construction Services for Fire Alarm Systems for Multiple Buildings.** Committee Chair Obergfell asked for the Committee’s approval to request the City University Construction Fund to enter into a contract with Siemens Industry, Inc., to purchase construction services for fire alarm systems at four buildings at Bronx Community College and a campus command center. Total cost chargeable to the State Capital Construction Fund, in an amount not to exceed $4,995,014.

         Mr. Gustavo Ordóñez stated that this is phase one of a multiphase alarm upgrade system. The Office of Facilities Planning, Construction and Management (OFCM) favors doing this in phases according to the critical maintenance money it receives, utilizing it in stages. In September 2016, OFPCM brought a similar resolution to the Committee for $22 million that took care of a number of buildings on four campuses, so OFPCM is excited that this process is going to start. There are fifteen other buildings to upgrade at Bronx Community College and it will be done in the coming years as OFPCM receives critical maintenance money.
In response to a question from Prof. Jay Weiser on whether these services are under a larger contract for fire systems:

Mr. Ordóñez stated that OFPCM is piggybacking off of a State contract with Siemens Industry, Inc., to upgrade the alarm systems in other buildings.

In response to a question from Mr. Donavan Borington on what is the expected timeline of this project:

Mr. Ordóñez stated that the project is fully designed so the expected completion date will be in three to four months.

In response to another question from Mr. Borington on what is the overall completion date of the other fifteen buildings that need to be upgraded at Bronx Community College:

Mr. Ordóñez stated that it depends on City and State capital funding for critical maintenance. All the fire alarm systems are in compliance but some are newer than others, so OFPCM is upgrading the ones that are the oldest. If this level of funding continues, it should be done in a few years.

Moved by Committee Chair Obergfell and seconded by Trustee Chen, and following discussion, the item was approved for submission to the Board.

2. The City University of New York – Execution of Lease Amendment for 70 Murray Street, 2nd Floor, New York, New York, on behalf of Borough of Manhattan Community College. Committee Chair Obergfell asked for the Committee’s approval to authorize the General Counsel to execute a lease amendment for 25,935 rentable square feet of space at 70 Murray Street, New York, New York. Borough of Manhattan Community College (BMCC) has occupied more than 150,000 rentable square feet of space for offices and classrooms at this location since June 2004, pursuant to a lease that will expire May 31, 2035 (the “Master Lease”). Current annual base rent under the Master Lease is $42.56 per square foot. The additional 25,935 rentable square feet of space will be used by the College to accommodate the expansion of its academic programs and will house the College’s Accelerated Study in Associate Program (ASAP) Initiative. The term will be co-terminus with the Master Lease and will start upon the landlord’s completion of interior renovations. The base rent for the additional space will start at $50.80 per square foot ($1,317,498) and will increase by $5 per square foot every five years. Pursuant to the Master Lease the landlord will continue to be responsible for exterior, structural and roof repairs. In addition, the landlord will provide cleaning services and be responsible for HVAC maintenance.

Mr. Ordóñez stated that as everybody knows, ASAP has proven to be one of the great successes of CUNY, which is being emulated not only at the University but nationwide. This is part of CUNY’s goal to increase ASAP up to Fiscal Year 2019 from its current numbers. OFPCM will be leasing close to 26,000 square feet of space to house the ASAP program. BMCC is one of the nine colleges that participate in the ASAP program, and because of the large number of its ASAP students, it has the most need for space. The additional space will be part of the program’s expansion from the current 5,000 students to a goal of over 25,000 students. He added that the Office of Mayor Bill de Blasio has been extremely supportive of the ASAP expansion program. They have supplied all the operating cost and the capital for this project.
In response to a question from Prof. Jay Weiser on what are the base years of escalations for the existing lease, as well as the new one:

Mr. Alfred Toscano stated that the base year is going to be established under the lease once the landlord completes the renovation, so OFPCM is anticipating that it is going to be 2018 for the new space. For the existing space, it was the year that the substantial completion of the renovations took place.

In response to another question from Prof. Weiser on whether the dollars per square foot of escalation are rolled in:

Mr. Toscano stated that the cost for the base rent and the escalations on the Master Lease will stay the same for the existing space. For the new space, it will be based on the new rental rate plus the new base.

In response to another question from Prof. Weiser on whether the rents in that area had gone up much since 2004:

Mr. Toscano stated that the rents have certainly gone up. Currently, rental rates are in the low $60's per square foot.

In response to a question from Committee Chair Obergfell on what is the effective rent right now with the escalations for the existing space:

Mr. Toscano stated that he would have to estimate that it is around $47-$48 a square foot with the current escalations rolled in.

In response to a question from Mr. Borington on whether the landlord will make sure that the renovations are done to accommodate the needs of the students:

Mr. Ordóñez stated that the landlord does the buildout but OFPCM controls the design of the space, signing off on the project when there is substantial completion. Payment of the rent does not start until the space is ready for legal occupancy. It is a requirement for procurement services. Most landlords in more commercial transactions give the tenant a certain amount of time to do the buildout—rent free—and if it is not finished by the time that period ends, then the tenant starts paying rent.

In response to a question from Trustee Shorter on whether CUNY controls or caps the tenant improvement (TI) construction:

Mr. Ordóñez stated that OFPCM agrees on a budget and when the landlords go out to bid then together with the landlord OFPCM selects the bidder so the budget is locked in.

In response to a follow-up question from Mr. Borington on what is the condition of the HVACs in terms of the structure of the building:

Mr. Toscano stated that the building is in very good condition. It is owned by the resident organization from the prime commercial office real estate buildings in the downtown real estate market. BMCC has occupied this space for quite a long time, and the installation that OFPCM has been using under the Master Lease is in excellent condition for several years’ worth of use.
Mr. Ordóñez added that BMCC has several floors in this building—totaling 157,000 square feet. OFPCM has a very good relationship with the landlord. So CUNY could not have picked a better place, as close to campus, or a better landlord, for this additional space.

Mr. Boringtont stated that this is a really great deal. His only concern is that the landlord is able to meet its end of the obligation, which is maintaining the outside structure and controlling the renovation prior to occupancy.

Mr. Ordóñez stated that it is always a concern when there is a new landlord but OFPCM has a very good track record with the existing landlord. In fact, the landlord wants to lease more space to the University.

Mr. Toscano added that the building has numerous tenants; however, BMCC is the single largest tenant in the building.

In response to questions from Committee Vice Chair Sandra Wilkin on a) whether the landlord will be providing all of the construction services, and b) whether these services fall under the requirements for Minority and Women-owned businesses (MWBE):

Mr. Ordóñez stated that the landlord will provide all of the construction services.

Trustee Shorter stated that they may be a private developer but this deal is piggybacking on CUNY's input financially. He added that in the future, the University needs to keep an eye on that as it is consistent not just with CUNY policy but with City and State policy.

Moved by Committee Chair Obergfell and seconded by Trustee Chen, and following discussion, the item was approved for submission to the Board.

3. The City University of New York – Execution of Lease Amendment for 5030 Broadway, New York, New York, on behalf of Borough Manhattan Community College and Hostos Community College. Committee Chair Obergfell asked for the Committee’s approval to authorize the General Counsel to execute a lease amendment for 15,000 rentable square feet of space at 5030 Broadway, New York, New York. BMCC and Hostos Community College have occupied 15,000 rentable square feet on the ground floor at 5030 Broadway since June 2012, pursuant to a lease that will expire on May 31, 2027 (the “Master Lease”). Current annual base rent under the Master Lease is $35.72 per square foot. The additional 15,000 rentable square feet of space will be located on the second floor and will provide additional classroom and support spaces, as well as provide office space for the CUNY Xpress Center. The term will be co-terminus with the Master Lease and will start upon the landlord's completion of interior renovations. The base rent for the additional space will start at $668,550 ($44.57/SF) in the first year, and escalate by two percent every year thereafter. The landlord will be responsible for exterior, structural and roof repairs. The University will be responsible for cleaning and increases in real estate taxes over a base year. The University has requested the funding necessary for the lease amendment from the City of New York. Execution of the amendment and expansion to the additional space is dependent upon this new funding.

Mr. Ordóñez stated that this location has been a very successful satellite campus for CUNY in the Heights. One of the drawbacks is that there is not enough space to be able to provide course-bearing classes. So the additional space is going to be doubled from 15,000 to 30,000 square feet, and 10,000 square feet of that is going to be dedicated for course-bearing classes; the other 5,000 square feet is going to consolidate the CUNY
Xpress Immigration Center which used to be located at 180 First Street, but it is now scattered across 57th Street, and some portions of it are covered in some suites in the same building. The main goal of this expansion is to be able to provide course-bearing classes by BMCC at this location.

In response to questions from Prof. Weiser on a) what are the base years on the existing rent for escalations, b) what is getting rolled into this, and c) whether this lease is comparable to the current retail rates in that neighborhood:

Mr. Ordóñez stated that OFPCM did an extensive market search in this area. Unfortunately, in the Inwood/Washington Heights area there is very little in terms of commercial/office space. The rest is residential and retail space, and the retail can be very expensive, going from $50 to $150 per square foot. Since CUNY was there and is presently occupying the first floor, OFPCM was able to negotiate rents that were much lower because retail space is not needed. Although, the original 15,000 square feet are on the first floor, it was developed at the time the deal was negotiated so CUNY has done well with the rent.

Mr. Toscano stated that it is not 100 percent certain that the University will in fact get the lower retail space so CUNY might have to consolidate all of its space on the second floor. But if the University does get the lower space it will be at the same rental rate as the second floor space so CUNY will not be paying retail rates. In terms of the base year, this is similar to the first year. OFPCM has not yet negotiated a firm base year for the real estate taxes but plans to include into the lease a feature by which once the substantial completion of the space has happened, that will be the University's initial year and that will be the base year, most likely 2018.

Mr. Ordóñez stated that this per square foot number that was negotiated includes the base real estate taxes and base operating expenses so of course OFPCM’s job is always to push it farther along, tied to substantial completion. The University will only pay for the proportional increases after that year.

Mr. Toscano stated that the original base was negotiated in 2012, the year after CUNY’s initial occupancy there, a full year after the substantial completion.

Moved by Committee Chair Obergfell and seconded by Trustee Shorter, and following discussion, the item was approved for submission to the Board.

4. The City University of New York – Execution of Lease for Office Space at 558 Grand Concourse, Bronx, New York, on behalf of Hostos Community College. Committee Chair Obergfell asked for the Committee’s approval to authorize the General Counsel to execute a lease for 25,000 rentable square feet of space at 558 Grand Concourse, Bronx, New York. The new 25,000 rentable square feet of space will allow the college to free up space elsewhere on campus for the purpose of housing classrooms and related functions of its ASAP initiative. The term will be for fifteen years and will start upon the landlord’s completion of interior renovations. The base rent for the space will start at $1,125,000 ($45.00/SF) in the first year and will incrementally increase pursuant to a fixed rent schedule. The base rent in the fifteenth and final year will be $1,406,750 ($56.27/SF). The landlord will be responsible for exterior, structural and HVAC repairs. The University will be responsible for cleaning and increases in real estate taxes over a base year.
Mr. Ordóñez stated that this is a brand new space. Youngwoo & Associates, LLC bought up this historic Bronx General Post Office, and are doing a redevelopment there. It is right across the street from the campus. There is basically nothing else in the neighborhood with that kind of size in terms of what the University needs. Again, the Office of the Mayor has been extremely generous, as they are providing both the capital to build out the space and the operating money to pay for this lease. Unlike the first ASAP lease, the ASAP program will not be hosted at this location, but it will free up space in the main campus at the Savoy Building where the ASAP program is going to be hosted. It is going to be transformative for the College as part of the University initiative to expand the ASAP program to accommodate more students.

Trustee Shorter stated that the rental per square foot rate sounds high for the Grand Concourse in the Bronx, but as mentioned, there were no comparables so the University had to go with what the landlord said. He added that it would be helpful in the future for the Trustees to know from whom CUNY is leasing space, and what they are getting from the University. It also speaks to the economic impact that the Committee has discussed.

Mr. Ordóñez stated that all of these leases were brought up in a prior meeting during Executive Session to allow OFPCM the opportunity to provide the Committee with more information, such as the identity of the landlord, and the extent that the Committee members can help with such endeavors. OFPCM is more than happy to take the Committee’s help.

Trustee Shorter requested that going forward when the Committee approves a lease they should know who the beneficiary is on the other side.

Moved by Committee Chair Obergfell and seconded by Trustee Chen, and following discussion, the item was approved for submission to the Board.

5. The City University of New York – Execution of Lease Renewal for Space at 111 Livingston Street, Brooklyn, New York, on behalf of Brooklyn Educational Opportunity Center of New York City College of Technology. Committee Chair Obergfell asked for the Committee’s approval to authorize the General Counsel to execute a lease renewal for ten years for the Brooklyn Educational Opportunity Center (“Brooklyn EOC”) at 111 Livingston Street, Brooklyn, New York. This lease renewal will begin on September 1, 2017 and expire on August 31, 2027. Base rent will be $2,092,500 ($46.50/SF) in the first year and escalate by two percent every year thereafter. The landlord will continue to be responsible for exterior, structural and roof repairs. The Brooklyn EOC will be responsible for interior maintenance, electric costs and cleaning. All tenant costs under this lease renewal will be funded by the State University of New York (SUNY).

Mr. Ordóñez stated that the EOC centers are very important for the community. There is one in each borough, and they are administered by the colleges through a partnership with SUNY. This EOC Center is administered by New York City College of Technology (NYCCT). The College picks a director and the staff but both the cost of the director and the operating and capital costs are picked up 100 percent by SUNY. OFPCM brought a similar resolution to the Board when the Bronx EOC site lease was renewed in October 2016. This resolution is going to renew this lease for ten years, continuing to provide great services for the community and students.

In response to a question from Mr. Borington on how many individuals will this center serve on a yearly basis:
Mr. Ordóñez stated that OFPCM will provide him with that information. He added that the EOCs have been around since the 1950’s, and this particular center has been around since 1997. Also, the Queens EOC recently celebrated their 25th anniversary, and it was attended by Chairperson William C. Thompson, Jr.

Senior Advisor to the Chancellor and Secretary of the Board Gayle M. Horwitz reported that the EOC at York College has awarded the most GEDs.

Trustee Shorter noted that CUNY and SUNY are leading the way.

Prof. Weiser stated that this lease renewal is in a very marketable neighborhood at 111 Livingston Street. The base rent is $46.50. Near Hostos Community College the base rent is $44.57, and much of this is reflected by the TI staying rolled in, where the landlord is being asked to do a lot up front, and then paying it out of the rent.

In response to a question from Prof. Weiser on what is the approximate cost per square foot on the TI at Hostos Community College:

Mr. Ordóñez stated that the new lease for Hostos Community College and lease amendment for BMCC did not have a TI built into the base rent but the University is paying 100 percent of the buildout in capital money. Usually the landlord gives a per square foot TI but nothing is ever free. The way they charge it back is in the rents—it is amortized over the term of the lease. However, OFPCM was able to negotiate lower base rents on those two leases.

Committee Chair Obergfell noted that he spoke with Vice Chancellor Judy Bergtraum and she informed him that there was a shortage of space in the Bronx.

In response to a question from Trustee Shorter on what is the term of the new lease for Hostos Community College:

Mr. Ordóñez stated that Hostos Community College’s new lease is for fifteen years.

Committee Chair Obergfell stated that he would like to make Trustee Shorter aware that he asked Vice Chancellor Bergtraum to explicitly get any issues in writing with Youngwoo & Associates.

Mr. Ordóñez stated that it took OFPCM a year to negotiate a term sheet with Youngwoo & Associates regarding the new lease at Hostos Community College. During the negotiations, OFPCM took Committee Chair Obergfell’s suggestions under advisement, and as a result this term sheet is unlike other term sheets—it is very detailed.

Moved by Committee Chair Obergfell and seconded by Trustee Chen, and following discussion, the item was approved for submission to the Board.

Committee Chair Obergfell moved to go into Executive Session at 5:19 p.m. The motion was seconded by Trustee Chen.
CONVENING OF EXECUTIVE SESSION:

Committee Vice Chair Wilkin called for an Executive Session pursuant to Section 105, Article 7, of the Public Officers Law, for the purpose of discussing real estate matters. The Committee met in Executive Session from 6:27 p.m. to 6:38 p.m.

The Committee reconvened in Public Session. Committee Chair Obergfell moved to adjourn the meeting. The motion was seconded by Prof. Jay Weiser and the meeting was adjourned at 5:52 p.m.