

TO: Howard Zemsky, President

FROM: Holly Leicht, EVP, Real Estate Development & Planning

DATE: December 19, 2017

SUBJECT: Belmont Park Redevelopment - Conditional Designation of New York Arena Partners (“NYAP”) as Developer

After a thorough review and evaluation process, the Belmont Park Redevelopment Selection Committee has conditionally designated the New York Arena Partners (“NYAP”) to redevelop up to 43 acres of property owned by the Franchise Oversight Board (“FOB”) at Belmont Park, located at 2150 Hempstead Turnpike Elmont, NY 11003, on two parking lots identified as Site A and Site B (collectively, the “Sites”).

NYAP proposes to build a mixed-use entertainment complex that will include an approximately 60,000-square foot, 18,000-seat multi-use arena that will be home to the New York Islanders; a 435,000-square foot retail, dining and entertainment village; a 193,000-square foot hotel; and 10,000 square feet of offices and parking (see Proposed Site Plan attached). The proposed project and any contractual documentation remain subject to all public approval processes as required by law, including but not limited to review by the ESD Directors.

I. Background

The Sites are located entirely within the Town of Hempstead in Nassau County. Site A is located north of Hempstead Turnpike on approximately 15 acres. It is adjacent to the western end of the Belmont Park clubhouse and is bordered to the west by the Belmont Park spur of the Long Island Railroad, with five tracks and four platforms. Site B is located south of Hempstead Turnpike and contains a total of approximately 28 acres. Portions of Site A and all of Site B are surface parking lots which are primarily used once a year for the Belmont Stakes.

II. Selection Process

On July 31, 2017, Empire State Development (ESD) issued a Request for Proposals (the “RFP”) seeking proposals to redevelop up to 43 acres of land. Respondents had to submit a Base Plan that called for the development of 36 acres on Site A and Site B, which are two parking lots located north and south of Hempstead Turnpike that are used once a year for the Belmont Stakes. Respondents were also allowed to submit proposals that included an additional 7 acres

of land adjacent to Site A, referred to as an Alternative Plan. The conditionally designated proposal constitutes NYAP's Alternative Plan.

Interested parties and Local Elected Officials (LEOs) were offered a site tour of the Sites on August 16 and 17. On September 28, 2017, three proposals were received in response to the RFP, and on October 26, 2017, the three teams were invited to in-person presentations and a question-and-answer session held at ESD. On December 4, 2017, one of the respondents notified ESD to withdraw their submission.

ESD sent draft term sheets to the respondents on November 21, 2017. The deadline for respondents to submit counter-offers was December 4, 2017. Meetings were held on December 8, 2017 with the remaining two respondents to discuss the term sheets. ESD sent revised terms sheets to the respondents on December 12, 2017, and best and final offers ("BAFO Term Sheets") were due to ESD on December 18, 2017.

To review the proposals, ESD formed five Technical Committees: 1) Real Estate and Economic Impacts, 2) Finance, 3) Environmental Review, Planning and Design, 4) Community Benefits, and 5) Procurement and Diversity Practices, totaling 12 ESD staff members and outside environmental consultants. A four-person Selection Committee was formed to evaluate and score the proposals, comprising two staff members from the ESD Real Estate and Planning Department, a member of ESD Contract Administration, and a staff member from the Real Estate Services group at the Office of General Services (OGS). Both the Technical Committees and the Selection Committee prepared questions for each team to respond to in writing and helped draft the term sheets that were sent to each team to complete.

On a parallel track, ESD engaged in a robust community engagement process. Local Elected Officials held a community listening session on July 10, 2017 to solicit public input to inform the RFP before it was finalized and released. ESD briefed all Local Elected Officials on the three proposals on November 28, 2017, as well as the Long Island REDC Executive Committee on December 7, 2017. The State Local Elected Officials held a second community listening session at Elmont High School on December 10, 2017, where both respondents presented their proposals and answered written questions from the public over the course of two hours. Approximately 180 people attended, and there was extensive press coverage. The LEOs provided an email address to which the public could submit additional comments, and over 120 comments were submitted and shared with the Selection Committee.

After reviewing all of the materials submitted and having the opportunity to ask each team additional questions, the Selection Committee scored the proposals on a scale from 1 to 10 (with 1 being the lowest and 10 being the highest) on the following criteria, which were listed on page 15 of the RFP:

- A. Development Experience and Financial Strength (10%)
 - Respondent's ability to meet Qualifying Organization requirements
 - Respondent's capacity as demonstrated by the entities represented in the consortium, if relevant or development team is assembled
 - Respondent's financial strength as indicated by the materials provided in the submission
 - Demonstrated understanding of the potential private capital sources available for a project of this type
- B. Financial Offer (20%)
 - Base Rent
- C. Overall Project (30%)
 - Extent to which proposed Project strengthens Belmont as a premier destination for entertainment, sports, recreation, retail and hospitality on Long Island
 - Overall economic benefits of the Project, including but not limited to local jobs and local economic impacts that supports community revitalization and sustainability
- D. Project Design and Timing (30%)
 - Proposed Project development and construction plan
 - Proposed retail and commercial development strategy
 - Innovative technical solutions to enhance design, construction and/or operations
- E. Diversity Practices (5%)
 - ESD's Office of the Contractor and Supplier Diversity will score each application of Diversity Practices using the attached Diversity Scoring Matrix in Appendix E. Up to five percent (5%) will be awarded based upon the contents of the Diversity Practices Questionnaire in Appendix E, submitted by each Respondent to the RFP.
- F. Community Benefit (5%)
 - Projected Expenditures, construction costs, annual operating costs and other direct spending that will help spur economic activity, including job creation and any other programs or public benefits the Respondent may undertake or provide on behalf of the community.

Based on this evaluation process, NYAP scored the highest. In the judgment of the Selection Committee, the NYAP proposal would bring economic benefit to the area in a manner consistent with the goals of the RFP.

PROPOSED SITE PLAN

