

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON FINANCE

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September 16, 2010
Start: 10:10am
Recess: 10:55am

HELD AT: 250 Broadway
Committee Room 16th Floor

B E F O R E:
DOMENIC M. RECCHIA, JR.
Chairperson

COUNCIL MEMBERS:
Gale Brewer
Fernando Cabrera
Julissa Ferreras
Lewis A. Fidler
Helen D. Foster
Vincent Ignizio
Robert Jackson
G. Oliver Koppell
Karen Koslowitz
Darlene Mealy
James S. Oddo
Diana Reyna
Joel Rivera
James G. Van Bramer
Albert Vann

A P P E A R A N C E S

Jeremy Waldrup
Asst. Commissioner for District Development
Department of Small Business Services

Peter Levenson
Representative
Kibel Companies LLC

James Fritzký
Board Member
34th Street Partnership

Martin Whelan
Owner
Stout NYC

Robert McClary
Board Member
34th Street Partnership

W. James Tozer
President
Vector Management Group

John Clancy
Representative
Foley's Restaurant

Dan Biederman
President
34th Street Partnership

Larry Frenkel
Board Member
34th Street Partnership

Michael Close
Board Member
34th Street Partnership

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

Iyasha Rivers
Executive Director
Macy's

Gaston Silva
Chief Operating Officer
Vornado Realty Trust

CHAIRPERSON RECCHIA, JR: Okay.

Okay, good morning and welcome to today's Finance Committee hearing, my name is Domenic M. Recchia, Jr., I'm the Chair of this wonderful Committee, and I welcome everyone to our hearing room. It's not City Hall but City Hall is being renovated, so we have to do with the accommodations here at 250. Before I proceed forward, I'd like to introduce my wonderful colleagues. To my right we have Diana Reyna, Julissa Ferreras and Gale Brewer. Please turn off your cell phones and put them on vibrate. Today we have four items on our agenda, we have a BID item and three land use items. Let's start with the BID item. As you may remember, last month on August 25th this Committee approved a resolution that set today as the day to consider local law that would authorize the 34th Street BID in the Speaker's district to provide additional services in the BID district, change the method of assessment and increase the maximum amount that can be used for capital improvements in the district. Pursuant to the BID law, a BID may make amendments to its district plan to provide for additional improvements, provide for change to the

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2 method of assessment upon which the district
3 change is based, increase the amount to be
4 expended annually for improvements, services,
5 maintenance. These changes would require the
6 adoption of a local law by the City Council, such
7 a local law to be adopted by the City Council
8 after a determination that it is in the public's
9 interest to authorize such a change that the tax
10 debt limits that are prescribed in the BID law
11 will not exceed. The City's constitutional debt
12 limit is \$76.2 billion, the amount incurred for
13 capital improvement under the BID amended plan is
14 \$10 million in the first year, and \$50 million in
15 subsequent years. Both amounts are less than 10%
16 of the constitutional debt limit of \$7.6 billion,
17 therefore the change is in compliance with the BID
18 law. Before we move forward to the land use
19 items, I just want to recognize my colleague, Mr.
20 Cabrera from the Bronx for joining us, welcome.
21 And we also, after I finish speaking about the
22 three land use items, then we will hear, we will
23 take testimony from members of all who want to
24 speak on the BID issue.

25 Now we're going to the three land

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2 use items, all three land use items were approved
3 article 11 property tax exemptions to certain
4 properties in the boroughs of Manhattan and the
5 Bronx. The first item is Harlem West III
6 property, this item would provide a partial
7 property tax exemption for Harlem West III, which
8 is located in Manhattan Council Member Inez
9 Dickens' district. This is a rehab and the
10 property will provide 70 rental units for low-
11 income families. Council Member Dickens supports
12 this project.

13 The next item is in Harlem, West IV
14 property, which is on the same block as Harlem
15 III. This property will provide 93 rental units
16 for low-income families and will receive a partial
17 property tax exemption for the rehab property.
18 This property is located in Council Member Inez
19 Dickens' district, and she supports this wonderful
20 project.

21 The last item is the Boston Road
22 Apartments property, this item will provide a
23 partial property tax exemption for the Boston Road
24 Apartments located in Council Member Joel Rivera's
25 district in the Bronx. This is a rehab and the

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property will provide 142 rental units for low-income families. Council Member Rivera supports this project.

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Representatives from the Council Finance Committee are available to answer any questions you may have regarding the land use items. The Assistant Commissioner Jeremy Waldrup from the Department of Small Business Services will testify shortly on the 34th Street BID and then anyone else. So at this time if anyone ... we'll call up the first panel to testify on the 34th Street BID. Jeremy first. I also want to recognize Preston Niblack, the head of Finance for the City Council. And I recognize Ms. Edwards for the fantastic job, and the entire Finance staff for all that they do.

MR. WALDRUP: Agreed. Good morning Mr. Chairman and members of the Finance Committee, again, I'm Jeremy Waldrup of the Department of Small Business Services- -

CHAIRPERSON RECCHIA, JR:
(Interposing) Jeremy, before you get started, I just want to recognize and thank Billy also, who calls the roll. Now we've got everybody, Billy.

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2 Okay, you're recognized. Go ahead.

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MR. WALDRUP: SBS supports the proposed changes to this second amendment of the 34th Street Business Improvement District plan. The 34th Street BID wishes to update its current plan to better reflect changes to the district and services, changes to the method of assessment upon which the district charge is based, and an increase to the maximum total amount to be expended for improvements in the district. The BID wishes to change the method of assessment for residential property to better reflect the proportional benefit such properties receive from services and improvements within the district. This bill will also authorize an increase in the maximum total amount expended for district improvements from \$30 million to \$50 million, not to exceed \$50 million. These anticipated district improvements will include pedestrian improvements to Herald and Greeley Square, lighting improvements, upgrading existing streetscape items such as traffic regulation, sign systems, way-finding signage and news boxes. SBS has published the summary of the City Council resolution in the

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2 City Record. In addition, the BID published a
3 public hearing notice at least once in the local
4 newspaper, and the 34th Street BID mailed the
5 summary of the resolution as required by law.

6 Thank you.

7 CHAIRPERSON RECCHIA, JR: Do you
8 have copies of your testimony for the Council
9 members?

10 MR. WALDRUP: I do not, but I can
11 send that over.

12 CHAIRPERSON RECCHIA, JR: All
13 right, send that over. In the future we like
14 copies to look at.

15 MR. WALDRUP: Sure.

16 CHAIRPERSON RECCHIA, JR: Does
17 anyone have a question for Jeremy? Yes, the
18 members of the 34th Street BID will testify. We're
19 going to call them up. All right, no questions,
20 we want to thank you, and thank Commissioner Walsh
21 for the hard work he's doing. Okay, we're going
22 to call up the next panel. Tanisha?

23 MS. TURNBULL: Peter Levenson,
24 James Fritzky, Martin Whelan.

25 CHAIRPERSON RECCHIA, JR: Okay, who

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2 would like to go first? Just state your name and
3 where you're from.

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MR. LEVENSON: Okay, good morning,
I'm Peter Levenson, I represent the Kibel Company.
We own 260 apartments and an 80,000 square foot
store in the block front between 34th and 33rd. And
I'm speaking on behalf of the BID and in support
of the proposed amendment to the regulations. I
want to just give a brief history of our project,
our experience with the BID and our reasons for
supporting this amendment. Almost 17 years ago
the YMCA, which was then known as Sloane House,
decided to sell their property on 34th Street
between 8th and 9th Avenues. At the time there were
almost no bidders on the project. This is a
building that's probably 80 years old, a
magnificent New York City ... should be a New York
City landmark. Be that as it may, our company
bought it for relatively little money. At the
time there was, as I said, no interest in the
project and no interest in developing that land.
We did develop it into a very successful apartment
building and a very successful store. During that
time, the BID and Dan Biederman's team had started

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2 and continues to work in that neighborhood, making
3 it an enormously improved and what has become a
4 wonderful place to live and work and shop. And
5 because of the good work that they've done and the
6 continued good work, we are very appreciative,
7 both in the success of our business and we want to
8 reflect that in our company's support for this
9 proposal and for the ongoing work that they do.
10 Thank you.

11 CHAIRPERSON RECCHIA, JR: Thank
12 you.

13 MR. WHELAN: Hi, I'm Martin Whelan,
14 I own Stout Restaurant on 33rd Street, and I'm
15 speaking in support of the 34th Street Partnership.
16 I actually have another restaurant next door to
17 Stout, which is undergoing renovation right now.
18 Our concept didn't work, so we're putting probably
19 another half a million dollars in to make the
20 concept work. I don't think I'd be doing this
21 kind of thing, I mean, on the storefronts within
22 the 34th Street Partnership. When I started Stout
23 five years ago, I can even see changes since then
24 on the streetscape, which I think is the most
25 important thing. I don't own a building, I'm a

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2 tenant. I came to the area because I see the area
3 improving and I want to see the area continue to
4 improve. And that's not only the reason I came to
5 the area, it's the reason the tourists are coming
6 to the area and, you know, other businesses come
7 to the area. The 34th Street Partnership asked me
8 to sit on the board, which I gladly did, and I see
9 them working to fill empty storefronts. They come
10 to me for ideas, which they're open to new ideas.
11 You know, empty storefronts don't help anybody,
12 and this is what makes the area within the
13 partnership a better place to work, to travel to,
14 to live. I grew up in New York, I remember what
15 that area looked like before the 34th Street
16 Partnership existed, and I very heavily support
17 this proposal. Thank you.

18 CHAIRPERSON RECCHIA, JR: You know,
19 you keep on using the partnership and the BID,
20 aren't they two separate entities?

21 MR. WHELAN: That's where I'm a
22 little ignorant.

23 CHAIRPERSON RECCHIA, JR: Okay.

24 MR. WHELAN: I apologize.

25 CHAIRPERSON RECCHIA, JR: Okay, all

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2 right.

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MR. WHELAN: Thank you.

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5 is Jim Fritzky, I am a resident of 315 West 33rd
6 Street and a member of the board of the 34th Street
7 BID. I live in the district and I work in the
8 district, and as such I enjoy the benefits of the
9 BID on a 24-hour-a-day, seven-day-a-week basis.
10 The work that the BID has done in the last ten
11 years that I've been involved in the district has
12 really done a lot to improve the appearance and
13 the welcoming nature of the district. The trees,
14 the planters, the bike racks, the security, the
15 street cleaners, it's done quite a bit to improve
16 the district, and I speak in favor of your
17 approving the amendment. As my work is primarily
18 in property management and construction
19 management, I can recognize the good quality and
20 the value of the work that the BID has done. Any
21 money that they've spent is money well spent and
22 true value is the derived from that. Again, as a
23 resident and a voter in the area, I recommend that
24 the amendment be passed. Thank you.

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CHAIRPERSON RECCHIA, JR: Okay,

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2 thank you very much. All done? Any Council
3 member have questions? I recognize Gale Brewer.

4 COUNCIL MEMBER BREWER: First of
5 all, thank you. We all know Dan Biederman, but
6 it's nice to hear all the good things that are
7 going on on 34th Street. How ... when there is an
8 increase, it obviously goes to the property owners
9 and then do the property owners, be they
10 residential or commercial, pass it on to either
11 condo, co-op, not to renters, I think they can't,
12 or to the commercial tenants? And is that
13 something that's also part of your discussions?
14 Is that a problem? I can hear that you have a
15 wonderful tenant here who feels that this is so
16 important that he doesn't mind if there was an
17 increase, because he feels it's better for his
18 business. But I'm just wondering if that is
19 something, because this is a pretty substantial
20 increase.

21 MR. WHELAN: I'm sure it will
22 trickle down to me sooner or later in the form of
23 real estate taxes, but, you know, we're getting
24 hit with heavy real estate taxes as a separate
25 issue, but I won't go into that. I'm not willing

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2 to take a step backwards, and, you know, it's
3 always forward. And, you know, the more
4 businesses in the area, business brings business.
5 And that's the way I look at it.

6 COUNCIL MEMBER BREWER: Thank you
7 very much.

8 CHAIRPERSON RECCHIA, JR: Any other
9 Council member would like to ask a question? If
10 not, I want to thank all three of you gentlemen
11 for taking time out of your busy schedules to come
12 here today. Before we move forward, I would like
13 to recognize we've been joined by Oliver Koppell,
14 Karen Koslowitz, Jimmy Van Bramer, and Rob
15 Jackson. Before we call the next panel, since I
16 have a quorum, we have other hearings going on,
17 and Council members have very busy schedules, I'm
18 going to call the vote on this issue, but then
19 we're still going to listen, take the testimony.
20 I'm going to keep the record open. Okay, Billy,
21 call the vote. What? I thought we have nine.

22 MR. MARTIN: William Martin,
23 Committee Clerk, roll call vote on Committee on
24 Finance.

25 CHAIRPERSON RECCHIA, JR: I know,

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he's doing everything.

MR. MARTIN: Council Member

Recchia.

CHAIRPERSON RECCHIA, JR: I vote

aye and encourage all my colleagues to join me.

MR. MARTIN: Reyna.

COUNCIL MEMBER REYNA: Aye.

MR. MARTIN: Brewer.

COUNCIL MEMBER BREWER: I vote aye,

even though we haven't heard anything, I'll go

with the Chair.

MR. MARTIN: Jackson.

COUNCIL MEMBER JACKSON: I've heard

enough, aye on all.

MR. MARTIN: Koppell.

COUNCIL MEMBER KOPPELL: I'd like

to explain my vote briefly, Mr. Chairman.

CHAIRPERSON RECCHIA, JR: Sure.

COUNCIL MEMBER KOPPELL: I think

it's notable to point out in this day when certain

people in the country, but certainly also in New

York, are talking about, you know, all we have to

do is reduce taxes to encourage business, to see

that we have just heard from a number of business

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2 owners who are actually saying increase my taxes
3 somewhat, to improve the business climate. I
4 think, I mean, it shows, just demonstrates so
5 clearly, it seems to me, the foolishness.
6 Obviously taxes should be reduced where we can do
7 so, because they are a burden. But taxes also
8 provide services and support, and here, this is a
9 great indication of people saying, increase my
10 taxes, because I know that money is needed to
11 improve my business. I think it's worth noting,
12 given what we read in the newspapers. Withdraw my
13 request and vote yes on all.

14 MR. MARTIN: Ferreras.

15 COUNCIL MEMBER FERRERAS: I vote
16 aye.

17 MR. MARTIN: Cabrera.

18 COUNCIL MEMBER CABRERA: Aye.

19 MR. MARTIN: Koslowitz.

20 COUNCIL MEMBER KOSLOWITZ: Aye.

21 MR. MARTIN: Van Bramer.

22 COUNCIL MEMBER VAN BRAMER: Aye.

23 MR. MARTIN: The vote, nine in the
24 affirmative, zero in the negative, no abstentions,
25 items have been adopted.

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2 CHAIRPERSON RECCHIA, JR: Okay, and
3 we're going to keep that vote open. Okay, call
4 the next panel, please, Tanisha. And we've just
5 been joined by the Minority Leader, Jimmy Oddo,
6 Vincent Ignizio, all from Staten Island. We're
7 going to have them vote, we voted on the BID, the
8 34th Street BID and the three land use items.

9 COUNCIL MEMBER ODDO: I vote no on
10 all of them.

11 MR. MARTIN: Ignizio.

12 COUNCIL MEMBER IGNIZIO: Yes.

13 MR. MARTIN: Oddo.

14 COUNCIL MEMBER ODDO: No on
15 everything, yes.

16 MR. MARTIN: The vote now stands at
17 eleven.

18 CHAIRPERSON RECCHIA, JR: Set the
19 record clear, that was just a joke, he's voting
20 yes, I want to clarify the record.

21 COUNCIL MEMBER ODDO: No, the City
22 Council is banning humor.

23 CHAIRPERSON RECCHIA, JR: Let's set
24 the record straight.

25 COUNCIL MEMBER ODDO: It is

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straight.

CHAIRPERSON RECCHIA, JR: Well, I thought it was appropriate for you, Jimmy. So it will keep our beaches cleaner and our parks cleaner, and people with families take their children, will not have to fight with other people on the beach.

COUNCIL MEMBER ODDO: (inaudible).

CHAIRPERSON RECCHIA, JR: All right, call the next panel for the 34th Street BID.

MS. TURNBULL: John Clancy.

COUNCIL MEMBER ODDO: We're here all week, ladies and gentlemen.

MS. TURNBULL: Robert McClary, James Tozer. Yes, one other name.

CHAIRPERSON RECCHIA, JR: Okay.

MS. TURNBULL: Yes, we have another name.

CHAIRPERSON RECCHIA, JR: Before we hear from the next panel, if anyone would like to testify on the 34th Street BID or any of the three land use items on today's agenda, please fill out a form and our wonderful sergeant-at-arms, Jerry, hold up your hand so they know where to come to

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2 fill out the form. Thank you very much. Before
3 you testify, just state your name for the record
4 and where you're from, if you're from an
5 organization, a company. Go ahead. Pull the mic
6 up. That's okay.

7 MR. McCLARY: My name is Robert
8 McClary, I'm from Bay Ridge Brooklyn, I'm a
9 commercial property manager here in Manhattan, and
10 on the board of directors of 34th Street
11 Partnership for about seven years, and in that
12 time I've had the opportunity to manage buildings
13 both at the western end of the district and the
14 eastern end, 450 West 33rd Street at the western
15 portion of the district, and 2 Park Avenue
16 currently, at the eastern end. I'll make this
17 quick, thank you for your votes, thank you for
18 your support of the 34th Street Partnership. The
19 capital improvements that were put in place
20 currently and previously, you know, are tangible,
21 they're good quality, there's a premium service
22 provided by this business improvement district,
23 and the board of directors has complete trust and
24 respect for the management of the BID, and we
25 really appreciate your support here today, thank

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you very much.

CHAIRPERSON RECCHIA, JR: Thank you. And you're from Bay Ridge. My district is the next one over. My wife is from Bay Ridge.

MR. TOZER: Good morning, I'm Jim Tozer, I'm president of Vector Management Group, and about eight or nine years ago we bought a building, which was then a warehouse, at 424 West 33rd Street. We are in the district, and then across the street from us is not in the district. And if anyone wants to come and see what the district can do, business improvement districts can do, come to 34th Street between 9th and 10th and look at both sides of the street. The facades of our ... and everyone chooses to walk on our side. The facades are lit, we have trees, we have planters that are there, there is good signage, there is a level of security. We run a 24/7 boutique office building that is actually getting premium rental rates, and this is in part because we have a proper neighborhood. And I think also people should remember that what's happening is the far West Side, the Hudson Yards, the 7 Line, the train, the doubling of the trains in from New

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2 Jersey, and we are this little narrow arm, this
3 BID that goes all the way to the west. So there's
4 going to be much more activity in that part of
5 town. And speaking for business improvement
6 districts, I think they do a very good job of
7 delivering a quality of service, and as a service
8 package, the ability to both do the capital
9 improvements but also to do the maintenance of the
10 capital improvements and to do the security and
11 safety that is required to have the city be a
12 wonderful and comfortable place. So I commend
13 every one of you for your insight of voting
14 favorably on this before you even had the benefit
15 of my comments, and thank you for the good work
16 that you all do for the city. But hats off also
17 to the 34th Street BID who runs a good operation,
18 and yes, in answer to the question earlier, yes,
19 this does, it well may mean higher taxes, and we
20 may well pass that on short term to our current
21 tenants, but in fact it raises our longer-term
22 rate and the longer-term rate that you have to pay
23 is really important. And for us having a quality
24 building and a quality environment, it lets us
25 have quality tenants that will pay us a premium

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rent. Thank you very much.

CHAIRPERSON RECCHIA, JR: Thank you.

MR. CLANCY: Am I on? I am. My name is John Clancy, I come from Foley's Restaurant on 33rd Street. I worked in the old (inaudible) and I know New York for over 50 years, and I'm very, very proud of our area. Some people think Times Square is the center. No, 34th Street is the center. I worked on the Cunard Line and I worked on the Queen Elizabeth, the old Queen Elizabeth, and I met an actor called Edmund Gwynn, he was a star in the "Miracle on the 34th Street". Well, we have another miracle on 34th Street. If you come with me, as I love to take people, I'm not a member of any committee, I'm here on my own, I don't hold any banners. But I take people from Greeley Square, the man that said "Go west, young man, go west". And go up to Broadway and see all the people sitting there, their husbands sitting outside while their wives do the shopping. I at the beginning thought it was a waste of time, I couldn't believe it. But I did like the sound of Biederman, who invites me to the board meeting,

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2 although I'm not a member. I go to all these
3 meetings, and if you've seen New York in the 50's
4 like I did, seeing down around every area, and see
5 it today, it's unbelievable. All the tourists
6 from all over the world come and love it. 34th
7 Street, when they say "we", I'm part of it,
8 although I'm not part of it really, but we need
9 money to go forward, and I believe you are the
10 people who have the money. So with your money and
11 our ideas we are going to make New York what
12 everybody loves to come and see it. It's the
13 biggest attraction in the world, and I've traveled
14 all over the world. So we have to keep it up.
15 With your help and the 34th Street Partnership, we
16 will do great things. So thank you very much for
17 letting me talk. Thank you.

18 CHAIRPERSON RECCHIA, JR: Yes,
19 before we ... Ms. Brewer has a question. But I'm
20 going to permit Council Member Helen Foster to
21 vote.

22 COUNCIL MEMBER FOSTER: Aye on all.

23 CHAIRPERSON RECCHIA, JR: Thank
24 you, Council Member Foster. Council Member
25 Brewer?

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2 COUNCIL MEMBER BREWER: I was just
3 going to say to Mr. Biederman that you should put
4 on your web that Mr. Clancy is available to talk
5 about 34th Street and put that out through the
6 world, and you'll have even more tourists.

7 CHAIRPERSON RECCHIA, JR: Okay, I
8 want to thank you all for coming, and look forward
9 to working with you in the future. I'd just like
10 to recognize that Mr. Biederman is here, who runs
11 the BID, doing a great job.

12 MS. TURNBULL: Dan Biederman, Larry
13 Frenkel, Michael Close.

14 MR. BIEDERMAN: Okay, I'm Dan
15 Biederman, thank you, Council Member Brewer for
16 what we all know is an endorsement of a great
17 public speaker, John Clancy. You should really
18 visit his store, which is at 33rd Street between 5th
19 and 6th, right, John? Or 6th and 7th? 5th and 6th.
20 Where all the major league baseball players go
21 when they're in town, it's amazing, when you go
22 there. My first job was an intern for the City
23 Council Finance Committee in 1974. Mattie Troy
24 was the Chairman and Bill Domroe was the staff
25 head, I don't know if anybody remembers him. But

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2 thank you all for the opportunity to serve the
3 Council 37 years ago. And that's where my career
4 started, first office job ever. They stuck me in
5 a room and said, do this report, but I was not a
6 mannerly intern, and I kept coming to the
7 hearings. And I remember all the people who
8 filled your roles in '74: Mattie Troy, your
9 predecessor, Mr. Chairman. Some of you may have
10 met him or knew him, but it was a terrific start.
11 In the interest of your time, I'm going to- -

12 CHAIRPERSON RECCHIA, JR: Council
13 Member Koslowitz knew him very well.

14 MR. BIEDERMAN: Oh yes.

15 CHAIRPERSON RECCHIA, JR: Go ahead.

16 MR. BIEDERMAN: And Bill Domroe was
17 a Baruch College professor who became the Finance
18 Committee staff head, I don't know how that
19 happened. But he was a very scholarly guy. In
20 the interest of your time, I'm just going to say
21 the following. This, the real purpose of the
22 rewrite of the plan and the increase in the
23 ceiling of capital, so we can finance more of the
24 improvements you've been hearing the members of
25 the district talk about. So, for the record, it

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2 isn't public money going into those, it's our
3 assessments paying for the capital improvements.
4 But the Mayor and the Council allow that to happen
5 through the, in effect, the use of your triple tax
6 exempt status. So most BIDs have not done this.
7 We decided very early on, when we started these
8 districts in the late '80's, that we would, and
9 the aim is to provide all these things without any
10 cost to the public. And the commissioners have
11 been very cooperative right up through Janette
12 Sadik-Khan, who's the basic person and Adrian
13 Benepe for the parks improvements. So with that
14 I'll just turn it over to the other members,
15 unless there are questions.

16 CHAIRPERSON RECCHIA, JR: You just
17 said the magic word, Janette Sadik-Khan, but I
18 think that's a conversation for another day.

19 MR. BIEDERMAN: Okay.

20 CHAIRPERSON RECCHIA, JR: About the
21 future of 34th Street.

22 MR. BIEDERMAN: Okay.

23 CHAIRPERSON RECCHIA, JR: With the
24 buses, because I have received numerous phone
25 calls about that whole issue with the buses,

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2

that's a subject for another day.

3

MR. FRENKEL: Thank you, okay.

4

Good morning, my name is Larry Frenkel, I'm a

5

manager of Tower 111 Limited Liability Company,

6

and I've been on the board of directors of the 34th

7

Street Partnership for approximately two years.

8

Tower 111 is developing a 48-story rental building

9

across the street from Greeley Square, that's

10

about 400,000 square feet, including 50,000 square

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feet of commercial, retail, and/or office space,

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public parking garage, and 338 residential

13

apartments. We've owned the property since

14

October of 2005, and an affiliate developed

15

another property in the district at 9 West 31st

16

Street that was completed in 2003, and over that

17

period of time we've watched the work of the

18

partnership improve the community tremendously.

19

Capital improvements that are attributable to the

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partnership include, but not limited to, the

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transformation of Herald and Greeley Squares into

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vibrant areas where people love to spend time,

23

it's there all the time, addition of planters,

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hanging baskets, tree pits, illuminated street

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signs, and granite curbs. The district is clean

1
2 and well-maintained due to the work of the
3 partnership, and that work serves to attract
4 residents and businesses to the district.

5 Therefore we fully support the second amendment to
6 the district plan that will increase the spending
7 ceiling for capital improvements in the district,
8 and urge the Committee to act favorably on the
9 application. Thank you for allowing me to express
10 support for amended district plan.

11 CHAIRPERSON RECCHIA, JR: Thank you
12 very much. Next.

13 MR. CLOSE: My name is Michael
14 Close, I am here in two capacities. I'm a
15 director of the partnership and a member of its
16 finance committee and chairman of its sidewalk
17 project, which is a project where we select really
18 atrocious sidewalks which haven't attracted the
19 attention of the city, go to the owners, and say,
20 "Are you going to fix it", and you've got a
21 specified period of time to fix it. If they
22 don't, we do, and we bill the owners. And that's
23 one of the reasons that the area looks as well as
24 it does, and it's much safer. So I'm proud to be
25 part of that project. I am also the CEO of the

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2 company that owns 225 West 34th, otherwise known as
3 14 Penn, which we have an extensive rehab of
4 upgrade undergoing. We just finished redoing the
5 façade, and if you've seen it lately, it's really
6 improved. We have yet to attract a commercial
7 tenant, but that's because we're being picky.
8 From my position, the BID is everything that a BID
9 and a partnership should be. They're always there
10 to fulfill the needs of the district on virtually
11 every level, in many cases replacing money that
12 the city would have to spend on sanitation and
13 police protection, if the BID weren't there in
14 those two areas. So we couldn't be happier. They
15 also support us in things like traffic counts and
16 other mundane things that are very important,
17 particularly in the area of attracting retail
18 tenants. So I'll leave it at that, thank you very
19 much for allowing me to speak.

20 CHAIRPERSON RECCHIA, JR: Thank you
21 very much for taking time out of your busy
22 schedule, the three of you, but before I let you
23 go, I recognize Council Member Gale Brewer.

24 COUNCIL MEMBER BREWER: Sorry.
25 Dan, when you say, and this is interesting to me,

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2 because we all have BIDs in our districts, that
3 you do something different on the capital side.
4 Can you explain that? I'm just curious.

5 MR. BIEDERMAN: Council Member, we
6 set at the beginning of our district an amount
7 aside in this district, \$1.7 million, to serve as
8 the debt service, which is both the interest and
9 the amortization, on a \$23 million bond issue,
10 which the mayors who have been in office have to
11 sign off on. And it in effect uses the city's
12 triple tax exempt capacity, but we are the ones
13 who service the debt, and then we build the
14 capital improvements, and whoever is
15 Transportation Commissioner at the time and SBS,
16 which has been very cooperative in this whole
17 process, Commissioner Walsh, says to us, you have
18 to maintain those if you're going to build them,
19 because this is above the city's normal standard,
20 and it's elements that the Department of
21 Transportation doesn't normally put in, and then
22 we are responsible for building with that money
23 provided by the bondholders, and maintaining from
24 then on in. It's complicated, it's best done at
25 certain times when rates are low. The rates tend

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to be a little higher than the city's, 4.5% or so, our rating is good, I think it's AA, the most recent issue, and it's a way for BIDs to help the city out so that the funds that otherwise would be used to improve the capital plant in our district could be used elsewhere. I believe Lincoln Square is in your district. They haven't thought of that, because the budget isn't large, but potentially there are several other districts in Manhattan can do it. I think that Downtown Alliance has considered it and has never done it. It's been rarely done elsewhere in the United States.

COUNCIL MEMBER BREWER: So you're the one, sort of the model, on this topic then.

MR. BIEDERMAN: Yeah, and by the way, it took me two or three years to figure it out. I made many mistakes along the way, and many dead ends. And with the help of the firms that issued the debt and bond counsel we figured it out, but the difficult thing, in case any of your districts have an interest in that, is that you have to, when you set the district budget initially, have an adequate capacity to service

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2 the debt, and most of the smaller districts would
3 have trouble with it. But districts above a
4 million dollars a year could potentially use the
5 same technique and the city is well aware of it,
6 Mark Page is still budget director, I believe.
7 Mark is sophisticated and understands the whole
8 thing. I know he's a very good negotiator also,
9 by the way. Making a compliment, but behind the
10 scenes I'm annoyed because he's such a good
11 negotiator, so it turned out it was on our back,
12 and the district members, you can hear all
13 enlightened about the role of capital improvements
14 in helping their buildings. They were happy, to
15 deal with the next speaker, I think he may be the
16 last, Gaston Silva of Vornado can give you some
17 impression of what it's meant to their buildings.

18 COUNCIL MEMBER BREWER: Thank you.

19 CHAIRPERSON RECCHIA, JR: I just
20 want to state that if you thought Mark Page is a
21 good negotiator, you never met Preston Niblack.
22 Council Member Cabrera.

23 COUNCIL MEMBER CABRERA: Thank you
24 so much. Mr. Chair, I'm just curious to know as
25 to how many minority-owned businesses you have in

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2 your partnership.

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MR. BIEDERMAN: We've ... Council Member, we've never really done a scientific survey, but let me ... Dan Pisark is our head of retail, and he's frequently telling me the people he's interacting with. Of the 700 stores, I would bet that in the range of 100 to 150 are minority-owned, depending on how you define minority. There are large numbers of foreign owners of the retail stores in our districts still, even though the common myth is that the whole district has gone national, the fact is most of the stores in the district are not nationals if you walk through and kind of tote it up in your head. And a lot of the original store owners are there and we try to help them, but it's kind of interesting, we might do a study now that you've asked. We've never really broken it down along those lines, but there a fair number.

COUNCIL MEMBER CABRERA: That would be great if we could have the demographics, that would be really helpful.

MR. BIEDERMAN: Okay, great. And then I didn't talk about the office tenants, it's

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2 very hard to tell on those, because we don't ...
3 there are four or five thousand office tenants who
4 are businesses, some of them not based in New
5 York. So that would be harder, but I will
6 endeavor to get you something on retail. I may be
7 completely off in my guess, but Dan Pisark will be
8 in touch with you.

9 COUNCIL MEMBER CABRERA: Okay,
10 thank you so much.

11 MR. BIEDERMAN: Sure.

12 CHAIRPERSON RECCHIA, JR: Okay, Mr.
13 Biederman, you said that someone was going to
14 testify?

15 MR. BIEDERMAN: Yes.

16 CHAIRPERSON RECCHIA, JR: The next
17 person we have is Tasha Rivers.

18 MR. BIEDERMAN: Is Ms. Rivers here?
19 I didn't see her. Okay, there she is.

20 CHAIRPERSON RECCHIA, JR: Okay, is
21 that you were talking about?

22 MR. BIEDERMAN: Well, also Gaston
23 Silva from Vornado is here, but he may not have
24 filled out a form.

25 CHAIRPERSON RECCHIA, JR: Do you

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want to testify? You have to fill out a form.

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Jerry, give him a form, please. Okay, thank you,

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all three gentlemen. Tasha Rivers and Vornado.

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And I'd like to recognize Darlene Mealy, and

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before we hear testimony, give Darlene Mealy the

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opportunity to vote. Council Member Mealy?

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COUNCIL MEMBER MEALY: I vote aye.

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CHAIRPERSON RECCHIA, JR: I want to

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just congratulate Ms. Mealy on her new victory,

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our new district leader in Brooklyn,

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congratulations.

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COUNCIL MEMBER MEALY: Thank you.

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CHAIRPERSON RECCHIA, JR: And Ms.

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Council, which is in Queens. All right, we've

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been joined by our chief of staff, Ramon Martinez.

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Okay.

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MS. TURNBULL: And Gaston Silva.

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CHAIRPERSON RECCHIA, JR: Okay.

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Ms. Rivers?

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MS. RIVERS: Good morning. Just a

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minor change. My name is Iyasha, that's an 'I'.

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CHAIRPERSON RECCHIA, JR: Sorry,

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sorry I apologize, I thought it was a 'T'.

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MS. RIVERS: It's no problem, I've

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heard it all.

CHAIRPERSON RECCHIA, JR: Thank
you.

MS. RIVERS: I am an executive
director for Macy's and as you've already heard,
there's a plethora of support for the 34th Street
Partnership and their services. And we've been a
recipient of those services since 1992, January of
1992. The façade work, the planters, the trees,
the cleanup, the maintenance of the taxi stands
are all things that we really have benefited
exponentially from, in terms of our customers
coming into the store and just feeling comfortable
in the area and the space. I have to say that
specifically recently with the addition of the
Herald Square Broadway-side seating area, we've
gotten so many compliments from that addition
alone, and I specifically personally have gone out
and have entertained clients out there with the
backdrop of Macy's, it just really is
extraordinary. So this has been a fantastic
partnership, we absolutely support additional
services that they can provide for its members,
and I thank you for your time in terms of hearing

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2 us out.

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CHAIRPERSON RECCHIA, JR: Thank you very much. Before we hear from the next speaker, I would like to give Council Member Lew Fidler and Council Member Al Vann the opportunity to vote. Council Member Al Vann.

COUNCIL MEMBER VANN: Aye.

CHAIRPERSON RECCHIA, JR: And Council Member Fidler?

COUNCIL MEMBER FIDLER: Yes.

CHAIRPERSON RECCHIA, JR: Okay, Iyasha, thank you for coming. I have a question.

MS. RIVERS: Sure.

CHAIRPERSON RECCHIA, JR: With the new pedestrian mall out there, you had to rearrange the whole parade.

MS. RIVERS: Yes we have, that's another conversation.

CHAIRPERSON RECCHIA, JR: That's another conversation for another day. I just want you to know, I used to be in that parade.

MS. RIVERS: Oh, you were?

CHAIRPERSON RECCHIA, JR: Four years in a row.

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MS. RIVERS: As a volunteer?

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CHAIRPERSON RECCHIA, JR: Four

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years in a row.

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MS. RIVERS: Everyone has a Macy's

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story.

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CHAIRPERSON RECCHIA, JR: We should

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talk about that.

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MS. RIVERS: Please.

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CHAIRPERSON RECCHIA, JR: But

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that's another topic. Okay. Say your name for

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the record and where you're from.

13

MR. SILVA: Good morning, Mr.

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Chairman, Council members, thank you for allowing

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me to speak. My name is Gaston Silva, I'm the

16

Chief Operating Officer of the New York Office

17

Division of Vornado Realty Trust. Vornado Realty

18

Trust is the single largest owner and operator of

19

real estate in the 34th Street Partnership area.

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We own almost 22 million square feet of office

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space in Manhattan, so we actually interact with

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many other business improvement districts in

23

Manhattan. Our district is one of the most

24

congested parts of the city, as you know. Penn

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Station is the biggest train station in the United

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2 States, I've been told that it's the fourth
3 largest train station in the world. We obviously
4 have Macy's, we have Madison Square Garden, it
5 results in an awful lot of people on the streets
6 every single day, which is a wonderful thing. But
7 that puts a lot of pressure on the infrastructure,
8 on the streetscapes, on our sidewalks. And for us
9 it's unthinkable what life would be like without
10 the Partnership and without their capital
11 improvements. The single easiest thing to look at
12 and to determine how useful and effective the
13 capital improvement projects that they conduct
14 would be to look at Herald and Greeley Squares and
15 the transformation that they've accomplished there
16 over the past three or four years. Literally,
17 it's night and day. I'm going to cut this short
18 by saying we are totally in support of what we're
19 doing here today. We thank you for your support,
20 thank you very much for allowing me to testify.

21 CHAIRPERSON RECCHIA, JR: Thank you
22 very much. I'd like to, before I give Ms. Brewer
23 the opportunity to ask some questions, I would
24 like to recognize Council Member Joel Rivera and
25 give him the opportunity to vote.

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2 COUNCIL MEMBER RIVERA: Thank you
3 very much, Mr. Chairman. I vote aye on all items
4 on today's agenda.

5 CHAIRPERSON RECCHIA, JR: Thank you
6 very much, Mr. Rivera. Is Mr. Comrie here? We
7 recognize that we've been joined by Council Member
8 Leroy Comrie from Queens, and we're going to give
9 him the opportunity to vote.

10 COUNCIL MEMBER COMRIE, JR: Aye on
11 all.

12 CHAIRPERSON RECCHIA, JR: Thank
13 you, Council Member. We recognize Council Member
14 Gale Brewer.

15 COUNCIL MEMBER BREWER: Thank you,
16 there's always much debate about the open spaces.
17 I support them, many of my colleagues do not. So
18 my question is, when they were put into in terms
19 of taking some streetscapes, you do find them, as
20 a New Yorker, not a tourist, helpful in terms of
21 colleagues and places to meet, and you actually
22 use them?

23 MS. RIVERS: Oh yes, absolutely.

24 COUNCIL MEMBER BREWER: Well, give
25 me some examples.

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MS. RIVERS: I recently had a meeting with some people from the Apollo Theater, and we were looking for, you know, a lovely space to sit after having lunch, and we just walk around the corner and had a seat and talked and it was very comfortable, and entertained by some of the things that were going around. Again, we had the fantastic backdrop of Macy's, so it really does work out. And really, the area is very vibrant, it's clean, it's pleasant to be in, and I have to say that it's quite enjoyable. As a New Yorker, you know, I can't speak as a tourist, but I know that a lot of people do frequent the area, and we benefit from them coming into the store afterwards.

COUNCIL MEMBER BREWER: Thank you very much, you made my day.

CHAIRPERSON RECCHIA, JR: Thank you. Does any other Council member have a question they would like to ask? Is there anyone else that would like to speak on these, on any of these topics here today? Since we have no one else, I want to thank you all for coming, and I want to thank everyone else for coming, this

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2 meeting is now adjourned ... hold on. Do the final
3 roll call.

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5 MR. MARTIN: The final vote on the
6 Committee on Finance is 17 in the affirmative,
7 zero in the negative and no abstentions.

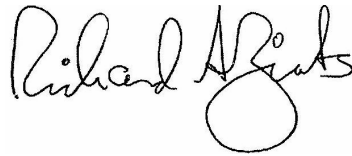
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9 CHAIRPERSON RECCHIA, JR: Thank you
very much, the meeting is adjourned.

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C E R T I F I C A T E

I, Richard A. Ziats, 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 _____

Date _____ September 30, 2010 _____