

CRAIN'S

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2019 ECONOMIC OUTLOOK

IS THE BOOM ABOUT TO BUST?

Jobs are up, and rents are down. The subways are packed, and storefronts are empty. HQ2 is on, and the gloves are off. No wonder next year's economic forecast is so cloudy [PAGE 13](#)

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NEWSPAPER



ON THE COVER

ILLUSTRATION: DAVID JUNKIN

FROM THE NEWSROOM | AARON ELSTEIN | SENIOR REPORTER

Good money after bad



TUESDAY MARKS the 10th anniversary of Bernie Madoff's arrest on charges of running a massive Ponzi scheme. Despite the passage of time, the wounds have yet to heal. The U.S. Attorney's Office in Manhattan announced late last month that another distribution—\$695 million—was returned to bilked investors.

The good news is that Madoff's thousands of victims will recover most of the \$17.5 billion they entrusted

to him. The bad news is his customers thought those investments were worth a collective \$65 billion. Individuals, nonprofits and universities were left in the lurch—or financially wrecked—when those gains went up in smoke.

If you insist on a silver lining, you could say the Madoff fiasco taught people not to believe in investment managers who put up conspicuously strong results, year after year, no matter how the overall market performs. No one is that good. If a fund manager doesn't have a reputable accountant or doesn't hire an outside firm to clear trades, investors should start asking questions.

We're a gullible species, though. Finding the next person who promises to make us rich is our era's quest for the holy grail. It's why people continue to invest vast sums in hedge funds and private-equity firms. Sure, index funds might all but ensure steady returns, but they're so ... pedestrian.

So we press on, boats against the current, in search of the next Wall Street guru—hoping against hope that he or she isn't a con artist.



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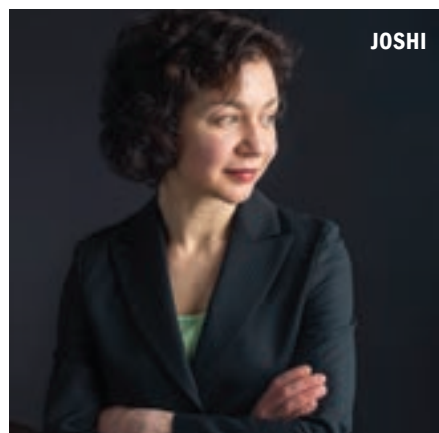
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CONFERENCE CALLOUT



JOSHI

JAN. 8

CRAIN'S BUSINESS BREAKFAST FORUM

Meera Joshi, commissioner of the Taxi & Limousine Commission, will discuss the effects of the cap on Uber and Lyft, efforts to raise drivers' wages, and the future of the taxi and livery industries.

NEW YORK ATHLETIC CLUB

8 to 9:30 a.m.
CrainsNewYork.com/
events-Joshi2019



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AGENDA

DECEMBER 10, 2018

Three more years of de Blasio is starting to feel like a long time

During his first term, Mayor Bill de Blasio took a lot of criticism that in many cases was blown out of proportion. He was slammed repeatedly for being late to his own events, even though his predecessor, Michael Bloomberg, routinely began press conferences 30 to 45 minutes after their scheduled start time and no one said boo. De Blasio also was mocked for taking power naps, which sleep experts say help people work more efficiently. And although the mayor's endless rhetoric about how all his moves were historic and unprecedented did get tiresome, he managed to institute universal pre-K and lay the foundation for a good housing plan.

De Blasio has tried to tamp down the narrative that he's lazy and bombastic by being more punctual and less self-congratulatory. Unfortunately, far more disconcerting revelations have emerged.

Foremost among them is the mayor's coddling of campaign donors—which came to light in emails unearthed by media lawsuits and criminal prosecutions. Fears that pay-to-play politics would return to the city when Bloomberg—a billionaire who wouldn't accept a penny from anyone—left office have been realized, and then some.

The emails make clear that anyone who forks over a pile of cash can have the mayor eating out of his hand in no time. It's no wonder the mayor tried hard not to release them. Indeed, some messages that he was obligated to divulge in response to freedom-of-information requests somehow disappeared, only to surface when donor Jona Rechnitz was indicted and authorities got the correspondence from him.

Which brings us to two other unbecoming habits of de Blasio's: hypocrisy and prevarication. His proclamations that he would have the most



transparent administration in history were rendered laughable by his email secrecy, and his excuse that the messages weren't newsworthy anyway was insulting. The messages also proved untrue the mayor's claim that he hardly knew Rechnitz.

For a time, the mayor blamed his bad press on the *New York Post* having a vendetta, but then negative stories began popping up everywhere.

Last week *The New York Times* reported that de Blasio rarely visits City Hall anymore, wastes aides' time by making them schlep to Gracie Mansion and goes years without meeting key agency heads. He replied that some meetings were missing from his public schedule. So much for transparency.

Meanwhile, the mayor and his wife have been gallivanting about the country on the taxpayers' dime to elevate their profile, and he used city funds to pay a \$2.6 million legal bill stemming from a political campaign.

Five years into de Blasio's tenure, it feels as though he's been in office much longer. At times like this, we're grateful for term limits. — THE EDITORS

The mayor has become more punctual and less self-congratulatory, but far more worrisome traits have emerged

FINE PRINT The Trump administration's proposal to expand the definition of a public charge—the designation under which immigrants may be denied U.S. entry based on their anticipated need of public services—likely would hurt the city's hospital system. New York Health and Hospitals estimates that it could lose \$362 million in the first year the rule is adjusted. Immigrants who fear deportation tend to avoid Medicaid.

25 WORDS OR LESS

“Ad agencies should be scared. Amazon is trying to automate the process of buying ads as much as possible”

—Cooper Smith, of consulting firm Gartner, on the e-tail giant's push into advertising (see page 14)

BY GERALD SCHIFMAN



SOURCE: City Department of Sanitation

STATS AND THE CITY

BUCK ENNIS, GETTY IMAGES

EDITORIAL

managing editor Brendan O'Connor
assistant managing editors Erik Engquist, Jeanhee Kim, Robin D. Schatz
copy desk chief Telisha Bryan
art director Carolyn McClain
photographer Buck Ennis
digital editor Gabriella Iannetta
data editor Gerald Schifman
senior reporters Joe Anuta, Aaron Elstein, Matthew Flamm, Daniel Geiger
reporters Will Bredderman, Jennifer Henderson, Jonathan LaMantia
digital fellow Lizeth Beltran
columnist Greg David
contributors Tom Acitelli, Cara Eisenpress, Cheryl S. Grant, Yoona Ha, Chris Kobiella, Miriam Kreinin Souccar
to contact the newsroom:
www.crainnewyork.com/staff
 212.210.0100
 685 Third Ave., New York, NY 10017-4024

ADVERTISING

www.crainnewyork.com/advertise
advertising director Irene Bar-Am, 212.210.0133, ibaram@crainnewyork.com
senior account managers Lauren Black, Rob Pierce, Stuart Smilowitz
account manager Jameson Roberts
integrated marketing manager Jonathan Yan, 212.210.0290, jyan@crainnewyork.com
associate art director/marketing Charles Fontanilla, 212.210.0145, cfontanilla@crainnewyork.com
sales coordinator Devin Arroyo, 212.210.0701, darroyo@crainnewyork.com

CUSTOM CONTENT

director of custom content Patty Oppenheimer, 212.210.0711, poppenheimer@crainnewyork.com
custom project manager Danielle Brody, dbrody@crainnewyork.com

EVENTS

www.crainnewyork.com/events
director of conferences & events Courtney Williams, 212.210.0257, cwilliams@crainnewyork.com
manager of conferences & events Ashlee Schuppius, aschuppius@crainnewyork.com

AUDIENCE DEVELOPMENT

group director, audience development Jennifer Mosley, jmosley@crain.com

REPRINTS

reprint account executive Lauren Melesio, 212.210.0707

PRODUCTION

production and pre-press director Simone Pryce
media services manager Nicole Spell

SUBSCRIPTION CUSTOMER SERVICE

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customerservice@crainnewyork.com
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THE ALLIANCE
 OF AREA BUSINESS PUBLICATIONS

Fight heating up over cold, hard cash

MAYOR BILL DE BLASIO loves legal tender. The Democrat last week cheered legislation that would roll back the trend toward cashless transactions in the city's food establishments. De Blasio said that while he had not yet read Bronx Councilman **Ritchie Torres'** proposal to outlaw plastic-only payment policies at hip chains including Argo Tea and Dos Toros, he agreed with arguments that the practice discriminates against people without bank accounts.

Minorities, undocumented immigrants and low-income New Yorkers make up a disproportionate percentage of those who don't carry a credit or debit card—as well as a sizable chunk of the mayor's political base.

"I think the goal has merit," the mayor said during his weekly radio segment on WNYC. "I think there's all sorts of folks for whom cash is still, you know, the go-to option. And there's a lot of folks who, for whatever reason, are not going to have a card or not be comfortable using one. And it worries me if they're shut out of the economy and shut out of opportunities."

Cash-free eateries point out that it is efficient to avoid paper currency and coins, and it reduces germ exposure and the threat of robbery. The practice also encourages mobile ordering, which provides businesses with customer data useful for tailored marketing.

The council legislation is sure to meet resistance from business groups, which don't appreciate politicians telling entrepreneurs how to run a business, especially when it means giving up a competitive advantage. Merchant organizations also might argue that going cashless makes it harder to shield income from taxes.

An irony of city politicians' opposition to the all-plastic movement is that they have been trying for years to get poor people to use banks; the cashless trend just might inspire them to do so. — **WILL BREDDERMAN AND ERIK ENGQUIST**



Look but don't touch

A small-format Ikea store, the first in the U.S., will open on Third Avenue at East 59th Street in the spring. Customers won't be able to walk out with goods but can have them delivered.

No more gates of hell

LaGuardia Airport unveiled the remodeled eastern concourse of Terminal B, which is undergoing a \$4 billion rehab. The concourse now has 55-foot ceilings and floor-to-ceiling windows, among other features.

Still accountable

Ernst & Young's global chairman and CEO, Mark Weinberger—stating, "The time is right"—will leave the accounting firm in July. EY hopes to name a replacement next month.

Signaling it's serious

The MTA hired "internationally renowned signaling expert" Pete Tomlin to oversee the Fast Forward re-signaling program. NYC Transit Authority President Andy Byford worked with Tomlin on the Toronto and London subway systems.

Good with numbers

A letter Albert Einstein wrote in 1954 challenging the concept of religion has become the most expensive Einstein letter auctioned. After a four-minute bidding war, Christie's hauled in around \$2.9 million for the "God letter," twice what was expected.

DATA POINT

ALL 21 COLLEGES IN THE STATE WHERE AT LEAST 30% OF STUDENTS DEFAULTED ON LOANS WITHIN FIVE YEARS WERE FOR-PROFIT, THE CENTER FOR AN URBAN FUTURE FOUND; 10 WERE IN MANHATTAN OR QUEENS.

Drivers get some TLC

Christmas came early for e-hail drivers. The Taxi and Limousine Commission created an hourly minimum wage of \$17.27 for those behind the wheel for Lyft, Uber and others.

FDNY under fire

Chief of Department James Leonard, the FDNY's top uniformed officer, has been relieved of his duties and placed on modified assignment after allegations of inappropriate behavior. Chief of Operations John Sudnik will fill in.

Station breaks

In order to repair damage from Superstorm Sandy, the Port Authority will close the World Trade Center PATH station 90 weekends through December 2020. It will be open holiday weekends.

Mad money

CNBC host Jim Cramer's company is selling two divisions to Euromoney for \$87.5 million. TheStreet had paid \$28.3 million to acquire M&A tracker The

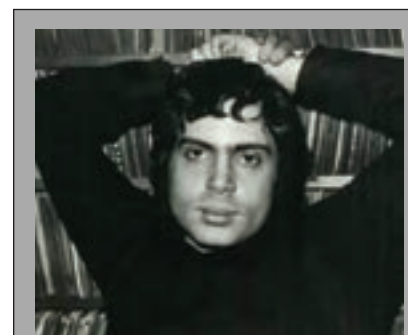
Deal and executive database BoardEX in 2012 and 2014, respectively.

Final curtain call

Broadway star Philip Bosco died Dec. 3 at 88. The Jersey City native won a Tony Award for best lead actor for Lend Me a Tenor in 1989 and was inducted into the American Theater Hall of Fame.

Eating up data

TripAdvisor—analyzing its user reviews' quantity and quality—named French restaurant Gabriel Kreuther in Midtown West the best in American fine dining. — **CHRIS KOBIELLA**



Waxing nostalgic

Robert Plotnik, the cranky Bleecker Bob of the Village's eclectic Bleecker Bob's Records, died Nov. 29 at 75. Plotnik and a partner opened Village Oldies in 1967, changing the name in the mid-'70s. The shop, which let people hang out till 3 a.m. on weekends, closed in 2013.

Afford everyone a smoke-free start

Secondhand smoke is a known cause of Sudden Infant Death Syndrome, ear infections and asthma attacks in infants and children. While many luxury apartment buildings are now smoke-free, affordable housing residents often endure daily exposure from neighboring apartments.

It is critical that affordable housing go smoke-free so that all, including the youngest and most vulnerable, can live healthy lives free from the dangers of secondhand smoke.

To learn more about implementing smoke-free protections, visit nycsmokefree.org

NYC SMOKE-FREE



Public Health Solutions



Kushner Cos. pays tenants in Brooklyn housing dispute

Rent-regulated units may have been illegally converted **BY DANIEL GEIGER**

Kushner Cos. has agreed to reimburse tenants at a Brooklyn building for rent overcharges after they sued the firm for improperly converting rent-regulated units to market rate.

About \$100,000 was paid to five tenants in a class-action suit brought last year by residents of the 48-unit property.

The move appears to be an admission that the landlord, controlled by the family of White House adviser Jared Kushner, skirted rent-regulation laws. In addition to paying back tenants, the company agreed to re-regulate the units.

“Once the issue was brought to my client’s attention, it immediately and voluntarily acted in good faith to address the issue,” said Deborah Riegel, a lawyer at Rosenberg & Estis who is representing Kushner Cos. in the case at 89 Hicks St. in Brooklyn Heights. “Not only did my client make refunds to the existing tenants, and in some cases former tenants, but it also registered the units as rent-stabilized. Rather than wait for an adjudication, as some owners have chosen

to do, my client proceeded expeditiously to remedy the issues raised.”

Lucas Ferrara, a partner at the law firm Newman Ferrara who is representing tenants in the case, said Kushner Cos. knowingly deregulated the units in order to reap illicit profits.

“Any landlord worth their salt knows whether the units in a building they’re buying are or should be regulated,” Ferrara said. “Kushner was aware of the risks and took a gamble that no one would notice what they were doing.”

Case not settled

Ferrara and his colleague Roger Sachar stated that the payouts will not settle the case. They disputed Riegel’s contention that previous tenants at the property who were overcharged have been reimbursed. They also said Kushner Cos. continues to contest that it was wrong in pulling some of the apartments out of rent regulation and converting them to market rate.

“We have former tenants at the property who are owed tens of thousands of dollars each in rent overcharges,” Sachar said. “Where are their checks? They haven’t been paid.”

Kushner Cos. purchased 89 Hicks St. from Brooklyn Law School for \$14.3 million in 2014, then converted the building, which had been used for student housing, to market-rate apartments.

Last year, however, nonprofit watchdog Housing Rights Initiative said it discovered that the building had been rent-regulated prior to Brooklyn Law School’s ownership and that state law required it to be returned to regulation. The group also stated that Kushner Cos. improperly converted another building it purchased nearby, at 18 Sidney Place.

Ferrara and Sachar also are representing tenants at that 18-unit property in a virtually identical lawsuit. Kushner Cos. has not agreed to make reimbursements to tenants or re-regulate units in that case.

A spokeswoman for Kushner Cos. did not respond to a request seeking comment.

The suits were part of a raft of allegations—several of which stemmed from the Housing Rights Initiative probe—that the company broke the rules. In a



CHARLES AND JARED KUSHNER'S business reimbursed some tenants but has not quite admitted fault.

separate instance, the watchdog group said it found that Kushner Cos. did not properly file paperwork with the Department of Buildings, potentially concealing that a portfolio of buildings it owned in Queens included regulated units. Kushner Cos. upgraded those buildings—work that might have illegally driven out regulated tenants bothered by the construction.

Aaron Carr, founder and executive director of Housing Rights Initiative, blamed the Division of Housing and Community Renewal, the state agency that oversees the inventory of regulated apartments, for not focusing on landlords who attempt to skirt the rules.

“Why didn’t the state do a full audit of the entire Kushner portfolio?” Carr asked. “That’s enforcement 101. You’ll never get a deterrent effect unless the cost of penalties exceeds the profits of fraud.” ■

City Hall OKs contested towers in Two Bridges

But City Council vows to sue to stop developments, which would create 3,000 apartments **BY JOE ANUTA**

THE DE BLASIO administration gave the green light last week to a trio of apartment towers planned for the Two Bridges neighborhood in Lower Manhattan. The development is expected to deliver thousands of sorely needed apartments during a housing shortage while also sealing the neighborhood’s fate as an area to undergo major change.



In response, a cadre of elected officials, including Council Speaker Corey Johnson, vowed to explore a lawsuit to block the towers.

The City Planning Commission approved an application that would allow three separate projects to rise along the water just north of the Manhattan Bridge. Together the towers—to be built by JDS Development Group, Starrett Development and a joint venture between L&M Development Partners and CIM Group—would contain nearly 3,000 apartments. About 700 of those would be enrolled in the city’s affordable-housing program.

“In a city at peak population and bursting at the seams, adding significant amounts of new housing in Lower

Manhattan is a truly rare opportunity,” said City Planning Chair Marisa Lago, who said officials were able to wring a number of community benefits out of the developers before signing off on the plans.

But the approval process, which required a thumbs-up from the mayor-controlled City Planning Commission, irked Councilwoman Margaret Chin and Borough President Gale Brewer. Both argued that the project should have gone through the full public-review process, which they would have had control over.

Chin and Brewer based their argument on an interpretation of city statutes that regulate land use. The Planning Commission ultimately disagreed with them before granting the approvals. ■

Woolrich expands in SoHo amid retail slump

Despite all the uncertainty in the brick-and-mortar world, some outlets are thriving

THE MARKET for brick-and-mortar retail is not all doom and gloom. Woolrich, an upscale outdoor clothing and workwear brand, has struck a deal to expand its SoHo store.

The brand is more than doubling its size on Wooster Street, taking a nearly 8,000-square-foot store next to its current location.

Its new spot, at 121 Wooster St., which has nearly 4,100 square feet on the ground floor and 3,700 square feet of selling space in the basement, can allow the company to showcase its growing collection of apparel and other products.

“They have a new investment firm involved in their business, and the brand has been on the upswing in terms of consumer interest,” said Joel Isaacs, founder of Isaacs and Co., who represented Woolrich in the lease. “They want to capitalize on that, and they needed more space to show the breadth of their line.”

Isaacs was referring to the recent majority acquisition of the brand by Liechtenstein-based investment firm L-Gam Advisers, which is expected to

help the clothing company grow.

For the time being, Woolrich plans to continue leasing its current store at 125 Wooster St., sources said. When Woolrich vacates the space next year, they said, a related brand—Goldwin—might move in to open its first New York City retail outlet. Goldwin, a Japanese outdoor apparel company, is a part owner of Woolrich.

In a related deal, Woolrich signed a lease for roughly 6,500 square feet of office space at 121 Varick St. for a showroom it plans to use to market its products to wholesale buyers.

“For them to open a new, bigger store and take a showroom is a big vote of confidence in the brick-and-mortar retail market—and retailing in general in New York,” said Michael Glanzberg, a principal at Sinvin Real Estate in Manhattan who arranged the showroom lease for Woolrich.

Sinvin principal Chris Owles and managing director Sarah Shannon represented the landlord of 121 Wooster St. in negotiating the 10-year store lease. **— D.G.**

7.8K
SQUARE FEET
of retail space
at the new spot

MTA repairs could disrupt business as usual in Midtown East

Decaying storage shed for Metro North cars sits under Park Avenue **BY JOE ANUTA**

The Metropolitan Transportation Authority is planning extensive renovations to the Grand Central Terminal train shed, *Crain's* has learned.

Because the cavernous facility is the size of more than 20 football fields and sits directly under Park Avenue and its side streets, the initiative could have a significant effect on the recently rezoned Midtown East neighborhood. The agency might need to rip up roadways to gain access.

The shed, which is used to store and stage Metro North trains, is composed of tracks, bridges and viaducts. At the shed's widest point, just north of the terminal, it stretches between Lexington

and Madison avenues. Farther north, the space narrows to roughly the width of Park Avenue before ending at East 57th Street. The structure was completed along with the terminal in 1913 and, according to the MTA, requires wide-ranging repairs.

Water increasingly has been leaking from the surface onto the shed's steel and concrete, causing rust and general deterioration, a spokesman said, noting that water mixed with road salt during the winter months is particularly corrosive. The state has long been making piecemeal fixes, but now officials are moving forward with a more extensive intervention.

What that will look like is unclear. The agency has been

talking with private contractors about the work, according to several sources, and has set aside \$46.4 million for shed repairs next year, budget documents show. That is more than double the amount of money allocated in the previous four years combined, indicating that a major undertaking is at hand.

The cost of making repairs, however, would be many multiples of that figure—indicating that the cash budgeted for 2019 is for design. A spokesman did not detail what discussions the MTA has been having with the private sector but noted that the agency is indeed considering major work and discussing its options with stakeholders. Funds for whatever solution they land upon will be



requested in the upcoming capital plan for 2020–24, the spokesman said.

A big dig

Because the shed sits just below street level, multiple stakeholders assume that the MTA will need to rip up sections of Park Avenue and its side streets to gain access to the tunnels, potentially in stages over a period of many years. Disrupting traffic flow likely would be a major concern

for proponents of the recent rezoning, which was supposed to attract new office towers and improve the pedestrian experience to keep the area competitive with other office districts.

But other observers noted that rebuilding the streetscape from scratch—should the MTA ultimately decide to tear things up—actually could be a net benefit and allow more thoughtful and wide-ranging changes that would not otherwise be possible. ■

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Byford asks businesses: Give NYC Transit another try

Vendors' fear costing agency **BY ERIK ENGQUIST AND WILL BREDDERMAN**

Commuters might still be dealing with subway delays, but vendors no longer have to, according to the head of New York City Transit.

Andy Byford asserted that he is modernizing not just his dysfunctional entity's infrastructure but also its procurement and contracting—infamously byzantine processes that prompt vendors to inflate their bids or not even make them.

Speaking at a *Crain's* breakfast forum last week, the appointee of Gov. Andrew Cuomo said three-quarters of his agency's capital projects come in on time and on budget—contrary to the reputation of its parent, the notoriously bureaucratic Metropolitan Transportation Authority.

"The winds of change are running through the entire organization," Byford told an audience of more than 300 at the New York Athletic Club in Midtown. "If you think, well, the MTA has a certain way of doing things, try us."

A more flexible approach, including openness to off-the-shelf (rather than customized) equipment and station



"THE WINDS OF CHANGE are running through the entire organization," the MTA executive told hundreds of business leaders at a *Crain's* breakfast last week.

furnishings has made New York City Transit, which operates the subways and buses, "easy to deal with" for vendors, Byford continued. He touted an openness to modular construction as another way to do projects faster and cheaper.

"We want to hear your ideas and proposals," he said.

Byford was hired 11 months ago. Cuomo—who controls the MTA—personally interviewed the career-long transit worker and administrator. He had been head of Toronto's transit

system, which he was credited with turning around—the same mission he now faces on a larger scale.

New technology

Byford's top goal is a new signal system so he can run as many as 36 trains per hour through a station—nearly 50% more than what's allowed by the century-old technology still in place on all but two subway lines. Because system operators cannot tell where trains are relative to each other, they keep their distance to avoid collisions.

Byford has proposed an accelerated installation of modern signal equipment, which also would require the purchase of new trains compatible with it. His Fast Forward plan would cost about \$40 billion over 15 years and involve extensive service shutdowns so crews can work for extended periods uninterrupted. He allowed that signal work would be sped up considerably if new ultrawide-band communications technology can be incorporated.

"Initially I was skeptical because it seemed too good to be true," the transit president said of the technology, which Cuomo has championed. ■

Uber, Lyft and taxis step into the unknown

Big changes—and price increases—will hit the industry next month **BY MATTHEW FLAMM**

Ride-hail drivers will soon get a raise, the result of groundbreaking regulations that set a minimum wage for the app-based services. But that's not the only change confronting the hired-car industry in the New Year.

Starting next month, a state-imposed congestion surcharge will make all rides more expensive in Manhattan below 96th Street. At the same time, fares for Juno, Lyft and Uber could be going up to cover the pay raise.

The congestion fee is projected to raise \$400 million for mass transit. But while the surcharge—\$2.50 per ride for cabs, \$2.75 for app-based vehicles—is expected to depress ridership, how much it will reduce congestion is uncertain.

"We really don't know how it will work out," Meera Joshi, head of the Taxi and Limousine Commission, said at a hearing last week. She wondered if higher fares will encourage people to bring their personal car into Manhattan.

Joshi also objected to singling out one industry for congestion pricing and called for delaying the surcharges until Albany passes a comprehensive bill.

A spokesman for Gov. Andrew Cuomo said the surcharge was "the first phase" in addressing the city's congestion problem. Taxis, which do most of their business in Manhattan, might suffer the most damage.

"It's bad for taxi drivers because they will have fewer rides and they have no minimum wage," said Evan Rawley, an associate professor of strategy at the University of Minnesota who has studied the New York hired-car market, "so they're unambiguously harmed."

The Manhattan surcharge and pay increase for app-based services could spur more drivers to ditch taxis for Uber and Lyft—except that a city-imposed one-year moratorium on new for-hire vehicle licenses went into effect in August. Some experts worry that current license holders will rent out their

vehicle, creating an app-based version of a taxi medallion.

"If yellow drivers want to lease Uber and Lyft vehicles, the app drivers would make money just from having a licensed car," said transportation consultant Bruce Schaller. "They would instantly have an interest in keeping the moratorium."

But taxis could benefit because the app companies are facing higher fares, possibly lower ridership and a general loss of control over an industry they have dominated for the past few years. Yellow-cab interests would love to see fewer Ubers in Midtown.

"There are so many factors that no one can model out how riders and drivers will respond," said Josh Gold, Uber's senior manager for policy.

The operators also predict the cap on for-hire vehicles will result in worse service in the outer boroughs and longer wait times. But others point out that over time, fewer cars could mean more rides per driver, raising drivers' pay without a fare increase.



Under the new TLC pay rules, the more a car is in use in a given hour, the less passengers and the operator will need to pay to ensure the driver makes the minimum wage. The model is meant to reward efficient operators and cut down on cars driving while empty.

For the first year, Juno, Lyft, Uber and Via will use an industry-average utilization rate, but critics say the rules could eventually devastate a company like Juno, which has the lowest rate, and lead to a duopoly. In the past year, Uber and Lyft have gained market share in New York. (Via, however, has the highest utilization rate.)

Schaller sees the app-based companies caught between increasing efficiency and wanting to flood the streets with cars to have the shortest wait times. "They will have to choose," he said. ■

90%
COMBINED for-hire vehicle ride share for Uber and Lyft from Aug. 5 to 25, an increase of 4.8 percentage points from the same span in 2017

NYC building boom creates new challenges

With construction spending near record levels, New York City's streets are bustling with exciting new projects. The current building boom is the second most robust in the 21st century, after the market in 2016, according to the New York Building Congress. Government infrastructure projects, like mass transit, roads and bridges, are expected to increase to \$23 billion in 2019 and \$24 billion in 2020. Among those projects, federal public works projects are projected to hit \$1.2 billion in 2019 and \$1.3 billion in 2020. Meanwhile, MTA projects are expected to reach \$7.9 billion in 2019 and \$8.5 billion in 2020, and Port Authority projects should reach \$2.9 billion in each of the 2019 and 2020 years.

However, some areas are seeing a slowdown. Nonresidential construction, including office buildings, institutional projects, hotels and government buildings, is expected to drop to \$30.4 billion in 2019 and \$23.4 billion in 2020 down from \$39 billion in 2018. Residential construction will rise from \$14 billion in 2018 to \$15 billion in 2019 but then dip to \$10.6 billion in 2020, according to current estimates.

To gain insight into the current landscape, Crain's recently spoke with Louis Coletti, president and CEO of the Building Trades Employers' Association (BTEA).



Louis J. Coletti
President and CEO,
Building Trades
Employers' Association
(BTEA)

Q Crain's: Insurance costs for the construction industry in New York City are the highest in the country. What could be done to reduce them? How does NY Labor Law 240, known as The Scaffold Law, come into play with construction costs?

A Coletti: There are two things needed. One, repeal of the 240 Scaffold Law and two, reduction of Workman's Compensation rates.

New York is the only state in the nation that has the Scaffold Law, which was established in the 1890s. The New York courts have interpreted the Scaffold Law to

impose a standard of absolute liability on all building owners and contractors.

In real dollars, because of this law, insurance costs in NYC are \$33-\$41 per square foot as compared to \$5-\$10 per square foot in New Jersey and Connecticut. New York is no better when it comes to Worker's Compensation rate costs. A recent national report shows that New York has now surpassed California as having the highest Worker's Compensation rates in the nation at \$3.08 per \$100 of payroll or 181% of the study's median rates.

Q Crain's: The high cost of public construction has left the New York City Metro Region with a crumbling infrastructure. Based on your experience, what could be done to reduce the costs?

A Coletti: Over the years, New York City and New York State's public agencies have added provisions without looking at which ones could or should be eliminated. These contract provisions and the lack of flexibility related to public procurement and contract management processes are costing taxpayers money. Some of these provisions include failing to pay contractors on a timely basis, delays approving project change orders and paying for them, and a cap on general conditions or incomplete or design changes to the project from the original set of drawings. Contractors must include in their bids estimated premiums for any or all of the above provisions. If they do not, they run the risk of losing money and/or bankrupting their companies on a single project. Of course the public is entitled to a transparent process. There is a middle ground that would benefit all parties but reform has to be a top priority.

Q Crain's: The pace of construction in New York City, while down a bit from 2016, is still near record levels. The amount spent on construction in 2017 was the second highest in New York City history. How are construction companies adapting to keep up with the continuing demand?

A Coletti: Construction companies are constantly looking to grow their company staff with a new and diverse workforce to keep up with market conditions and to plan for the future. The industry is active in New York City high schools and colleges, with programs that talk about what engineers and project management and support staff

do in order to interest our youth at an early age in the industry, as well as having aggressive recruitment programs at local and national engineering colleges. On the trade labor side, BTEA contractors have partnered with organizations like Construction Skills and the 14 New York City vocational high schools; the Helmets to Hardhats program, which hires returning veterans; and the Nontraditional Employment for Women program in an effort to expand the diversity of the construction trade workforce.

Q Crain's: New York is known to have high labor costs. What can be done to keep them in check?

A Coletti: Over the last few years many individual building trade unions have reduced costs by adopting cost reduction measures like: new entry-level job classifications with lower wage and benefit levels, the ability to use "blended rates" on crew sizes, eliminating unproductive rules and the use of other strategies to reduce costs in the residential market and other markets on a project-by-project basis. Cost-reduction terms and conditions like these should be adopted for projects in every market sector. They can be done in such a way where current employees are protected and the new provisions can apply to newly recruited workers. BTEA contractors continue to make every effort to work with our building trade union workforce to achieve these goals because they remain the most highly trained, most productive and safest workers in the New York City construction industry. ■

...
About the Building Trades Employers Association:

The BTEA represents 25 contractor associations and 1,200 construction managers, general contractors and subcontractors with collective bargaining agreements. In 2018, BTEA contractors estimate they have \$50 billion in construction revenue in private and public construction.

Louis J. Coletti
President
& CEO

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THE ASSOCIATION OF
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- 64% of Accident Related Violations

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While nonprofits wait to get paid, de Blasio made sure his lawyers did

Mayor took shortcut not available to strapped providers **BY JOHN MACINTOSH**

Dear Mayor Bill de Blasio: The City Council heard testimony last month from nonprofits pushed to the edge of bankruptcy because the city took so long to pay them for services rendered. A few days later it emerged that you had overridden normal contracting and procurement processes so that one particular debt—the \$2.6 million owed to your attorneys—got paid. It's hard to know whether to laugh or cry at the irony.

The money owed to your lawyers may have been a big deal for you, but owing millions to vendors is business as usual for the city. At the same time that you were worried about that particular \$2.6 million, our analysis shows the city was stiffer more than 900 social-services nonprofits out of a staggering \$675 million. The nonprofits had already done that much work before the city had even bothered to register the associated contracts, let alone start paying the bills. Of those nonprofits, 47

were owed more than you owed your lawyers—often many times more. An astonishing 91% of the city's social-services contracts are registered late, and it's because of your agencies, not the comptroller's office.

I'm sure Kramer Levin made a strong case for needing the money for the legal work it had done. But it is a big operation, with revenues of \$378 million and profits of \$140 million, and could have waited longer.

The firm would have been fine—though unhappy—if it had never been paid at all. The \$2.6 million in taxpayer funds you paid it went, in effect, to partners who already take home millions of dollars apiece. Although I'm not suggesting that you should have stiffed them, it would have been a progressive act, reducing in some small way the inequality you abhor. By contrast, the nonprofits serve (and often employ) predominantly low-income

New Yorkers. Paying them late is deeply regressive.

At the same time, you must have felt desperate when it became clear you could not pay the bills while abiding by your earlier pledge not to use city money. You've made it clear that you're strapped for cash. You own two houses—together worth about \$3.7 million—but it looks like they have some debt on them. So borrowing the \$2.6 million (if that were even possible) would have put you in a precarious financial position. The loan interest alone—roughly \$150,000 per year—would have been a crushing burden.

You were in a tough situation, but no tougher than that faced by the nonprofits collectively owed hundreds of millions of dollars by the city. Like you, they have little cash. Like you, they struggle to make ends meet. Like you, they have few assets they can borrow against.

91%
OF SOCIAL-SERVICES contracts are registered late by the city

The mayor was in a tough spot, but no tougher than the 900-plus providers collectively owed \$675 million

But unlike you, they can't pull strings, jump the queue and get their bills paid. Heck, they can't even find out why a bill is not being paid or when it might be.

The nonprofits need a transparent system that registers contracts and pays bills on time. Only a serious commitment from you can make that happen.

Now that you've walked in the shoes of nonprofits in a money crunch, it's time to step up and make things right. ■

John MacIntosh is a partner at SeaChange Capital Partners, a merchant bank in New York City that serves the nonprofit sector.

Natural History Museum opponents should put down their pitchforks

I've fought many projects on the Upper West Side, but this one is worthy **BY RONNIE ELDRIDGE**

I have lived on the West Side of Manhattan my entire life. I was born in a hospital on Amsterdam Avenue. I went to school here, married and had three children all while living between West 57th and West 93rd streets. I've long been active in our community, including as a member of Community Board 7 and of the City Council.

I remember going to the American Museum of Natural History 75 years ago as a student at P.S. 166 and bringing my toddlers years later to learn and enjoy. It's always been exciting to live close to this landmark—a place we could return to, recognize the familiar and make new discoveries. We've changed, of course, but so has the museum.

Now this New York City institution wants to create the Gilder Center for Science, Education and Innovation and house it in a modern structure on the west side of its campus. It would replace three existing buildings and take only about a quarter of an acre from the lovely Theodore Roosevelt Park. Among its many benefits, the Gilder Center would bring more science to youth—at a time when it is sorely needed—by providing classrooms, exhibition space, galleries and a theater.



HIVE OF ACTIVITY: Neighbors should welcome the museum's initiative.

But to my dismay, a lawsuit seeks to stop the project. The people behind it cite their fear of construction, crowds and loss of parkland.

I love the museum, but I would speak up if I thought the impact of its plan too great. I've joined many protests in my years representing the Upper West Side as an elected official and before that as a concerned citizen and parent. I've fought development and traffic and marched for more park space and greenery.

I get it: Change is hard. But this

change is enhancing what matters, not destroying it.

The museum is not a developer looking to make a profit with the tallest building on Columbus Avenue. It is not changing the fabric of our community. It is a cultural institution and neighbor that has long helped weave together that fabric.

The expansion would have minimal impact on the park and in fact would significantly enhance it by adding publicly accessible green space and sitting areas. The museum also would

continue to work with Friends of Theodore Roosevelt Park and support the park's maintenance.

Although some trees would have to be removed, many more would be planted, including canopy trees.

The opposition's warnings about toxic contaminants are misleading because their levels are typical of other construction sites in the city that have never resulted in the supposed problem.

From the museum's earliest days, even before it signed a lease with the city to build in the park in 1877, there was broad recognition of the value the enterprise created for the neighborhood, the city and the country itself. The state and city knew a larger public good comes from placing cultural institutions in public spaces—that access to learning and knowledge are critical to who we are, our sense of community and our connection to one another.

It would be right, especially in these times, if we could all come together to ensure this valued institution can enhance its contribution to keeping the world informed and the planet livable. ■

Ronnie Eldridge represented the Upper West Side on the City Council from 1989 to 2001.

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Connections started my career—let's give others the same chance

Young people without social capital have a lot to offer **BY KEVIN DAVIS**

It's no secret that diverse workplaces benefit everyone, and leading corporations in New York are making great efforts to diversify. For example, 55% of Bank of America's latest class of interns were people of color, and in a recent survey 87% of companies said diversity and inclusion were a priority.

Even with this progress, there's work to be done. I know from being on the other side of the hiring desk that even when businesses seek diverse workforces, first-generation and underrepresented students are less likely to have the social capital necessary to land exceptional internship opportunities.

My own career began with a finance internship. I was hired in part because of connections by way of my late grandfather. This opportunity kicked off my 30-year career in finance. Since retiring in 2008, I co-founded First Workings to help businesses in their efforts to open doors for underrepresented students in New York through internships, the

same pivotal experience I was fortunate to receive. I see every day how transformative internships can be for these students—and for the companies themselves.

We provide professional training to underserved high school students primarily from the Bronx and Harlem, then pair them with internships at top companies such as Lazard, Morgan Stanley and White & Case. Many employers originally thought they were doing us a favor by hiring our interns, but the unique perspective these students bring ends up benefiting them just as much.

Interns from first-generation and underrepresented backgrounds have ambition and drive that invigorate an office. A student we work with lives in a shelter with his mother and is one of the top students at his school. He brought his perseverance and effort

to his internship at a well-known film production company. His perspective was invaluable: One change he suggested for a film was used in the final cut.

Our experience shows how quickly students can contribute to companies when given a chance. For example, Lemuel had no idea what a financial or energy derivative was when he was paired with LCM Commodities. But his managers were so impressed during his internship that they sponsored him to take the necessary exams so he could engage with clients directly. Lemuel is now a student at Brown and keeps in touch with his mentor from the firm.

Leading companies won't become more diverse overnight, and equity and inclusion go beyond sifting through résumés. Expanding the internship pool is one important way companies can reach their goals and bring new energy

and ambition into their offices. Companies can partner with organizations working full time to connect underrepresented students with internship opportunities to access excellent current and future contributors.

Anyone in a position to hire should think of the people who made a difference in their professional life early on: a parent who taught them how to shake a hand, a teacher who encouraged them to explore a new field or maybe a family friend who led them to their first job. Many underrepresented students don't have the same access to these pivotal insights. For them, internships and professional mentors can make all the difference—and provide the diverse perspective necessary to bring companies into the future. ■



DAVIS

Kevin Davis is founder and chairman of First Workings, a nonprofit helping underserved city high school students acquire social capital through paid summer internships.

FROM OUR READERS

Comptroller wrong to portray all-cash home buyers as wealthy

A RECENT housing report by the city comptroller proposes funding affordable-housing development by modifying the taxes people pay when they purchase or sell real estate ("Stringer pitches alternative plan for affordable housing," published Dec. 3).

The premise of the report is that these taxes, as currently structured, favor wealthy, all-cash buyers. But the report selectively chooses data to support this premise. It singles out statistics for purchasers of \$5 million homes in Manhattan from one quarterly report to make a broad conclusion about all-cash buyers citywide.

The reality of all-cash buyers is very different from that portrayed by the comptroller. My wife and I took out a mort-



STRINGER

gage to purchase a relatively modest home in Queens for our family more than 20 years ago. Now, like many of our peers whose

children have left, we are selling our home and moving to an apartment in the city. We intend to use the proceeds of the sale rather than take out a loan. We are not selling or purchasing a \$5 million home.

According to our broker, our situation is not uncommon. Often cash buyers are older people who have equity from the sale of a previous home. Like many of them, we paid mortgage-recording tax on our first home purchase and would not benefit from the elimination of that tax, as Stringer is proposing.

Other reports confirm that in addition to wealthy investors, older householders—seniors in particular—are more likely to purchase homes with cash.

The comptroller's report makes only a fleeting reference to retirees of moderate means, offering them the not-reassuring proposition that cash buyers of homes worth less than \$1 million would face "roughly similar burdens."

The study's oversimplification and failure to provide more comprehensive data in support of its premise and policy recommendation is problematic. Unfortunately it leads to a proposal from the comptroller that could harm many nonwealthy householders.

J. LEE
Queens

AIRBNB: LET'S TALK
WE COULD NOT agree more with Councilmen Keith Powers, Paul Vallone and Jimmy Van Bramer's op-ed: "The city should do more to support our burgeoning tourism industry" (CrainsNewYork.com). At Airbnb, we have seen New York's tourism boom firsthand. This summer marked a record for Airbnb guest arrivals in the city, while Thanksgiving weekend saw nearly 63,000 guests—a notable jump from the 56,000 last Thanksgiving.

As more guests than ever took in the Thanksgiving festivities, New York families in all five boroughs got a holiday gift in the form of extra income from sharing their home. Thanksgiving weekend alone, our hosts here made approximately \$12.4 million, with the

typical host taking home \$567—a much-needed boost during a time of year when bills tend to pile up.

And we too have seen the opportunities tourism can bring to the outer boroughs. From Staten Island to the Bronx, an influx of visitors to communities long excluded from the tourism economy have introduced a vital revenue stream. In predominantly black neighborhoods alone, local hosts have made \$70 million from home-sharing during the past year—up by 63% from 2016. Along with putting money into the pockets of local hosts, guests in the outer boroughs spend their dollars at local shops, restaurants and attractions.

As part of the council members' efforts to invest in tourism, we

hope they will join us in finding a path forward for home-sharing in our city so local hosts and small businesses alike can continue to benefit from the tourism economy. We support a bill by Brooklyn Assemblyman Joe Lentol, a Democrat, that will help protect home-sharing as a tool of economic empowerment while limiting it in New York City to one home listing per host. The bill also would create a licensing system, protect affordable housing, provide for tax collection and additional safety measures, and more.

Together we can find a solution on behalf of our tourism industry and the more than 40,000 New York hosts who wish to remain a key part of it.
JOSH MELTZER
Head of Northeast policy
Airbnb

amazon

2019 ECONOMIC OUTLOOK

IF SOMEONE HAD TOLD YOU 10 years ago that today record numbers of New Yorkers would be working, crime would mostly have disappeared from the headlines, and the city would be bursting at the seams with new residents and tourists, you might have told that dreamer to quit smoking whatever was in his or her pipe. Well, as fate would have it, it's quite possible that recreational weed will be legalized by the state next year.

In *Crain's* annual Economic Outlook, we examine how changes in Albany and elsewhere are poised to affect businesses small and large in real estate, finance, health care, tech, the media and beyond.

In some ways, the big question facing the city is a fortunate one: How can New York deal with the effects of unprecedented good times? But there's plenty to be wary about. The local economy is likely to grow, but at a slower pace, and that downward shift might not feel so good after so many go-go years. Democrats will control all levers of power in state government, and several newly elected political leaders, such as Queens Rep. Alexandria Ocasio-Cortez, are planning to fight hard against the looming arrival of Amazon—arguably the biggest economic boon the city has seen in decades.

—AARON ELSTEIN

PICKING SIDES

Warring factions at a local college suggest the fight over Amazon will be a long, hard slog

BY GREG DAVID

L.J. Williams walked into the conference room at LaGuardia Community College to discuss Amazon's decision to put a headquarters a few blocks away in Long Island City with a button proclaiming "Gentrification is colonialization" pinned to her sweater. It wasn't long before the 30-year-old immigrant from the Philippines pulled out a sheet of paper and began passionately listing the sins of the company. "Do you know how they treat their warehouse workers? Do you know they work with ICE?" she asked with indignation.

Nigina Ortikova was even angrier. The 21-year-old is the first member of her family, which emigrated from Uzbekistan four years ago, to finish high school, and she was sure that Amazon would mean disaster for her hardworking parents and four sisters. "It's very personal for us," she said. "Immigrants live here, and they will be displaced. Brokers are already going to landlords telling them to raise the rents."

It's a different story for 66-year-old Gail Mellow, president of the college. She attended the meeting where business leaders decided to try to bring one of Amazon's second headquarters and its 25,000 jobs to the area. Her school pitched itself as a key resource. Mellow has pushed programs at the school to train its diverse student body for jobs in tech. She is pushing Amazon and the city and state to come up with millions more than they have promised in funding for training workers, but she sees a bright future.

"At LaGuardia we know we can take adults who are reading at the fourth-grade level and launch them into the middle class," she said. "This is an unprecedented opportunity for the people I care about: the low-income people who are my students and who live in Queens."

LaGuardia Community College is now the epicenter of the escalating fight over Amazon's impending arrival and the almost \$3 billion in incentives it could receive. The conflicting visions of New York's future are on display. Some students and faculty held a teach-in to supercharge efforts to block the plan. Last week a meeting of CUNY trustees at the school was disrupted by student demonstrators.

Meanwhile Amazon's supporters appear to be underestimating the opposition, confident they can win what they see as another land-use controversy because both the governor and the mayor are strongly committed to the deal. They have been heartened because the government officials who are publicly opposed have so far been limited to Queens, including City Councilman Jimmy Van Bramer and state Sen. Michael Ginaris along with newly elected U.S. Rep. Alexandria Ocasio-Cortez. But overconfidence is a risky position.

"The world is changing before our eyes," one insider said. "Who would have predicted that Ocasio-Cortez would have 1 million-plus Twitter followers and arguably be a more influential New York delegation member than anyone else?" After Ocasio-Cortez tweeted a *Crain's* piece last week about Amazon's seeking help from a lobbying firm to counter the opposition, readership of the story jumped sixfold.

Playing the villain

To students such as Williams and Ortikova, Amazon must be stopped because it is the villain of modern capitalism, a monopoly that has ruined so many businesses, treats its workers poorly and has the arrogance to ask for subsidies when it is run by the country's richest person. They are the proselytizers at the college for a broader coalition of progressive groups that have decided to wage war against Amazon, including the Retail, Wholesale and Department Store Union, UFCW, Workers United, SEIU, Make the Road New York, New York Communities for Change and ALIGN.

For some foes of the deal, their distrust is based on previous experience with the ills interlocking chain stores cause local business owners. Williams, for one, is

AMAZON TAKING AIM AT MADISON AVENUE

HQ2 is all about growing the company—now the third-biggest advertising platform—into an even bigger powerhouse **BY MATTHEW FLAMM**

During the dozen years that Barry Lowenthal has been running The Media Kitchen, he has seen many changes affect the advertising industry. Lately one of them is an increasing shortage of talent.

He has 11 job openings at his 110-person media-planning agency in SoHo. That's an improvement from a few months ago, when he had 20. Some of the open positions are attributable to growth, but others are a result of competition—which will become more acute when Amazon, the country's third-largest digital advertising platform, builds its second headquarters in Long Island City.

"We lose a lot of people to Google and Facebook," Lowenthal said. "I imagine now it's going to be that much easier to lose people to Amazon too."

It is one of the ironies of Amazon's selection of New York for a campus that eventually is expected to bring 25,000 jobs to the city: A lot of those hires will be poached.

The e-commerce giant chose New York ostensibly for its tech talent pool and concentration of college graduates, not to mention its mass transit system, major airports and its willingness to throw in a helipad for Chief Executive Jeff Bezos. But some observers say the city's position as the world's advertising capital was the primary draw.

"The backdrop here is that Amazon's core retail business is slowing," said Cooper Smith, director of Amazon research and strategy at consulting firm Gartner. "So it has to look elsewhere for growth. Advertising is its fastest-growing business. It wanted access to Madison Avenue—to the agencies, the marketers, the advertisers."

Amazon did not respond to requests for comment.

As a digital ad platform, Amazon has been called a sleeping giant, slowly encroaching on Google's search-advertising business by attracting consumers who were ready to make a purchase.

The giant began to attract notice last year: BMO Capital Markets told investors the advertising business was "gaining significant momentum" thanks to the company's "large repository of consumer purchase data," which offered "tremendous targeting"



LOWENTHAL

opportunities for brands.

A brand can pay to have its products show up at the top of search listings or be promoted above a search page or in display ads alongside search results or product reviews. There's room for traditional banner and video ads as well. And with almost half of all e-commerce sales taking place on Amazon, the company can help a brand target a consumer who has

purchased a competitor's products in the past.

"Amazon has been sitting on a wealth of information on just about every consumer in the United States," said Will Margiloff, CEO of digital marketing agency IgnitionOne. "Just about anyone who buys something is sitting in their database."

In September, to make its services easier to use, the company reorganized its suite of marketing and ad offerings into one division, Amazon Advertising. Two weeks later eMarketer projected that by the end of the year Amazon would be raking in 4.1% of all digital ad spending in the United States.

That estimate moved the company into third place behind Google (37.1% market share) and Facebook (20.6%).

With projected annual growth of more than 50%, Amazon would own 7% of the market by 2020, with around \$11 billion in net advertising revenue.

The company would still be a distant third, with Google's ad revenue expected to be \$55 billion and Facebook's nearly \$33 billion. But Amazon could just be getting started.

"We've yet to see Amazon really ramp up its ad platforms," said Martin Utreras, eMarketer's vice president of forecasting.

Ad dollars, Utreras said, are moving from offline retail, including the marketing that brands do inside Target, Walmart and other brick-and-mortar stores, and Google search, Oath (formerly Yahoo and AOL) and Facebook. Although Utreras said he considers

the shift to be relatively modest, he sees enormous potential, particularly as Amazon makes gains in the retail and consumer product advertising categories.

"Whoever dominates those two categories will be dominant in the ad market," he said. "So in that way, this shift is significant."

Ad agencies on notice

Amazon doesn't just threaten other ad platforms, however. Smith said the company could do to the advertising industry what it has done to businesses in other sectors—become such a powerful force that it changes how the industry operates.

"Agencies should be scared," Smith said. "Amazon is trying to automate the process of buying ads as much as possible. It doesn't want to displace agencies by becoming an agency itself; it wants to cut agencies out of the process."

Facebook and Google, along with big and small advertising firms, will soon be competing for talent, he added.

"Amazon says it's bringing 25,000 jobs, but the talent it's going to be hiring already lives here," he said. "They'll want to poach marketers from Google and Facebook. They'll want to poach the agency execs who hold the billion-dollar accounts with P&G and Unilever, because they want that ad spending."

But some agencies said that, although Amazon might require them to step up their game in terms of recruiting and retaining talent, its presence in New York will only improve and increase the talent pool by drawing more people to the market.

Kelly Clark, global CEO of GroupM, said he sees Amazon as a new source of growth. The Manhattan-based advertising giant is building teams designed to help clients work with Amazon.

"Amazon wants well-educated operators on its platforms," Clark said. "Some clients will choose to do that themselves, but many will work with partners who can do that."

Concerns that Amazon might cut out the ad-agency middleman are overstated, he added. "People predicted Google would remove us from the ecosystem as well," he said. "We've been working with Google well over 15 years now."

Others note that there are many ways to reach consumers who shop on Amazon, and that brands will continue to need assistance sorting through them.

"Agencies understand the holistic view of just how the Amazon part fits into the overall plan," said Scott Shulman, vice president of client development at Centro, an ad software provider that helps clients work with the Amazon platform. "Even if Amazon is a really big part of Procter & Gamble's or Unilever's sales, there's still traditional media, digital out-of-home advertising, radio, search, social. There's still a lot of opportunity that can't be solved just by Amazon." ■

PICKING SIDES

CONTINUED FROM PAGE 13

horrified that Target is building another store near her home, just blocks from an existing location. The landlord told a 99-cent store run by an immigrant family with five employees that the rent was being raised, and the family lost the business, emblematic of what's to come when HQ2 arrives, she said.

With more than 60,000 people homeless, Ortikova is astonished the city would allow Amazon to build on a site she insists could accommodate 15,000 units of housing for them. When asked where the money would come from, she had a clear answer: "The state. It isn't doing anything about the homeless crisis."

Defenders of the deal, led by Gov. Andrew Cuomo, believe it is the jobs that companies such as Am-

azon bring that make the city prosperous. Cuomo has claimed that the 25,000 new local jobs offered by the e-tailer in the next decade represents the largest economic infusion in state history. He said the incentives are just a fraction of the company's tax bill. While that is clearly an overstatement, other backers have pointed out that Amazon has pledged that the newly minted workers will earn an average of \$150,000 per year at a time when many of the jobs created in the current recovery have been low-wage ones.

While Amazon's opponents have grabbed public attention, a Quinnipiac poll last week showed solid support for both its expansion and the tax breaks, even in Queens and especially among minority residents. "In politics, simple arguments always win over complicated ones, and it's com-

plicated to explain why a huge company owned by an extremely wealthy man needs billions in tax breaks," said Seth Pinsky, who negotiated similar packages while president of the Economic Development Corp. during the Bloomberg administration. "The [incentives] were required to secure a relocation that is going to create thousands of jobs for people of many different skill levels."

Mellow is determined to lobby Amazon, the state and the city to increase their commitment to workforce development. The agreement calls for \$15 million; she raises that much for LaGuardia's development programs yearly.

"Our students are hungry for middle-class jobs," she said. "This is a headquarters, and there will be lots of jobs for them." ■

57%

OF NEW YORKERS think Amazon coming to LIC is good for the city, a Quinnipiac poll found

A BIT LESS BOOM

Economist says city's job growth will slow next year

BARBARA BYRNE DENHAM INTERVIEW BY AARON ELSTEIN

As a senior economist at real estate research and analysis firm Reis, Barbara Byrne Denham has studied the ups and downs of the city's economy for more than 20 years. Since getting her doctorate in economics at NYU, she has worked at Colliers ABR, Eastern Consolidated, Jones Lang LaSalle and the city's Economic Development Corp.

At this time last year, you were optimistic about the city's economy. That forecast certainly panned out. How do you feel now?

I'm still optimistic, although I think job growth will slow next year. The city will probably add about 75,000 jobs [this year], but I think it will be closer to 35,000 in 2019. I think you'll see lots of strength in professional services: accounting, law, engineering. The economy is still very good.

Will job growth continue even though a record 4.5 million New Yorkers are already working and the minimum wage will rise to \$15 an hour next month?

One reason I think so is the arrival of Amazon in Queens. It will take 10 years for all 25,000 jobs to get here, but in the meantime you'll see lots of development in and around Long Island City. Restaurants, fitness clubs and other small businesses will emerge. That's important because the city used to rely so much on Manhattan to drive the economy. Job growth in the outer boroughs has been driving the city economy for several years and has made this expansion stronger and deeper than what we had in the past. The Amazon announcement tells me that this will continue.

Is it possible developers are irrationally exuberant?

It's true that prices for high-end housing are weakening, and I know a lot of residential real estate brokers who aren't doing so well. But apartments under \$3 million are still selling. A lot of new housing has been completed in recent years, but that's slowing down. We expect completion of 11,480 new rental apartments this year, which is slightly below last year's 13,470, and in 2020 it drops to 4,470. The pipeline is getting a little weaker, so I'm not worried about empty spaces.

Which sectors are most under threat?

I went to the Lord & Taylor on Fifth Avenue and walked out thinking, [Manhattan] retail is still going to struggle. There were great bargains, but most of the merchandise was pretty picked over. Retail looks a lot better in Queens and Downtown Brooklyn.

Wall Street used to be the main driver of the city's economy. Do you see it becoming that again?

What's so interesting about this expansion is Wall Street has not contributed to it. This year 1,350 jobs were added on Wall Street. There's lots more going on everywhere else you look.

Like where?

Technology, for sure. Google is adding jobs. That makes the city a magnet for others in that space.

The spillover effects are real. For instance, tech-sector growth boosts admissions to places like Cornell Tech and NYU. Higher education didn't used to be a big economic engine here. It is now.

A year ago you were concerned that the loss of the state and local tax deduction would hurt the city. Has it?

I think the change in tax law really reduced incentives to buy a home, and people are putting off decisions. The flip side is, the loss of the deduction helped stabilize the rental market. The other question was whether the law would cause New Yorkers to flee for low-tax states, such as Florida and Texas, but I don't see it. I also worried that the tax-law change would hurt charitable giving and nonprofits, but now I'm not so sure. We'll find out soon enough.

Do you still think the subway has deteriorated so much that it could threaten the city economy?

I think there has been substantial improvement in

“Washington presents the biggest risk to the city economy”

the subway and [NYC Transit Authority President] Andy Byford has made a difference, though there's still lots of work to do. On the whole the city's infrastructure needs are being addressed, although the L-train shutdown is going to be painful in Williamsburg. At least that problem is being dealt with. At LaGuardia Airport, one wing of the new terminal has opened. The big thing that still needs to be done is the Gateway tunnel, and that's complicated because it involves Washington, which to me presents the biggest risk to the city economy.

Why is that?

I'm concerned about Washington doing something for a short-term economic boost that hurts in the long run. I worry about rolling back lending standards and allowing banks to keep less risk. Loosening regulations can create jobs in the short term, with a big price later. Banks aren't doing as much commercial real estate lending as in the past, but private-equity firms and others, who aren't as experienced, have stepped in. We won't know until later if the new lenders did it right. The tide hasn't rolled out yet. ■



BUCK ENNIS

POT IS TOPS ON ALBANY'S AGENDA

With Democrats in control and Cuomo in favor, New York is closer than ever to legalizing recreational marijuana

BY WILL BREDDERMAN

It's high time to decriminalize marijuana in New York, Democratic leaders are saying.

Come the start of the legislative session in January, Gov. Andrew Cuomo will reveal a "green new deal" of his own. Details are scarce, but the governor's team promised it would consider the recommendations that the Department of Health released in July calling for the state to allow, license and regulate recreational cannabis consumption—as well as suggestions gathered at "listening sessions" held across the state in September and October.

"The goal of this administration is to create a model program for regulated adult-use marijuana," Cuomo spokesman Tyrone Stevens said. "We expect to introduce a formal, comprehensive proposal early in the 2019 legislative session."

Albany lawmakers who have spearheaded legalization for the past five years are optimistic about their prospects next year, even though their Marijuana Regulation and Taxation Act has failed to advance past committee. One of them, state Sen. Liz Krueger of Manhattan, highlighted some promising developments since the last legislative session ended in June.

First, the adjacent states of Vermont and Massachusetts, plus Canada to the north, have implemented weed-legalization policies of their own. The seeds appear planted in the Garden State as well. Not only will it get harder for New York's narcs to stop the drug from breaching the borders, but its cash-hungry government risks seeing its neighbors enjoy the economic and fiscal rewards of bringing the black market into the light.

"Are we just going to watch people drive 15 minutes to get the product? Are we going to build walls to stop them from bringing

it home?" Krueger asked.

In November, Democrats overran the capital's last GOP stronghold: the state Senate. Black and Hispanic lawmakers from the five boroughs—many of whom blame high incarceration rates in their communities on unfair enforcement of marijuana laws—make up a disproportionate share of the chamber's new blue majority.

The smoke seems to be blowing in the same direction all across the state, noted Buffalo Assemblywoman Crystal Peoples-Stokes, the prime sponsor of the lower chamber's bill. She further asserted that the same stakeholders who successfully lobbied to pass a medicinal-marijuana program in 2014 are now backing recreational legalization as well.

"The simple fact is that the vast majority of the polls say that New Yorkers are supportive of this: Farmers are supportive of this. Small businesses are supportive. Medical-marijuana licensees are supportive," Peoples-Stokes said. "There's a wealth of business opportunities around this."

What's less clear is how the state will spread that wealth around. Krueger cited statistics from 2012 that found low-level marijuana arrests had cost New York City \$600 million during the Bloomberg administration. The state Department of Health found that tax revenues on a legalized program could raise between \$281 million and \$678 million in the first year alone. The jobs and businesses that sprout up around the new industry would generate economic activity.

The two legislators have pushed for the permit-granting body—whether the existing state Liquor Authority or a new overseer modeled on Massachusetts' Cannabis Control Commission—to carve out opportunities for black and Hispanic entrepreneurs, and for Albany to reinvest revenues in areas that saw the greatest percentage of arrests under the old statutes.

New York University's Rudin Center for Transportation Policy and Management argued in a report released last week that the dollars raised should give a lift to the Metropolitan Transportation Authority.

Cuomo has his own plans for the newly minted cash. Both Krueger and Peoples-Stokes told *Crain's* they had heard rumors the governor would include marijuana legalization in his budget proposal next month, meaning the state could have a fiscal framework for the program as soon as April. Cuomo's office declined to confirm or deny those rumors.

Krueger wants business owners to spend the next month lighting a fire under the governor. "I urge everybody who's interested to let the governor know they support his doing this," she said. ■



CUOMO AND KRUEGER are leading the push to end the prohibition on marijuana.

INVESTING IN HEALTH

Insurance costs will continue to rise; single-payer gets a political boost

BY JONATHAN LAMANTIA AND JENNIFER HENDERSON

Employer-sponsored health insurance

Health benefit costs for employees of metro-area mid-size and large companies increased 3.6% this year, to an average of \$15,975 per employee. Although the increase is in line with the national average of 3.2%, costs are 23% higher in New York than in the rest of the country, according to consulting firm Mercer.

In its 2018 Healthcare Plan Survey published in October, Mercer reported that respondents estimated 2019 costs would rise 6% if they made no changes to their current programs. But respondents said they expect to hold their increase to 4.1% by making program or vendor changes or both.

Single-payer

After failing to pass for four straight years, a single-payer health bill's political odds of becoming law received a jolt. Democrats, who supported the bill in the Assembly, won the Senate in the midterms and

could radically reshape New Yorkers' health care. Gone would be premiums and deductibles. In their place would come a surge in taxes to pay for it all.

The New York Health Act, sponsored by Assemblyman Richard Gottfried and state Sen. Gustavo Rivera, was endorsed by 1199SEIU, the New York State Nurses Association and several physician organizations. The Greater New York Hospital Association, the state Health Plan Association and the Business Council of New York State have lined up against it.

Opponents decry the \$139 billion tax increase that would be used fund the bill in 2022. But for households earning up to \$290,000, the higher taxes would be offset by reduced health costs under one scenario proposed by the Rand Corp.

Gov. Andrew Cuomo showed little interest during a radio interview last month: "I have a lot of great ideas of Christmas gifts I want to get, but then I have to deal with the reality of the cost in the budget."

Opioid crisis

Medications including buprenorphine, deployed with therapy and counseling, have reduced opioid withdrawal symptoms and infectious disease transmission and kept individuals in treatment. The state—where 2015 opioid-related health care costs were about \$1.3 billion—and other organizations are investing to expand access to them.

On Dec. 4 Cuomo announced more than \$9 million in federal funding for opioid addiction

treatment. About \$3.9 million will be used for hiring or contracting additional prescribers of buprenorphine in 26 counties.

New York City Health and Hospitals said Nov. 1 it had expanded access to buprenorphine through 18 community and hospital-based ambulatory care centers.

Nurse-staffing ratios

The state Nurses Association gained a powerful ally in its fight to pass a law regulating nurse-staffing ratios when Cuomo said in June he would introduce a bill next year to allow the state Health Department to regulate staffing levels.

The union says its members are asked to care for an unsafe number of patients at one time. The Safe Staffing for Quality Care Act would set a maximum number of patients a nurse can treat simultaneously. Intensive care unit nurses could monitor two patients at a time, while nurses on a regular floor could care for up to four patients. The measure has failed to win support from the Legislature at least four times since 2010.

The Greater New York Hospital Association has been its chief opponent. It says nurse-staffing ratios take flexibility away from its members and could result in less money to hire other medical providers. Staffing ratios have lacked popular support elsewhere. Massachusetts residents in November voted down a ballot question that asked if they supported patient assignment limits for registered nurses in hospitals—by a 7-to-3 margin. ■



MIXED RETURNS

Market uncertainty and a glut of space muddy the real estate picture

BY JOE ANUTA AND DANIEL GEIGER

REAL ESTATE EXPERTS are bracing for another year of uncertainty that at best will deliver anemic growth and at worst, more declines in prices and activity.

The culprit is a continued hangover from the postrecession party. Many real estate investors who saw the rapid appreciation of assets from 2013 to 2015 hoped prices would only keep rising. They didn't. And now owners of condos, rental housing, and commercial and retail spaces are reluctant to drop asking prices, fearing a loss of equity or falling behind on loan payments. Despite strong economic fundamentals and record-low unemployment, rising interest rates, global turmoil and the specter of a recession could portend another lackluster year for investors.

CONDOS

Asking prices were inflated by around 10% in 2018, said Donna Olshan, head of Olshan Realty—meaning sellers had to make serious adjustments before striking a deal. The same will hold for next year as well.

“The market moves in New York when the prices are right,” Olshan said. “When it is overpriced, it's like anything else: Inventory builds up, and you get a buyer's market.”

RENTALS

At first glance it appears that rents went up this year. But concessions are rampant, and when those perks are factored in, it's clear that prices in most of the city have essentially tracked inflation. And more supply is on its way. Thousands of apartments are planned for Long Island City alone.

“Last year was clearly a reset in the real estate economy,” said Jonathan Miller, head of appraisal firm Miller Samuel. “I think 2019 may shape up to be a little weaker.”

RETAIL

Storefronts remain overpriced in vast swaths of the city, greatly limiting the types of businesses that can afford them. Longtime owners without mortgages are increasingly dropping prices, while those funding debt do not have the same flexibility. That has led to a rash of vacancies, along with more institutional investors who can afford to wait out the market. As others drop rents and vacancies decrease, these owners believe they finally will be able to get the prices they want.

OFFICES

For several years the price of office buildings largely has been flat as commercial rental rates have plateaued. “The challenge on rents is we have had a lot of supply added,” Scott Rechler, CEO of RXR Realty, said of the uptick in construction of large-scale office buildings in Hudson Yards, Lower Manhattan, Midtown East and elsewhere. There are hopeful signs, however, as the burgeoning tech industry has proved to be hungry for space.

“Those are going to be positive forces in the office market,” Rechler said. ■

CAUSE FOR CONCERN AND THAT'S NO BULL

Wall Street's optimism of a year ago has all but run out **BY AARON ELSTEIN**

Three years ago Goldman Sachs granted employees \$2.3 billion worth of shares for a job well done. The hitch was that no one could sell them until 2019. While they waited, the stock price rose ever higher, especially after Donald Trump was elected president. Earlier this year the bonus shares were worth almost \$4 billion.

But Goldman has been one of the market's worst performers this year, with its stock dropping by 27% as trade wars, rising interest rates and a scandal in Malaysia took their toll. The deferred bonuses are now worth \$2.7 billion. It's still a ton of dough, but a lot less than what Goldman's fortunate employees stood to receive not long ago.

The story at other Wall Street firms is much the same. Bank stocks as a group have fallen in 2018, and a year that began with euphoria over tax cuts and regulatory rollbacks is ending on a seriously sour note.

“Most financial stocks will enter 2019 priced for a downturn,” Frederick Cannon, director of research at brokerage firm Keefe, Bruyette & Woods, said in a report last week.

One reason for the gloom is that last week the bond market began flashing a sign of harder times ahead. The yield curve for some U.S. bonds inverted, meaning borrowing money for a few months cost more than borrowing for several years. If the situation persists, at the very least profits and banks large and small will be squeezed.

'Last call' for investors

But it could well be worse: The inverted yield curve is one of the more reliable predictors of an economic slowdown. The last time the curve inverted was in 2006, a year before the Great Recession began. Yield curves also inverted in 2000, 1989 and frequently between 1978 and 1982—all shortly before recessions.

“It is the equivalent of a bartender yelling out, ‘Last call!’” Nicholas Colas, co-founder of DataTrek Research, said in a client note.

For now, Wall Street leaders say they don't see a recession as imminent. Companies are still hiring, and wages are still rising. A key indicator of U.S.

economic growth, the Institute for Supply Management's monthly manufacturing survey, shows industry leaders' optimism remains robust. And state Comptroller Thomas DiNapoli said in September that Wall Street pretax profits—\$13.8 billion in the first half—were on pace to top 2017 levels.

“My view on the U.S. economy is well summarized by the most recent [Fed] statement, in which variations on the word ‘strong’ appeared five times,” John Williams, president of the Federal Reserve Bank of New York, proudly observed last week.

But in many quarters the mood has darkened as the impact of last year's tax cut wears off and the White House's unpredictable trade policies stoke fears that exports will fall. The U.S. economy was the only major one in the world whose growth accelerated this year, and going it alone again seems like a long shot. Also, the Fed is trying to wean the economy off the ultralow interest rates that have been in place since the financial crisis, and no one knows how that transition will play out.

“It may not be quite as smooth as we think,” JPMorgan Chase CEO Jamie Dimon observed at a conference last week.

Wall Street is one the most important drivers of New York's economy, though the city's reliance on finance has lessened during the past decade as the technology, tourism and health care sectors have grown. Still, average pay on Wall Street reached \$422,500 last year, the highest since the financial crisis, and the industry accounts for 21% of all private-sector wages paid in the city, plus nearly a fifth of state tax collections. If the industry's fortunes do take a hit, banks likely will respond by moving more jobs to lower-cost locales such as Whippany, N.J.; Jacksonville, Fla.; and Salt Lake City.

But none of that unpleasantness might be necessary if the economy continues to grow, even if at a slower pace. Economists surveyed by *The Wall Street Journal* expect GDP to increase by 2.3% next year and by 1.8% in 2020—which ordinarily would sound good except that both figures are dwarfed by 2018's estimated 3.1% gain.

In other words, growth might merely be reverting toward the mean. That feels like a downer after this year's euphoric highs. ■

27%

DROP IN GOLDMAN SACHS' stock price this year as interest rates and tariffs rose

POSITION AVAILABLE

AVP/Senior Research Associate (AllianceBernstein L.P.—New York, NY) Collaborate w/ Sr Analysts in rsrch'g ind trends & provd'g financ'l analyses for invstmnt decisions. F/T. Reqr's Mstr's dgr (or frgn equiv) in Bus Admin, Finan, Engrnr'g or rel fld & 1 yr of exp in the job offrd or in mgmt cnsult'g, econmic rsrch or financ'l srvc's. Must have 1 yr of exp in the flw'g: cmmunic'tg results of cmplx anlyses to intrnl & extrnl clients; anlyz'g & intrprt'g financ'l statemnts to assess co's prfrmnce drivers; condct'g co financ'l anlysis & dvlp'g anlytcl mdl's; & anlyz'g cmpetitive dymc's in an ind, evaluat'g corprte stratgs or dvlp'g invstmnt recs. Exp may be gained cncurrntly. Resumes: J. Alvia, AllianceBernstein L.P., 1345 Ave of the Americas, New York, NY 10105. Job ID: AVP-BHU

PUBLIC & LEGAL NOTICES

NOTICE OF QUALIFICATION of Integro Insurance Brokerage Services, LLC. Application for Authority filed with the Secretary of State of New York (SSNY) on 10/19/2018. Office location: NEW YORK County. LLC formed in DE on 9/18/2018. SSNY has been designated as an agent upon whom process against it may be served. The Post Office address to which the SSNY shall mail a copy of any process against the LLC served upon him/her is: c/o Gary T. Harker, Esq. 6 Clement Ave, Saratoga Springs, NY 12866. The principal business address of the LLC is: 1 State Street Plaza, 9th Floor, New York, NY 10004. DE address of LLC is: 1201 N. Orange Street, Suite 710, Wilmington, DE 19801. Certificate of LLC filed with Jeffery W. Bullock, DE Secretary of State, located at: 401 Federal St #4, Dover, DE 19901. Purpose: Insurance sales and services.

Notice of Qualification of OLIVE TREE ASSET MANAGEMENT LLC Appl. for Auth. filed with Secy. of State of NY (SSNY) on 11/19/18. Office location: NY County. LLC formed in Delaware (DE) on 08/04/17. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to c/o Corporation Service Co., 80 State St., Albany, NY 12207-2543. DE addr. of LLC: 251 Little Falls Dr., Wilmington, DE 19808. Cert. of Form. filed with DE Secy. of State, John G. Townsend Bldg., 401 Federal St., Ste. 4, Dover, DE 19901. Purpose: Any lawful activity.

Notice of Formation of Modify Films, LLC Arts of Org filed with Secy of State of NY (SSNY) on 9/7/2018. Office location: NY County. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to Robert Mead, 65 Central ParkWest #3E NY NY 10023 Purpose: any lawful act or activity

Formation of ESPR, LLC filed with the Secy. of State of NY (SSNY) on 10/09/18. Office loc.: NY County. SSNY designated as agent of LLC upon whom process against it may be served. The address SSNY shall mail process to Elliot Sloane, 2109 Broadway, Unit 10-18, New York, NY 10023. Purpose: Any lawful activity.

COMMUNITY CARE IPA, LLC filed Arts. of Org. with the SSNY on 10/15/18. Office location: New York County. SSNY has been designated as agent of the LLC upon whom process against it may be served and shall mail process to: The LLC, 80 State St., Albany, NY 12207. Purpose: any lawful act.

Notice of Formation of OLD TOWN ROAD HOLDINGS LLC Arts. of Org. filed with Secy. of State of NY (SSNY) on 10/31/18. Office location: NY County. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to Corporation Service Co., 80 State St., Albany, NY 12207-2543. Purpose: Any lawful activity.

Notice of Qualification of OLIVE TREE MULTIFAMILY HOLDINGS LLC Appl. for Auth. filed with Secy. of State of NY (SSNY) on 11/19/18. Office location: NY County. LLC formed in Delaware (DE) on 05/02/17. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to c/o Corporation Service Co., 80 State St., Albany, NY 12207-2543. DE addr. of LLC: 251 Little Falls Dr., Wilmington, DE 19808. Cert. of Form. filed with DE Secy. of State, John G. Townsend Bldg., 401 Federal St., Ste. 4, Dover, DE 19901. Purpose: Any lawful activity.

Notice of Qualification of KK-RR FINCO, LLC Appl. for Auth. filed with Secy. of State of NY (SSNY) on 11/01/18. Office location: NY County. LLC formed in Delaware (DE) on 10/29/18. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to Corporation Service Co., 80 State St., Albany, NY 12207. DE addr. of LLC: 251 Little Falls Dr., Wilmington, DE 19808. Cert. of Form. filed with DE Secy. of State, Div. of Corps., John G. Townsend Bldg., 401 Federal St., Dover, DE 19901. Purpose: Any lawful activity.

One Pediatrics (NY) PLLC Arts of Org. filed SSNY 9/17/18. Office: NY Co. SSNY design agent of PLLC for process & shall mail to 180 West 80 St Ste. 214 New York, NY 10024 General Purpose

DWITTE LLC, Arts. of Org. filed with the SSNY on 10/22/2018. Office loc: NY County. SSNY has been designated as agent upon whom process against the LLC may be served. SSNY shall mail process to: The LLC, 249 Eldridge St., Apt. 2, NY, NY 10002. Purpose: Any Lawful Purpose.

JOSEPH SERINO LIMITED LIABILITY COMPANY Art. OF Org. Filed Sec. of State of NY 10/29/2018. Off. Loc. : New York Co. United States Corporation Agents, Inc. designated as agent upon whom process against it may be served. SSNY to mail copy of process to The LLC, 7014 13th Avenue, Suite 202, Brooklyn, NY 11228. Purpose: Any lawful act or activity.

Notice of Formation of NAVONA GROUP LLC Arts. of Org. filed with Secy. of State of NY (SSNY) on 11/20/18. Office location: NY County. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to c/o John V. Vincenti, Vincenti & Vincenti, P.C., 61 Broadway, Ste. 1310, NY, NY 10006. Purpose: Any lawful activity.

PUBLIC & LEGAL NOTICES

NOTICE OF FORMATION OF JOSHUA Z. TAL, PHD, PSYCHOLOGIST, PLLC. Arts. of Org. filed with Secy of State of NY (SSNY) on 9/18/18. Office location: NY County. SSNY designated agent upon whom process may be served and shall mail copy of process against PLLC to 26-14 12th St, #2F, Astoria, NY 11102. Purpose: any lawful act.

Notice of Qualification of KOI ESPORTS, LLC Appl. for Auth. filed with Secy. of State of NY ("SSNY") on 10/4/18. Office location: NY County. LLC formed in Delaware ("DE") on 8/31/18. Duration of LLC is perpetual. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to National Registered Agents, Inc. at 111 Eight Ave. - 13th Floor New York, New York 10011. Name and address of managing member available from SSNY. DE address of LLC: National Registered Agents, Inc. at 160 Greentree Dr., Ste 101 Dover, DE 19904. Cert. of Form. filed with Secy. of State, Div. of Corps., 401 Federal St., Ste. 4, Dover, DE 19901. Purpose: Any lawful activity.

NOTICE OF FORMATION OF ANNEJMILLERMD LLC. Arts. Of Org. filed with Secy of State of NY (SSNY) on Oct. 30, 2018. Office location: NY County. SSNY designated agent upon whom process may be served and shall mail copy of process against LLC to 151 W86th St, Apt 9D, NY, NY 10024. Purpose: any lawful act.

TRULANE LLC, Arts. of Org. filed with the SSNY on 09/04/2018. Office loc: NY County. SSNY has been designated as agent upon whom process against the LLC may be served. SSNY shall mail process to: The LLC, 545 8th Ave., Ste #1700, NY, NY 10018. Purpose: Any Lawful Purpose.

NOTICE OF FORMATION OF GROWTH X DESTRUCTION III, LLC. Arts. Of org. filed with secy of State of NY (SSNY) on 8/27/18. Office location: NY county. SSNY designated agent upon whom process may be served and shall mail copy of process against LLC to 546 Main St, Apt 530, NY, NY 10044. Purpose: any lawful act.

Notice is hereby given that a license, number 1312696 for wine, beer and liquor has been applied for by the undersigned to sell wine, beer and liquor at retail in a restaurant under the Alcoholic Beverage Control Law at 355 West 16th Street, New York, NY 10011 in New York County for on premises consumption. Philippe MP LLC, d/b/a Philippe by Philippe Chow

NOTICE OF FORMATION OF Context Is King Music LLC. Articles of Organization filed with the Secretary of State of NY (SSNY) on 8/23/18. Office location: NEW YORK County. SSNY has been designated as agent upon whom process against it may be served. The Post Office address to which the SSNY shall mail a copy of any process against the LLC served upon him/her is: 151 Spring St #3, New York, NY 10012. The principal business address of the LLC is: 151 Spring St #3, New York, NY 10012. Purpose: any lawful act or activity

83-87 AUDUBON AVENUE, LLC. Arts. of Org. filed with the SSNY on 01/03/11. Latest date to dissolve: 12/31/2081. Office: New York County. SSNY designated as agent of the LLC upon whom process against it may be served. SSNY shall mail copy of process to the LLC, 31-10 37th Avenue, Suite 500, Long Island City, NY 11101. Purpose: Any lawful purpose.

NOTICE OF FORMATION OF Five Iron Golf Philadelphia LLC. Articles of Organization filed with the Secretary of State of NY (SSNY) on August 8, 2018. Office Location: NEW YORK County. SSNY has been designated as agent upon whom process against it may be served. The Post Office address to which the SSNY shall mail a copy of any process against the LLC served upon him/her is 155 E. 49 St, Apt 6B, New York, NY 10017. The principal business address of the LLC is: 138 Fifth Ave, 4th Floor, New York, NY 10011. Purpose: any lawful act or activity

Notice of Formation of ROCKAWAY SOUTH DEVELOPER, LLC Arts. of Org. filed with Secy. of State of NY (SSNY) on 11/13/18. Office location: NY County. Princ. office of LLC: 60 Columbus Circle, NY, NY 10023. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to Corporation Service Co., 80 State St., Albany, NY 12207-2543. Purpose: Any lawful activity.

Notice of Formation of NORTHGATE PRESERVATION GP, LLC Arts. of Org. filed with Secy. of State of NY (SSNY) on 11/13/18. Office location: NY County. Princ. office of LLC: 60 Columbus Circle, NY, NY 10023. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to Corporation Service Co., 80 State St., Albany, NY 12207-2543. Purpose: Any lawful activity.

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LAW

Latham & Watkins LLP

Adam J. Gelardi

has been elected a partner at Latham & Watkins LLP in New York, effective January 1. A member of the Corporate Department, he represents both financial institutions and domestic and foreign issuers in public and private capital markets transactions, including IPOs, follow-on offerings, block trades, and debt offerings. He also advises clients on securities and corporate matters in a variety of industries. He received his JD from the Benjamin N. Cardozo School of Law in 2009.



Latham & Watkins LLP

Andrew D. Baker

has been elected a partner at Latham & Watkins LLP in New York, effective January 1. A member of the Corporate Department, Mr. Baker focuses his practice on capital markets transactions, with particular experience in bridge facilities, high yield debt offerings, and acquisition financings, in which he advises clients across a broad array of industry sectors. He received his JD from the New York University School of Law in 2009.



Latham & Watkins LLP

Bryce K. Schunke

has been promoted to counsel at Latham & Watkins LLP in New York, effective January 1. A member of the Finance Department, he advises financial institutions and corporate borrowers on leveraged finance transactions, with a focus on acquisition financings and cross-border transactions. His experience spans the retail, consumer products, healthcare, life sciences, and industrial and manufacturing sectors. He received his JD from the University of Virginia School of Law in 2010.



Latham & Watkins LLP

Chirag K. Dedania

has been elected a partner at Latham & Watkins LLP in New York, effective January 1. A member of the Finance Department, he advises on project finance transactions in the power, oil & gas, LNG, and infrastructure sectors, with a focus on commercial loans, syndicated loans, and private placements. He advises investment banks, private equity groups, corporate and mezzanine sponsors, and private debt funds. He received his JD from Columbia Law School in 2009.



LAW

Latham & Watkins LLP

Nicole D. Fanjul

has been elected a partner at Latham & Watkins LLP in New York, effective January 1. A member of the Finance Department, Ms. Fanjul focuses on a range of leveraged finance matters. Her experience includes representing borrowers and investment and commercial banks in a variety of complex financings, including cross-border transactions, high-value acquisitions, and debt restructurings in a multitude of industries. She received her JD from Harvard Law School in 2009.



Latham & Watkins LLP

Scott C. Ollivierre

has been elected a partner at Latham & Watkins LLP in New York, effective January 1. A member of the Finance Department, Mr. Ollivierre focuses his practice on bank financing transactions, with a particular emphasis on private equity matters. He represents private equity firms and their portfolio companies, as well as financial institutions and debt investors. He received his JD from the University of Toronto Faculty of Law in 2009.



Latham & Watkins LLP

Thomas J. Giblin

has been promoted to counsel at Latham & Watkins LLP in New York, effective January 1. A member of the Litigation & Trial Department, Mr. Giblin's practice is focused on securities litigation, white collar defense, and other complex commercial litigation. He represents public corporations, financial institutions, accounting firms, and individuals, among other clients, in high-stakes disputes and government investigations. He received his JD from Columbia Law School in 2009.



Latham & Watkins LLP

Y. Bora Bozkurt

has been elected a partner at Latham & Watkins LLP in New York, effective January 1. Mr. Bozkurt specializes in US federal income taxation in connection with cross-border and domestic transactions, including financings, derivatives, securities offerings, cross-border tax planning and restructuring, and structured finance transactions. He received his JD from the University of Pennsylvania Law School in 2009 and his LLM from Georgetown University Law Center in 2010.



AEROSPACE & DEFENSE

United Technologies

John-Paul Clarke

joined United Technologies as Vice President of Strategic Technologies. A leading expert in aviation and a distinguished scholar, J-P will oversee all technology roadmapping to ensure that UTC continues to be an ambitious technological leader in aerospace manufacturing. He previously was the College of Engineering Dean's Professor at Georgia Institute of Technology, and has also been a visiting scholar at Boeing and technical staff member at the NASA Jet Propulsion Laboratory.



BEAUTY & HAIRCARE

DevaCurl

Robert Schaeffler

has been appointed CEO at DevaCurl, the industry leader in curly hair. Schaeffler will focus on accelerating DevaCurl's growth and continuing to build awareness among consumers and stylists.



DevaCurl

CONSULTING ENGINEERING

Jacobs

Jose M. Rivera, Jr., P.E.

joins Jacobs as the Northeast Region Traffic Lead. As the former Chief Traffic Engineer with the Port Authority of NY & NJ, Jose has tremendous credentials working on some of the most complex transportation infrastructure projects in the world. In his new role, Jose will provide traffic solutions to a variety of clients in the Northeast, advise on worldwide projects (as part of the Jacobs Global Solutions & Technology Group), and mentor staff.



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Director, Reprints & Licensing
lmelesio@crain.com
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What does fare-beating really cost the MTA? BY GERALD SCHIFMAN

THE ISSUE

1 Last week the Metropolitan Transportation Authority revealed that fare evasion has surged. In the third quarter of this year, an estimated 3.8% of subway riders and 16.3% of bus riders didn't pay, increases of around 2 percentage points from two years ago. The evasions are estimated to **cost the MTA \$215 million this year**, as the agency prepares to raise fares to address ballooning budget deficits. Given the bad optics and its financial problems, the authority is trying to curb the problem with efforts such as the sign at right—on which someone scribbled “scare tactics.”



THE PLAYERS

2 **Andy Byford**, president of the NYC Transit Authority, is leading the charge against fare evasion. Byford said he believes Manhattan District Attorney **Cy Vance's** June 2017 decision to stop prosecuting most fare-beaters—a policy Vance then expanded in February—is playing a major role in the rise. “What has been striking is this sudden increase in fare evasion and a corresponding decrease in arrests and enforcement actions,” Byford said last week at a *Crain's* forum. “Some people heard a message that now there is no penalty for fare evasion.” Criminal prosecutions for stealing rides continue in the other boroughs. In Manhattan they remain punishable by a civil summons.



Mayor **Bill de Blasio** has sided with Byford, and the police commissioner, **James O'Neill**, said last week he was open to the idea of putting more cops in subway stations to deter and catch fare-beaters. But advocates including **Robert Gangi** back Vance, arguing that harsh enforcement falls disproportionately on low-income minorities.

WHAT'S NEXT

5 Byford has floated the idea of having MTA executives and NYPD officers physically prevent people from entering the transit system without swiping a MetroCard. In the subways, New Yorkers can expect to see such blockades near service gates, which are illegally used for an estimated 1.7% of rides—a 1-point increase from last year. On buses, the front doors could be guarded, as 11% of passengers walk through them without paying, up from 3.4% in 2014. Regardless, **MTA riders should expect to pay more this spring**. Fare increases are expected to take the price of a single ride to \$3; the cost of weekly and monthly passes is slated to rise as well.

“Some people heard a message that now there is no penalty for fare evasion”

YEAH, BUT...

3 Fare evasion is an age-old problem for transit systems globally—a point acknowledged by Byford—and inevitable to some extent. Although curtailing cheating would increase revenue, it can't come close to solving the authority's money problems. The state agency projects a **\$510 million operating shortfall in 2020** that is expected to swell in later years even if scheduled fare bumps for 2019 and 2021 take effect. Also, ridership has declined because of deteriorating service and the advent of ride-hail providers Juno, Lyft, Uber and Via, as well as Citi Bike. Rising employee health insurance costs and tens of billions of dollars' worth of capital projects are likely to generate major bills for the MTA (see page 8), so an influx of funds will need to come from a source other than straphangers.

SOME BACKSTORY

4 Tallying up the number of fare-beaters is an inexact science. The MTA's process is to have staff visit subway stations and bus routes across the five boroughs to record evasions at high- and low-volume times. The estimates are reliable at a systemwide level, the authority has said, although not for specific routes and stations—a breakdown that could allow identification of the system's most vulnerable areas.

Even the systemwide numbers aren't without pitfalls, though. As with any sampling exercise, **margins of error cloud the true evasion rates**. The authority's report states that the evaluations are likely undercounts, but it is possible they are overreported in some quarters.





Honorees **RuthAnne Visnauskas**, commissioner of the New York State Division of Housing and Community Renewal, and **Jeffrey Levine**, chairman of the Douglaston Cos., during the gala at Cipriani 42nd Street.

Shelter from life's storms

Breaking Ground—the city's largest supportive-housing provider—held its annual Celebrating Home & Community gala Nov. 1. The event took in a record \$1.8 million to support the nonprofit's efforts to help vulnerable communities.



Senior associate **Mark Faulkner**, studio director **Ruchika Modi**, founder **Vishaan Chakrabarti**, senior associate **Dustin Tobias** and urban designer **Johane Clermont** of Practice for Architecture and Urbanism were among the 700 guests.

On the air



New York Public Radio's Oct. 29 gala raised more than \$1.3 million. President and CEO **Laura Walker**; violinist **Hilary Hahn**, who performed for the crowd; and actor **John Turturro**, who served as master of ceremonies.

Debt satisfied

The Fortune Society, which has advocated on criminal-justice issues for five decades, held its annual Hope and Justice gala Oct. 29 at Gotham Hall. Among the nearly 400 guests were founder **David Rothenberg**; honoree **Henry Louis Gates Jr.**, professor at Harvard University; and **Vaughn Jackson**, court liaison for the Fortune Society.



Dr. George Askew, deputy commissioner of the city Department of Health and Mental Hygiene; former Deputy Schools Chancellor **Elizabeth Rose**; and **Gregg Bishop**, commissioner of the Department of Small Business Services, during the event at 583 Park Ave.



Adam Klein, deputy managing partner, and **Ossai Miazad**, partner, represented the firm Outten & Golden, which was recognized as an advocate for workplace fairness. The gala raised \$730,000 to support the more than 7,000 justice-involved and formerly incarcerated individuals the organization helps every year.

SEE MORE OF THIS WEEK'S SNAPS AT CRAINSNEWYORK.COM/SNAPS. GET YOUR GALA IN SNAPS. EMAIL SNAPS@CRAINSNEWYORK.COM.

MICHAEL PRIEST, MARIA BARANOVA / THE FORTUNE SOCIETY, LAURA MASSA/MICHAEL PRIEST PHOTOGRAPHY

NEW IN TOWN

■ Atelier Paulin 23 Eighth Ave.

The French label, whose signature is customizable wire jewelry, opened a standalone boutique in the West Village.

■ GupShup 115 E. 18th St.

The chef of this Indian restaurant in Gramercy Park is from an acclaimed spot in New Delhi.

■ Hill Country Food Park 345 Adams St., Brooklyn

The food trucks of Austin, Texas, inspired this food hall in Downtown Brooklyn. It has six stalls that offer barbecue and Italian fare.

■ Nobull 68 Prince St.

The athletic brand sells footwear, apparel and accessories in SoHo.

■ Nutella Café

116 University Place Everything at this Union Square café—crepes, ice pops, sandwiches and more—has the brand's chocolate-hazelnut spread in it.

■ Princi

1633 Broadway The Milan-based all-day bakery, backed by Starbucks since 2016, opened its first standalone location in the city, in the Theater District. It will also be a purveyor in Starbucks' Reserve Roastery, planned next year for the Meatpacking District.

■ Taste So Good (Make You Wanna Slap Your Mama)

1752 Lafayette Ave., Bronx This Caribbean-American takeout and counter spot in Soundview opened by Tyshawn Jones, a 19-year-old pro skateboarder, got its memorable name from a line in Jones' favorite movie, *Friday After Next*.

■ Watches of Switzerland

60 Greene St. The New York flagship, in SoHo, of the U.K.'s largest watch seller—and the jeweler to the royal family—has a cocktail bar and gallery curated by art foundation Aperture.

MOVES & EXPANSIONS

■ Barkeasy

99 Hanson St., Brooklyn Fort Greene beer garden

DSK Brooklyn added a separate one-room café where dogs are welcome.

■ FAO Schwarz 30 Rockefeller Plaza

The reimagined toy store in Midtown focuses on experiential shopping, such as for shoppers to adopt dolls and assemble remote-control cars.

■ Seven Grams Caffé 76 Madison Ave.

The coffee shop with spots in Chelsea and Hudson Square opened a location in NoMad.

■ Stiletto's 63 Clinton St.

The Italian pizza joint on the Lower East Side added a late-night bar that serves huge slices on Fridays and Saturdays from midnight to 2 a.m.

STOCK TRANSACTIONS

■ AmerisourceBergen Corp. (ABC-N)

Chief HR Officer Kathy Gaddes sold 2,652 shares of common stock for \$90.54 per share Nov. 20 in a transaction worth \$240,112. She now holds 1,939 shares.

■ Empire Resorts Inc. (Nyny-O)

Executive Chairman Emanuel Pearlman sold 3,402 shares of common stock at prices ranging from \$12.59 to \$14.89 from Nov. 27 to Nov. 30 in a transaction worth \$46,721. He now holds 148,320 shares.

■ Shake Shack Inc. (SHAK-N)

Board member Jeffrey Flug sold 72,574 shares of common stock at prices ranging from \$51.24 to \$54.27 from Nov. 27 to Nov. 30 in a transaction worth \$3,830,332. He now holds 4,415 shares.

■ Yext Inc. (YEXT-N)

CFO Steven Cakebread sold 30,000 shares of common stock at prices ranging from \$16.80 to \$18.77 from Nov. 23 to 29 in a transaction worth \$526,976. He now holds no shares.

REAL ESTATE

RETAIL

■ YJR Group agreed to take 6,900 square feet at **310 W. 40th St.** The hospitality group plans to

open a cocktail bar with a James Bond theme. Kassim Sabbagh Realty represented both the landlord, Helm Management, and the tenant. The asking rent was \$48 per square foot.

■ Barrett Design bought **207 Fifth Ave.**, Brooklyn, for \$9 million. The 5,559-square-foot building in Park Slope has commercial space on the lower levels—currently occupied by a Body Reserve Gym—and two to three floors of condominiums. Marcus & Millichap brokered for the seller, Lorraine DePrisco, and the buyer.

■ Jackson signed a deal for five years and one month for 5,357 square feet at **10 W. 33rd St.** The handbag designer moved in Dec. 1. Adams & Co. represented both the landlord, Thirty Third Associates Ten West, and the tenant. The asking rent was \$65 per square foot.

COMMERCIAL

■ Syneos Health nabbed 86,498 square feet at **200 Vesey St.** The biopharma outsourcing provider plans to consolidate employees from different buildings across the city under one roof. JLL represented the landlord, American Express, and the tenant. The asking rent was not disclosed.

■ Waterfall Asset Management signed an 11-year deal for 44,100 square feet at **1251 Sixth Ave.** The alternative asset manager plans to leave 1140 Sixth Ave. The asking rent was in the low-\$90s per square foot. JLL handled the lease for the tenant. Newmark Knight Frank handled the lease for the landlord, Mitsui Fudosan America.

■ Insight Global agreed to take 29,401 square feet at **250 Park Ave.** The staffing company plans to move to the 11th floor from the 15th floor, where it took up 13,500 square feet. The asking rent of the 10-year deal was \$76 per square foot. Colliers International represented the tenant. The landlord, AEW Capital Management, was brokered by a team from Cushman & Wakefield.

■ Coworking giant WeWork continued to expand its footprint across the city

with a 29,000-square-foot space at **160 Varick St.** The asking rent was in the high \$70s per square foot. Savitt Partners handled the deal for the tenant. The landlord, Hines, had no brokers involved in the transaction.

■ Brooklyn Financial Group expanded its presence at **185 Marcy Ave.** in a

10-year deal that brings the insurance agency's footprint to 20,000 square feet. The asking rent was \$55 per square foot. Tri State Commercial handled the deal for the landlord, Acuity Capital Partners, and the tenant.

■ AHRC New York City inked a 15-year deal for 15,820 square feet at **101**

Norfolk St. The nonprofit, which serves people with intellectual and developmental disabilities, moved from 315 Hudson St. The asking rent was in the \$40s per square foot. Savills Studley represented the tenant. Sinvin Real Estate represented the landlord, Carter Management Corp.

— YOONA HA

DEALS ROUNDUP

TARGET/SELLERS	TRANSACTION SIZE [IN MILLIONS]	BUYERS/INVESTORS	TRANSACTION TYPE
Hospitals Insurance Co., Inc., FOJP Service Corp./Maimonides Medical Center Inc. (NY); Montefiore Health System Inc. (NY); Mount Sinai Health System Inc. (Manhattan)	\$650	The Doctors Co.	SB M&A
Portfolio of nonperforming loans and portfolio of repossessed real estate assets in Greece/Alpha Bank A.E.; Alpha Leasing A.E.	\$441.6	Apollo Global Management LLC (Manhattan); International Finance Corp.	FB M&A
ChargePoint Inc.	\$240	American Electric Power Co. Inc.; BMW i Ventures; Braemar Energy Ventures (Manhattan); Canada Pension Plan Investment Board; Chevron Technology Ventures LLC; Clearvision Ventures; Daimler Trucks North America LLC; GIC Special Investments Pte. Ltd.; Linse Capital LLC; Quantum Energy Partners; Siemens Venture Capital GmbH	GCI
UTA Plaza and Ice House office buildings/Rockefeller Group Investment Management Inc. (Manhattan)	\$236	Divco West Real Estate Services LLC	SB M&A
Bright Health Inc.	\$200	Bessemer Venture Partners; Cross Creek Advisors; Declaration Partners (Manhattan); Flare Capital Management Co. LLC; Greenspring Associates Inc.; Greycroft (Manhattan); MeriTech Capital Partners; New Enterprise Associates; Redpoint Ventures; Town Hall Ventures (Manhattan)	GCI
Shine Medical Technologies Inc.	\$150	Deerfield Management Co. LP (Manhattan)	GCI
Bristow Group Inc.	\$135	Aristeia Capital LLC; ASIG International Ltd.; Highbridge Capital Management LLC (Manhattan); State Street Custodial Services (Ireland) Ltd., asset-management arm; Whitebox Advisors LLC	GCI
Waverley Gardens Shopping Centre/The Blackstone Group LP (Manhattan)	\$128.8	Elanor Investors Group (unknown minority stake)	SB M&A
Envestnet Inc.	\$122.8	BlackRock Inc. (Manhattan)	GCI
Propertyfinder FZ LLC	\$120	Endeavor Global Inc., investment arm (Manhattan); General Atlantic Service Co. LP (Manhattan); Vostok New Ventures Ltd.	GCI

Selected deals announced for the week ending Nov. 29 involving companies in metro New York. "SB M&A": Strategic buyer M&A represents a minority or majority acquisition of existing shares of a company without the participation of a financial buyer. "FB M&A": Financial buyer M&A represents a minority or majority acquisition of existing shares of a company with the participation of a financial buyer. "GCI": Growth capital investment represents new money invested in a company for a minority stake.

SOURCE: CAPITALIQ

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KAVOVIT and her company, Evergreen Construction, are building retail and offices for luxury activewear maker Bandier.

A hard-hatted head for the building business

A woman with a flair for getting things done has started **two construction companies and a line of tools**

Whenever Barbara Kavovit, CEO of Evergreen Construction, feels defeated, she pulls out her bedazzled pink hard hat.

"I put this on and magical powers go into my head," joked Kavovit, who had the hat custom-made by one of her carpenters. "This is an expression of a woman in construction. How do you get 2,000 Swarovski crystals on a hard hat? Hire Evergreen."

Kavovit long ago discovered the value of a good prop. When she started her first company—Stand-Ins, a home-improvement business—after graduating from college in the late 1980s, her construction experience was limited to helping her dad build a bunk bed.

"But I've always had the feeling I can do anything," Kavovit said. "So I got myself a tool belt, a tape measure and a great pair of blue jeans. People assumed I knew what I was talking about."

She also had an instinct for business. After listening to her mother's friends in New Rochelle complain about not being able to find a good handyman, she took the task upon herself, finding tradesmen in the local newspaper, driving them to jobs and overseeing the work.

Within five years Stand-Ins had become Anchor Construction, a general contracting firm with offices in

Midtown East and such big-time projects as building out the headquarters of multinational beauty company Coty.

But when business declined after 9/11, Kavovit pivoted to start DIYVA, a line of tools ergonomically designed for women. Around it grew Barbara K!, a lifestyle company with 32 employees. "I wrote two books. I was doing how-to episodes on YouTube," Kavovit said. "But critical mass was not achieved. We weren't selling millions of tools; we were selling hundreds of thousands of tools."

After DIYVA declared bankruptcy, Kavovit decided it was time to get back to "the craft I'm passionate about: building," mostly commercial. She started Evergreen in 2015; it now has 22 full-time employees, and she expects revenue this year to more than double from last year to at least \$28 million.

"No project in New York City is straightforward," said Neil Boyarsky, CEO of fitness apparel brand Bandier, "but she has really helped us navigate the zoning and approvals process so we can meet our time lines." Bandier hired Evergreen to build out its new NoHo headquarters and flagship.

Kavovit has found her niche: "I love the challenge, the details, being in a male-dominated field and proving that a woman can be five times better." — **KIM VELSEY**

"I've always had the feeling that I can do anything"

BARBARA KAVOVIT

BORN Pelham Parkway, Bronx

RESIDES Upper East Side

EDUCATION Bachelor's in finance and economics, SUNY Oswego

BIG BREAK In the early 1990s IBM gave Stand-Ins a two-year contract doing small repair jobs at its Armonk, N.Y., headquarters.

NEW-BUSINESS STRATEGY

"I cold-call. It took me a year to get a meeting with Goldman Sachs. Now I'm waiting on an RFP from them."

HEELS OF STEEL The title of her upcoming novel

SPEED DEMON She loves to get behind the wheel. "I've been to the Skip Barber Racing School twice."

REAL HOUSEWIVES OF NEW YORK Though not currently a wife or a housewife—she is divorced with a 21-year-old son—Kavovit is rumored to be joining the cast of the show, *People* magazine reported.



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