CRAIN'S

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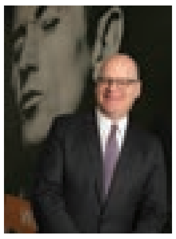
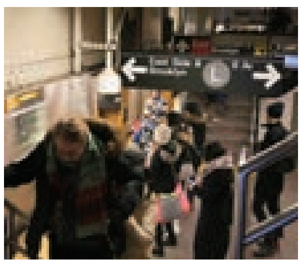


ON THE COVER

PHOTO: BUCK ENNIS

FROM THE NEWSROOM | AARON ELSTEIN | SENIOR REPORTER

L and back again



THERE'S A USEFUL PIECE OF ADVICE attributed to Winston Churchill: "When you're going through hell, keep going." In other words, when circumstances have you in a bind, the best course is often just to plow through until you get to a better place.

Which brings us to the L train. Gov. Andrew Cuomo pulled one of the biggest U-turns in recent memory last week when he abruptly announced that the Brooklyn-Manhattan subway connection will not be completely shut down in April as expected. People responded to the news with a mixture of relief, disbelief and rage. Their trip through hell had been derailed.

The reaction is understandable. The Metropolitan Transportation Authority and the governor—who is the agency's chief overseer despite his penchant to disavow any control except when there's good news to share—have seemingly spent the past three years toying with hundreds of thousands of commuters, preparing them for the looming L-pocalypse. Retail and residential rents fell precipitously along the route. Small businesses closed or relocated. Some residents fled Williamsburg or left Brooklyn altogether, apparently all for naught.

No doubt the episode will give some New Yorkers yet another reason to doubt the veracity and competence of political leaders and transit officials. People who think the new plan—which calls for replacing power cables and girding tunnel walls in lieu of a wholesale replacement—sprang out of nowhere or is too good to be true aren't being unreasonable. On the other hand, not having to deal with a massive, 15-month disruption would seem to be an unalloyed good.

It's a lot to take in, and at this point, it wouldn't be surprising if there's another U-turn right around the corner. But perhaps the British Bulldog had it right. "To improve is to change," Churchill said. "To be perfect is to change often."

IN THIS ISSUE

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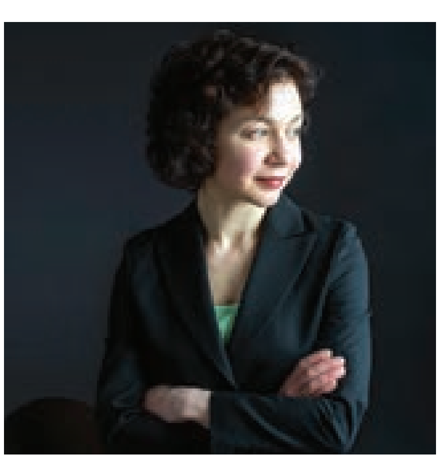
FEATURES

CONFERENCE CALLOUT



LAST CHANCE

JAN. 8

***CRAIN'S* 2019 BUSINESS BREAKFAST FORUM**

Commissioner Meera Joshi will discuss the effects of the cap on Uber and Lyft, the commission's 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

BUCK ENNIS

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AGENDA

JANUARY 7, 2019

Priorities for politicians new to power—and those at risk of losing it

The New Year has brought new faces to the fore of New York politics. Some took office for the first time this month, while others were cast in a more powerful role or began a new term—which makes it a good time to offer them advice.

We'll start at the top. President Donald Trump ought to back off his demands for a border wall and from immigrant-bashing in general. As a New Yorker and a businessman, he knows foreign-born workers are vital to the city and the nation—more so now than ever, given the tight labor market and low birth rate. The idea that his re-election hinges on building a barrier is belied by the dip in his approval rating during his wall crusade.

Gov. Andrew Cuomo has increasingly embraced progressive causes as New York politics have shifted left, positioning himself to take credit for legislation the newly Democrat-dominated Legislature would have passed anyway. But as legislators down spoonfuls of sugar, Cuomo should include some medicine, such as scaffold-law reform and other common-sense means to get more bang for our infrastructure bucks. Congestion pricing is essential to rationalize driving routes and fund subway upgrades, but to win approval, it must be paired with more efficient transit construction.

Mayor Bill de Blasio will find the going tougher as his lame-duck term progresses and wannabe successors take every opportunity to criticize him. Calling out their pandering won't be enough; the mayor should inoculate himself by focusing on running the city—a task that will become even more challenging as his senior aides start looking for their next gig. As much as de Blasio would like to raise the progressive banner across the country, the best he can do for that cause is to govern well and lead by example. Forsake the SUV jaunts to his Brooklyn gym and take the train to City Hall (a 35-minute commute, matching the city average). Meet regularly with agency heads and find ways to improve service delivery beyond adding staff. Stop blaming others for the administration's failings.

The mayor's job will get tougher as potential successors pander to voters and top aides ponder their exit

After years in the political wilderness, Andrea Stewart-Cousins, the new state Senate majority leader, finds herself as one of the three most powerful people in Albany, with 39 Democratic mouths to feed in her chamber. Rather than cater to their every whim, she should remind them that no single member is essential, as it takes only 32 votes to pass legislation. Snuffing out wacky bills and any signs of graft should be priorities.

And last, as Sen. Kirsten Gillibrand maneuvers to run for president, she should embrace honesty, unlike when she vowed during her re-election campaign last year to serve her six-year Senate term. Voters prefer straight talk to words that sound good but cannot be trusted. **—THE EDITORS**

FINE PRINT To service the city's fleet of more than 1,700 electric vehicles, the de Blasio administration has added 50 solar-powered charging stations across the five boroughs. But the new installations, which cost roughly $66,000 apiece, each can recharge just three vehicles per day.

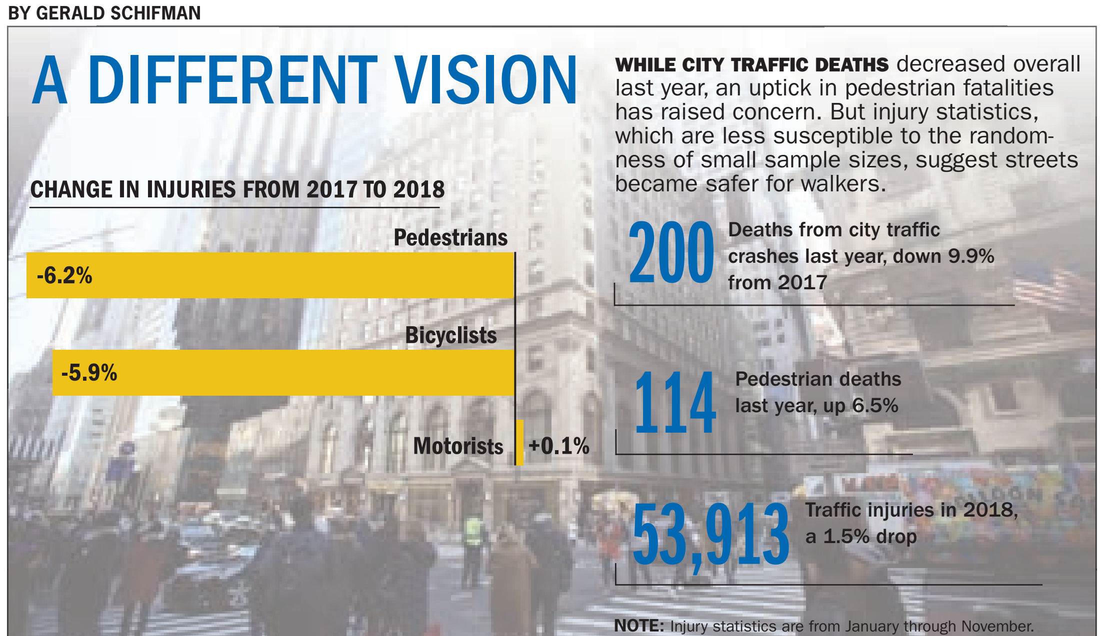
25 WORDS OR LESS

"I want to know how we got this far without this coming up, but if the engineering's sound, we should take yes for an answer"

—Manhattan Borough President Gale Brewer on a new repair plan to avert the 15-month shutdown of the L line's Canarsie Tunnel

STATS AND THE CITY

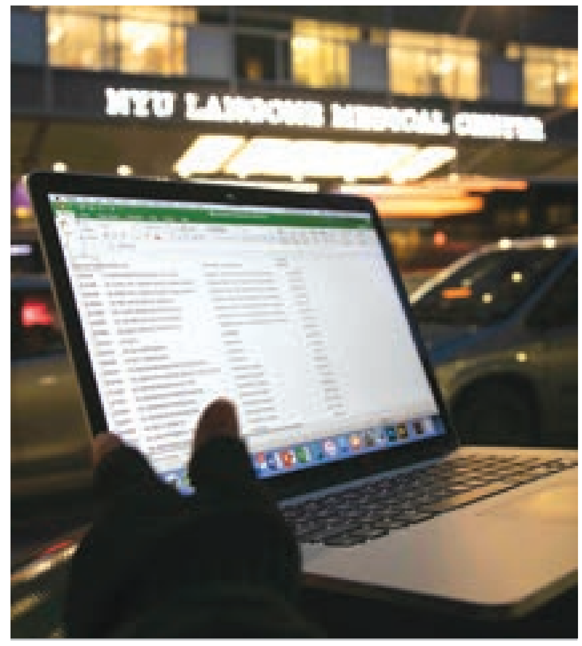
BY GERALD SCHIFMAN



SOURCES: Mayor's office, *The New York Times*

BLOOMBERG NEWS, GETTY IMAGES

Posting hospital prices will not create transparency



AS OF JAN. 1, a Centers for Medicare and Medicaid Services rule requires all U.S. hospitals to post a list of charges for medical procedures online and update it at least once a year. But consumers will still be in the dark about their health care costs.

That's because insurers and uninsured patients rarely pay those prices. Health care experts often compare them to the sticker price of a car or the rack rate at a hotel.

A spokesman for the Greater New York Hospital Association said it was a major undertaking for hospitals to compile the thousands of charges for procedures, drugs, supplies and lab tests. "Charge master information is intended far more for internal hospital purposes than for helping patients figure out how much they'll be billed," he said. "Hospital charges do not reflect the far lower payments hospitals actually receive for the services they provide." State law requires hospitals to offer lower rates to low-income uninsured patients as well.

For employers seeking to drive down health costs, pricing information is welcome, but the weak correlation between list prices and negotiated rates means the new rule will be of limited value, said **Lev Ginsburg**, director of government affairs for the state Business Council.

"Charge master lists are generally not a very helpful tool for consumers to find accurate, actionable, comparative price information," said **Chuck Bell**, programs director for Consumers Union, publisher of *Consumer Reports*. For a clearer picture of what actual costs might be, Bell recommends that patients seek out estimator tools on their insurer's website, which will provide more tailored information on out-of-pocket fees. Patients ultimately also will need to weigh the quality of services, such as infection rates, to make sure they're getting the best value.

"Because the curtain has lifted a little," Bell said, "we can see there's still a lot of things we don't know."

— JONATHAN LAMANTIA

Charging ahead

A $1.3 million Department of Education pilot program will test four electric school buses starting in September, and a Port Authority program will replace the 36 diesel shuttle buses at JFK, LaGuardia and Newark Liberty airports with electric buses within two to three years.

Coming clean

The Financial Industry Regulatory Authority fined Morgan Stanley's brokerage unit $10 million for lapses in its anti-money-laundering program, spanning from January 2011 to April 2016.

Another fine mess

City employees driving government cars last year racked up more than $650,000 in parking tickets and camera violations, according to the Department of Finance, and 2,500 tickets for Parks and Recreation workers have gone unpaid for more than 100 days.

No need to share

A law requiring home-rental companies such as Airbnb to provide the city detailed information on hosts—which was to kick in Feb. 2—was blocked by a Manhattan judge. The stay is in effect until Airbnb and HomeAway's lawsuit against the city is resolved.

Pay to play

Despite imposing a $25 entrance fee for nonresidents, the Metropolitan Museum of Art saw its attendance grow 5% last year, to 7.4 million visitors. Surprisingly, revenue from residents, who still can pay what they wish, rose 15%. The museum is on track to eliminate an $8 million deficit by 2020.

DATA POINT

NEARLY 379,000 THEATERGOERS BOUGHT $57.8 MILLION IN TICKETS, MAKING THE WEEK ENDING DEC. 30 BROADWAY'S HIGHEST-GROSSING IN HISTORY. *HAMILTON* LED THE WAY, WITH $4 MILLION IN SALES.

Fair fares to a few

A program offering half-price MetroCards to low-income transit riders kicked off Jan. 4—three days late—and for only 30,000 employed New Yorkers. The mayor said 130,000 more people will be offered the discounted seven- and 30-day MetroCards in April.

Public speaker

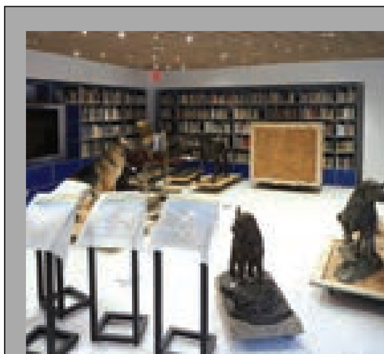
City Council Speaker Corey Johnson has been multitasking as public advocate since Letitia James was sworn in as state attorney general. A law requires the speaker to fill that post until a special election, to be held Feb. 26.

New on the books

Notable city laws that took effect Jan. 1—among a dozen enacted—bar restaurants, stores and manufacturers from using Styrofoam products to package food or fill boxes (though it won't be enforced until July); ban pharmacies from selling tobacco products; and add the nonbinary gender marker "X" to birth certificates.

Saks bags Financial District

Just two years after opening its women's department store at Brookfield Place, Saks Fifth Avenue is closing it. Its men's store will remain. While the luxury retailer is trimming its Manhattan footprint, competitor Neiman Marcus is planning to open a Manhattan flagship at Hudson Yards. **— CHRIS KOBIELLA**



Leader of the pack

After 32 years in St. Louis, the American Kennel Club Museum of the Dog returns to New York, to 101 Park Ave., which is also the new headquarters for the AKC. The museum houses one of the world's largest collections of dog art.

BUCK ENNIS

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How a used-phone dealer takes a bite out of Apple

New phone sales fell 6% in the first nine months of 2018

Slowing iPhone sales in China dominated the business headlines last week, when Apple warned investors that quarterly revenue would disappoint. But buried under the headline, CEO Tim Cook cited another factor: "fewer iPhone upgrades than we had anticipated."

AARON ELSTEIN

Aficionados of iPhones just aren't trading up like they used to, thanks in part to enterprising folks such as Nik Raman, a Harvard Business School graduate who has built a business buying used smartphones from individuals, carriers, manufacturers and retailers and selling them on eBay and elsewhere. Raman's Manhattan-based uSell, which operates under the banner We Sell Cellular, generated $105 million in revenue in 2017, up from less than $7 million three years earlier. In the fall the firm joined the *Crain's* Fast 50 list of New York's fastest-growing companies.

Raman's business boomed as prices for new iPhones soared. The iPhone 5 cost from $99 to $399 when it was introduced in 2012; one version of today's X costs $1,449. The X certainly looks cool, but for most people the upgrade isn't worth it, so they keep their old gadget longer and, when the battery wears out, often opt to buy a used phone. A refurbished iPhone 6 costs about $150 on eBay.

For now, the used-phone market remains pretty small—140 million units sold in 2017, according to Counterpoint Research, compared with 1.6 billion new phones. But secondhand sales rose by 13%, versus 2% for sales of new phones that year, and new phone sales fell by 6% in the first nine months of last year. If the trend holds, the smartphone market soon might resemble the automotive market, where used-car sales are more than twice that of new.

Tough way to make a buck

But it's not easy making money selling used cars. Auto dealers generate most of their profit from selling insurance, warranties and providing loans—which used-car buyers often don't want or can't afford. Likewise, it's not easy to make money selling used phones.

USell isn't profitable and has accumulated $75 million in losses. Its accounting firm has warned there is "substantial doubt" it will survive. Raman fended off default in the summer by agreeing with lenders to work for free for a few months. In a regulatory filing, uSell attributed its difficulties to Apple releasing the iPhone 8 and X close together in the fourth quarter of 2017—which caused a "highly uncertain and volatile pricing environment." Raman didn't return calls seeking comment.

It's a dicey time for heavily indebted and cash-needy companies such as uSell. Rising short-term interest rates and growing economic uncertainty have frozen the markets for riskier corporate loans and junk bonds. Brokerage firm Evercore ISI reported shortly before Christmas that there hadn't been any new high-yield bond sales last month for the first time since the dark days of the 2008 financial crisis.

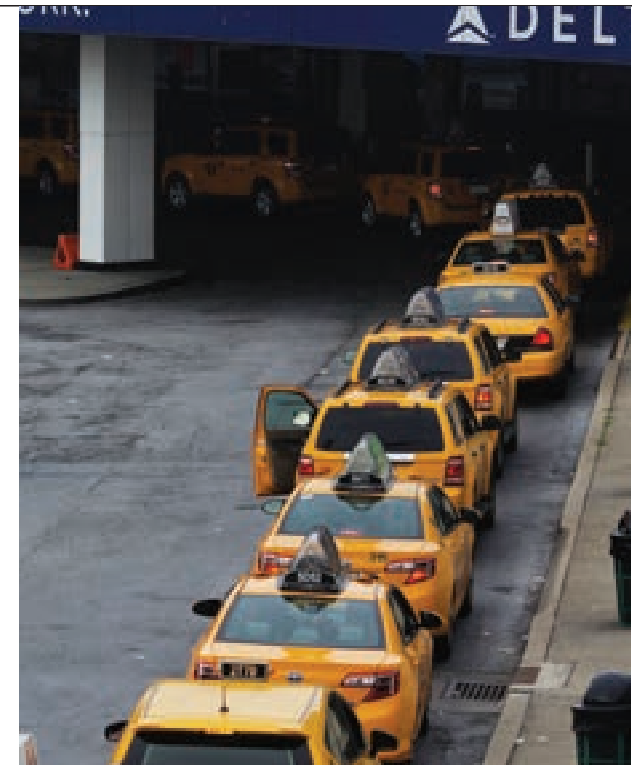
It looks as though uSell has bought itself time, though. Last month the company announced it had raised $4.8 million, a quarter of which came from Raman's father. It also managed to refinance its debt and lower interest expenses by 85%. And the company said it has licensed its technology to another smartphone distributor.

"These deals mark our transformation from a capital-intensive, low-margin model to an asset-light, technology-driven, high-margin model," Raman said.

Let's text him luck. ■

Taxis, ride-hail companies brace for make-or-break year

Big changes—and little idea how they'll play out BY MATTHEW FLAMM



The for-hire-vehicle industry heads into 2019 like a taxi taking a blind turn.

Lawmakers and regulators recently established rules for the likes of Uber and Lyft that will be a first for the ride-hail giants when implemented this year. The Taxi and Limousine Commission now has to put those rules into effect—and measure their impact.

E-hail companies will be paying close attention, not just because the city is a huge market but because other cities could follow New York's lead.

The industry, which historically has operated under a light regulatory touch, expects fares will rise to cover the costs of a new minimum wage for drivers, who as independent contractors had been exempt from wage requirements.

The operators also will contend with a one-year cap on licenses for new vehicles—a measure that companies argue will shrink service in the outer boroughs. On top of that, there is a new wheelchair-accessible dispatch program and a congestion-pricing surcharge on all taxis and for-hire vehicles, although an industry lawsuit won a temporary restraining order good until at least Jan. 17.

"We saw a lot of regulations last year," said an Uber spokesman, "and we're looking at how they'll actually be implemented."

The company has cast its concerns as issues of equity, notably whether low-income residents in outer-borough neighborhoods, where yellow cabs are seldom seen, will be able to find rides, let alone afford them, under the new regulations.

"Uber is the default option for a lot of these people," the spokesman said.

All's fare

The taxi industry will be scrutinizing the changes too. Medallion owners and green-cab operators say the ride-hail giants have put so many cars on the road that hardly anyone can make a living. Another concern is the congestion fee, which one group advocating for yellow cabs has dubbed the suicide surcharge, a reference to the eight financially stressed drivers who have taken their own life since late 2017.

Taxi interests see the vehicle cap, which took effect in August, as a chance to allow cabs to finally compete with app-based rivals. But whether the one-year moratorium is extended beyond this summer or made permanent will depend in part on the results of the regulatory agency's study of its impact.

"You will likely see a permanent cap because the facts are what they are," predicted Michael Woloz, a lobbyist for the Metropolitan Taxi Board of Trade, a group representing medallion owners. "High-volume [ride-hail] vehicles are the chief contributor to congestion and a host of other problems."

Uber and Lyft have said that worsening congestion has much larger causes, notably a surge in truck traffic and building construction. While ride-hail vehicles have proliferated faster than any other service type in the past five years, they still do not account for the majority of vehicles in the central business district.

It's not clear how the minimum wage will affect the yellow-cab industry. Cabbies tempted to drive for Uber or Lyft might be prevented from doing so by the vehicle cap. But if they manage to cross over, the remaining taxi drivers might gain business.

"Trip demand doesn't change," said transportation consultant Bruce Schaller. "This is something to watch." ■

Councilman wants to net money from cellphone towers

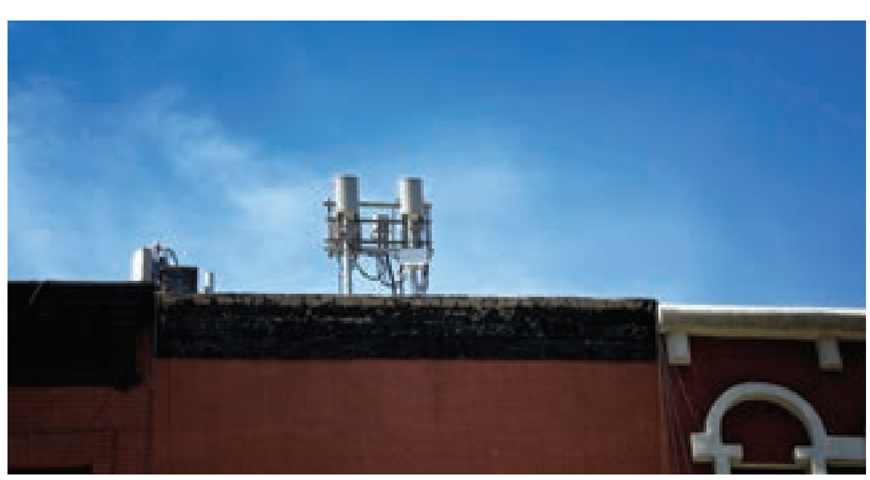
Draft bill aims to up fees and add taxes BY WILL BREDDERMAN

One potential new revenue source for the city could soon tower over all the rest.

Brooklyn Councilman Justin Brannan is pushing to impose heftier permit fees on the installation of cellphone transmission equipment atop private buildings—and even to assess service providers property taxes for the antennae and boxes of wiring. Brannan told *Crain's* his proposal remains in drafting while the council's lawyers determine the extent of the city's authority over such matters, because Albany controls the oft-maligned local property tax system.

But the Democrat gleaned some hope from a ruling last month by the state's highest court, which determined that Mount Vernon in Westchester could place levies on much of T-Mobile's apparatus within its jurisdiction.

"It opens up an entirely new and untapped revenue stream for municipalities all across New York state," said Brannan, who represents a homeowner-heavy corner of southern Brooklyn. "At a time when working-class New Yorkers are getting squeezed and so often feel like ATM machines for the government, here's a way we can generate some distinctly sustainable revenue by making multibillion-dollar companies pay their fair share."



LOOKING UP: The number of cell towers in the city is expected to quadruple by 2026.

But according to the center-right Tax Foundation, New York already has the fifth-highest cellphone excises in the country, lagging behind only Illinois, Alaska, Washington and Nebraska. The group estimated that more than a quarter of the average Empire State customer's bill owes to taxes, thanks to an 18.6% levy at the state and local level on top of the 6.6% federal rate.

Even if the city cannot reap regular proceeds from excises on cellular infrastructure, Brannan hopes to crank up the cost of putting such fixtures in place. The Department of Buildings presently charges only a base fee of $295—which covers the permit plus record-keeping work—for installations on one- to three-family homes, and $390 for equipment attached to apartment complexes and commercial structures. Service providers do face additional permitting fees based on the value of the equipment, according to the Buildings Department, but the overall costs remain relatively low.

The only other costs the companies incur is whatever rent they have negotiated with their respective landlord. That market is expected to expand as providers race to install more towers to meet the demand for faster 5G service. There are roughly 154,000 cell towers around the city today, a number S&P Global Market Intelligence projects to grow to more than 800,000 by 2026.

Brannan said he would try to include provisos in his bill that would prevent service providers from passing the new costs to consumers. It is unclear, however, whether the city has the legal authority to do that. ■

BLOOMBERG NEWS, ISTOCK

Eastern neighbor of Hudson Yards basks in megaproject's glow

The other Amazon agreement highlights area's increasing draw

BY TOM ACITELLI

Thirteen months before it announced it was building half of its second headquarters on the Queens waterfront, Amazon signed a 359,000-square-foot, 15-year lease at a revamped office tower at West 33rd Street and 10th Avenue, across from the Hudson Yards project.

As with the Long Island City move, Amazon gained subsidies from the state in the September 2017 deal for Brookfield Properties' 5 Manhattan West, also known as 450 W. 33rd St.

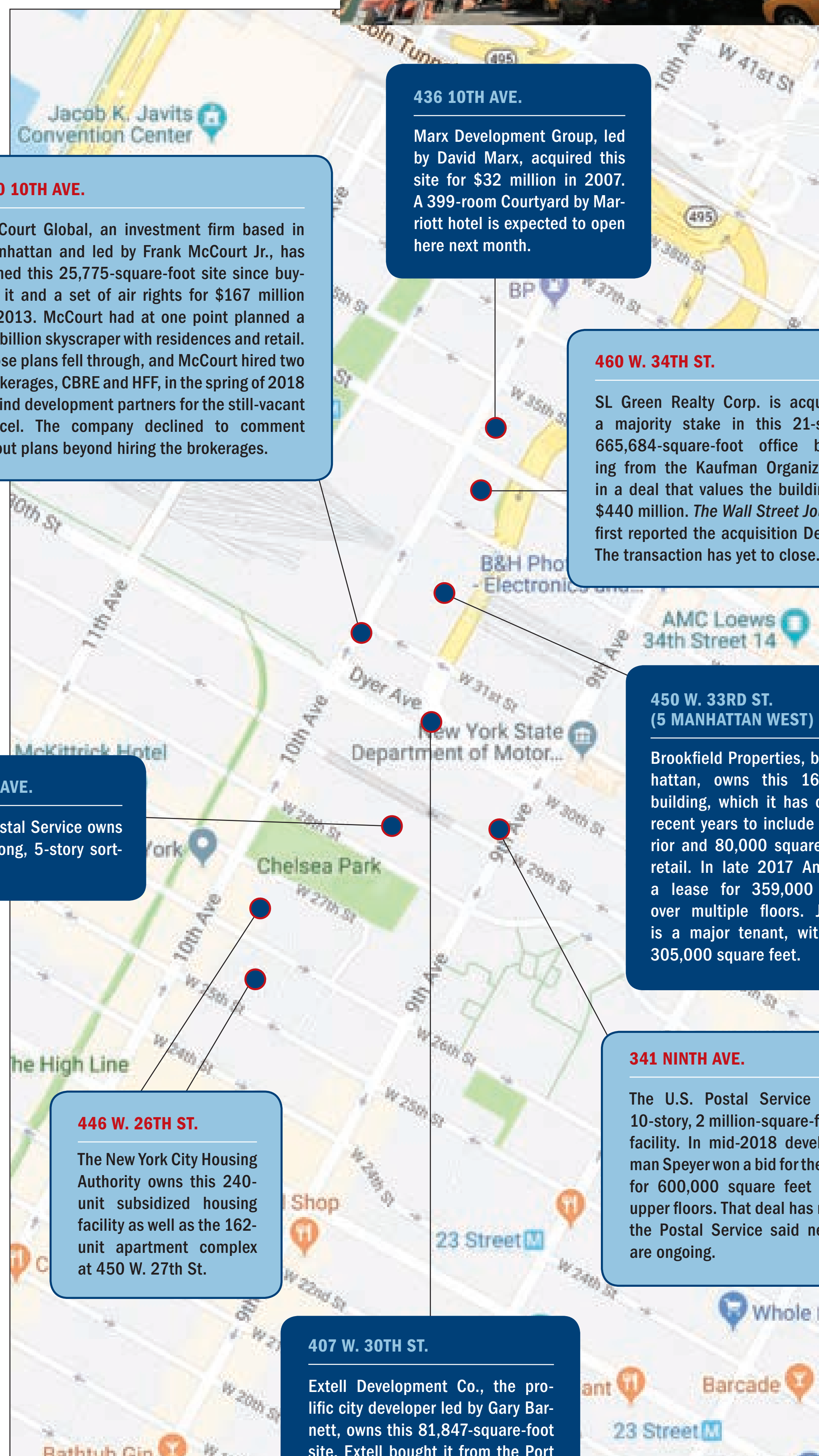
The Cuomo administration said the e-commerce firm would get $20 million in performance-based tax credits through the Excelsior Jobs Program upon signing the lease—which is expected to help create some 2,000 positions in finance, sales, marketing and information technology. Amazon kicked in $55 million to build out the space.

By the end of 2018, the company occupied all but 125,000 square feet of its footprint, and it plans to reach full occupancy this year, a Brookfield spokesman said.

Amazon joins a Far West Side corridor in the middle of a major transition—driven largely by the approximately 18 million-square-foot Hudson Yards project, the largest private development underway in the country.

In addition to Amazon's mini-hub, SL Green Realty Corp., the city's largest office landlord, reached an agreement in early December to buy a majority stake in the office building at 460 W. 34th St., its largest investment in the area to date.

But the Hudson Yards fairy dust has not been magic for everyone. A prime spot at 10th Avenue and West 31st Street has lain fallow for years. Its owner has hired a pair of brokerages to come up with options, including a potential development partner. ■



436 10TH AVE.
Marx Development Group, led by David Marx, acquired this site for $32 million in 2007. A 399-room Courtyard by Marriott hotel is expected to open here next month.

360 10TH AVE.
McCourt Global, an investment firm based in Manhattan and led by Frank McCourt Jr., has owned this 25,775-square-foot site since buying it and a set of air rights for $167 million in 2013. McCourt had at one point planned a $3 billion skyscraper with residences and retail. Those plans fell through, and McCourt hired two brokerages, CBRE and HFF, in the spring of 2018 to find development partners for the still-vacant parcel. The company declined to comment about plans beyond hiring the brokerages.

460 W. 34TH ST.
SL Green Realty Corp. is acquiring a majority stake in this 21-story, 665,684-square-foot office building from the Kaufman Organization in a deal that values the building at $440 million. *The Wall Street Journal* first reported the acquisition Dec. 2. The transaction has yet to close.

450 W. 33RD ST. (5 MANHATTAN WEST)
Brookfield Properties, based in Manhattan, owns this 16-story office building, which it has overhauled in recent years to include a glass exterior and 80,000 square feet of new retail. In late 2017 Amazon signed a lease for 359,000 square feet over multiple floors. JPMC Digital is a major tenant, with more than 305,000 square feet.

317 NINTH AVE.
The U.S. Postal Service owns this block-long, 5-story sorting station.

341 NINTH AVE.
The U.S. Postal Service owns this 10-story, 2 million-square-foot sorting facility. In mid-2018 developer Tishman Speyer won a bid for the leasehold for 600,000 square feet across six upper floors. That deal has not closed; the Postal Service said negotiations are ongoing.

446 W. 26TH ST.
The New York City Housing Authority owns this 240-unit subsidized housing facility as well as the 162-unit apartment complex at 450 W. 27th St.

407 W. 30TH ST.
Extell Development Co., the prolific city developer led by Gary Barnett, owns this 81,847-square-foot site. Extell bought it from the Port Authority for $17 million in 2007. Extell did not respond to requests for comment about its plans for the property.

GOOGLE MAPS, BUCK ENNIS

FROM OUR READERS

Straight talk on Amazon

ALL THOSE OPPOSED to Amazon (Crains NewYork.com) seem to have some common beliefs: Current labor laws won't apply to Amazon; any job that is not unionized is oppressive; New York City is entitled to jobs paying $150,000 because … well, because; and Amazon's sole duty is to the community—it owes no obligation to its shareholders, who apparently exist only to be a subject of derision from local activists.

All those beliefs are wrong.

Who has such lack of faith as to believe that Amazon or any other employer could treat their workers in derogation of the law and not be punished?

According the U.S. Bureau of Labor Statistics, 23.8% of wage and salary workers in the city are unionized. Does anyone really believe that the other 76.2% are being oppressed and subject to unremitting physical injury and harm?

Supplying 40,000 jobs over 10 years with an average salary of $150,000 will be a boon not only to the workers but to the neighborhood merchants, bars and restaurants where the employees will spend their money. And, please, we do live in a capitalistic country, and although we all want and expect our corporations to be good corporate citizens, whatever that means, these same corporations have a fiduciary duty to try to earn a good return on their investors' money. And it should not be lost that many of those greedy capitalist investors are union pension funds trying to make enough money to give the union members a comfortable retirement.

Will Amazon change Long Island City? Absolutely. But has anyone been watching that neighborhood during the past 10 years? Change is exactly what is happening. It is impossible to put a neighborhood under glass and preserve it as it is with no change, no economic input and no recognition that as the city changes, so must its neighborhoods.

Before you attack the Amazon deal, look at the numbers and the potential for the neighborhood and compare it to the cost of the new Yankee Stadium—not to mention that the odds of getting a consistent winner in Long Island City are a lot better than in the Bronx.

KEN ZUCKERBROT
Upper East Side
The writer is an Amazon shareholder.

NOT A CHARITY: Critics overlook Amazon's duty to its shareholders.

I READ WITH GREAT INTEREST the op-ed "With Amazon coming, the city needs to bring back Engine 261" (Crains NewYork.com). One danger missing from the piece was that all three fire companies that serve Long Island City also are called upon to cover Roosevelt Island, sometimes several times a week. The island also has seen a vast increase in both residential use as well as schools including the new Cornell Tech.

When an alarm for fire or other emergency is received from Roosevelt Island, all three Long Island City fire companies are assigned to promptly respond, leaving a vast area of Long Island City devoid of fire or emergency protection. Yes, the Fire Department will assign other companies to cover the area, but they come from afar and must spend many vital minutes in transit. This is a dangerous practice that could have deadly results. The city must act now to rectify this game of roulette.

I am a retired FDNY captain, and I know well the dangerous game played by the city. I was told back when Engine Co. 261 closed that it was chosen because Long Island City was a sleepy backwater area with a low residential population and made up mostly of lofts, factories and warehouses. This statement was from a ranking fire chief, who was expressing the mindset of the powers that be at Fire Department headquarters. I would love to hear his opinion of Long Island City these days!

RAYMOND E. FLOOD
Point Pleasant, N.J.

FARE-BEATING NOW THE NORM

RE: "WHAT DOES fare-beating really cost the MTA?" (Instant Expert, published Dec. 10): I recently rode the B38 bus, which runs from Downtown Brooklyn to Canarsie or somewhere else in Brooklyn, on several occasions. My return trip, which originated at DeKalb and Bedford avenues and continued to the downtown terminus, was both eye-opening and appalling. Between 9 and 10 a.m., riders boarded the bus from the rear doors and made no attempt to pay the fare. In fact, at some stops, more riders boarded at the rear door than at the front, where the fare reader is. Bus drivers are powerless to enforce payment.

I experienced this on more than one occasion on this route.

RICK BROWN
Brooklyn

THERE ISN'T as much of a problem with fare-beaters as there is with gross mismanagement and misuse of funds. The MTA gets revenue from bus and subway fares, advertising in subway cars and train stations and taxes. Where does all the money go? Work on numerous train lines is done every weekend, yet Monday morning and every day after, there are signal, switch, train or track delays. Enough is enough.

SHERRI ROSEN
Queens

SAVE EVERY BLADE OF GRASS

LIKE RONNIE ELDRIDGE, I love the American Museum of Natural History ("Natural History Museum opponents should put down their pitchforks," Viewpoints, published Dec. 10). I took astronomy courses there as a child and am still a member. Nevertheless, I remain in opposition to the taking of parkland.

There are always many good reasons for taking "small" bites out of a park. But if you listen carefully, you hear the sound of Frederick Law Olmsted spinning in his grave over what has been done to Central Park: The Tavern on the Green is fine for sweet 16s and raises much-needed funds for park maintenance; the children's zoo is wonderful for the small ones; and who would deny the Metropolitan Museum of Art a little more space?

The only safety lies in taking a hard line and refusing to cut one square inch out of a park.

ENOCH LIPSON
Queens

"People who choose not to partake should not be subjected to pot smoke. We don't all want to be high on weed"

SPARE N.Y. FROM WEED

ALTHOUGH I UNDERSTAND the arguments from the left and the right, and that Massachusetts voters have chosen to legalize, I would hope all states considering this would remember that not everyone wishes to be high on weed ("Cuomo to push legalizing recreational marijuana," Crains NewYork.com).

If pot is going to be available anywhere, anytime, it must be controlled—as in, no smoking in public places or while driving. People who choose not to partake should not have to be subjected to pot smoke. The smell is not only disgusting but possibly harmful to those who suffer from respiratory illness.

We don't all want to be high. Some of us are quite happy just being normal.

J. MAHONEY
Mansfield, Mass.

GETTY IMAGES, ISTOCK, WIKI

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Trump will have hands full with these New Yorkers

Headaches aplenty from president's home state

GREG DAVID

A 26-YEAR congressman from the Upper West Side. A 52-year-old junior senator who wants to be president. A battle-tested senior senator from Brooklyn. Three of New York's Republican House members. A governor starting his third term. And finally, most of the state's 19 million other residents.

That's the lineup of New Yorkers facing President Donald Trump as he tries to navigate—maybe survive is the right word—the last two years of his embattled term.

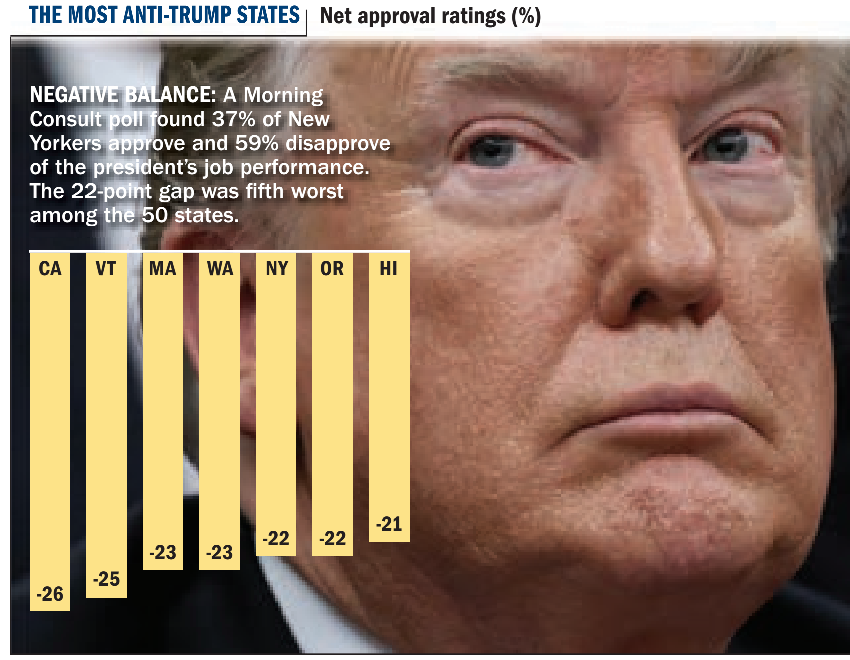
Rep. Jerrold Nadler, at 71 years old, may be the most pivotal opponent as he takes over as chairman of the House Judiciary Committee, the panel that would initiate impeachment proceedings. If Nadler decides to go the impeachment route, how he handles those hearings and whether Democrats can persuade Senate Republicans to distance themselves from Trump could be the most crucial development of the next two years.

Sen. Kirsten Gillibrand, having recast herself as a die-hard progressive, intends to replace Trump, as she is expected to announce her candidacy for the White House in the coming weeks. It's a big challenge. She'd have to contend with two other female senators just as committed to progressive positions—Elizabeth Warren of Massachusetts and Kamala Harris of California—as well as numerous other potential candidates.

Sen. Charles Schumer certainly will be in the spotlight as the top Democrat in the Senate. But I almost left him off the list because he is the minority leader, not the majority leader, and what happens in the country will depend more on House Democrats, Senate Republicans and Trump.

Gov. Andrew Cuomo reiterated his anti-Trump credentials with his New Year's Day inauguration speech on Ellis Island, stressing his opposition to the administration's immigration policies. But having run for re-election as a Trump nemesis, Cuomo will be preoccupied in Albany for months with either shepherding the most progressive legislative agenda the state has seen in three decades or with trying to moderate it. He also will have to play nice enough to get federal funding for the Gateway project, which includes a new Hudson River tunnel.

THE MOST ANTI-TRUMP STATES | **Net approval ratings (%)**



NEGATIVE BALANCE: A Morning Consult poll found 37% of New Yorkers approve and 59% disapprove of the president's job performance. The 22-point gap was fifth worst among the 50 states.

Republican Reps. Peter King, Elise Stefanik and John Katko are regarded as moderates, the type of Republicans who will be under the most pressure to oppose the president if he is impeached or if his wars on trade, immigration or other issues do too much damage. The three moderates sometimes talk a good game, but when the Republicans passed a budget with border-wall funding late last month, they all fell into line.

Then there are the non-politician New Yorkers, who give Trump miserable ratings in the polls. As Morning Consult's state-by-state tracking shows, voters in only four states dislike him more. Whoever heard of that from the president's home state?

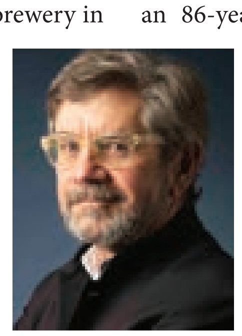
One name is missing from the list: Bill de Blasio. The mayor would want to be included, but he just can't compete with the New York politicians who have the power and political skills to take on the president. ■

GREG DAVID writes a regular column for CrainsNewYork.com.

Transportation mess is driving this brewery owner to drink

Congestion pricing would help get workers in and beer out BY STEVE HINDY

Brooklyn Brewery and thousands of other businesses in the metropolitan area rely on the ability of people and goods to move around, on roads and trains, above and below ground. Some of my employees bike to work, but most take public transportation. Our distributors pick up beer from the brewery in Brooklyn and one upstate and then struggle through the city's poorly maintained and traffic-choked streets to deliver it.



This is our biggest market and by far our most costly one for distribution.

As the biggest exporter of American craft beer, we draw thousands of foreign tourists to our brewery in Brooklyn. Our distributors from around the world want to visit too. Intimidated by the subway system—its delays and confusing changes, ear-splitting sounds, jam-packed platforms and inaudible announcements—many arrive at the brewery exhausted and harried after spending more than an hour in a cab from Midtown. I've heard New York compared to Cairo and other cities known for mind-numbing congestion.

We no longer hold our employees to a regular eight-hour day. It is impossible to expect them to be at work by 8 or 9 a.m. On a recent Monday, I took the subway from Brooklyn to meet an 86-year-old friend on West 17th Street whose husband was at Mount Sinai Hospital at 100th Street and Park Avenue. It took us nearly an hour to get to the hospital in an Uber, even with Waze and Google Maps. What New Yorker does not have a similar story?

Charging vehicles that enter Manhattan a fee is the most common-sense remedy to address the chockablock traffic jam that Manhattan has become. Spending that money to upgrade our transit system is the most logical use for it.

Gov. Andrew Cuomo has said congestion pricing's time has come. Mayor Bill de Blasio is still on the fence, although his commitment to equity fits the idea logically. Poor New Yorkers rely almost exclusively on mass transit.

Our distributor in New York, Simon Bergson of Manhattan Beer Distributors, also supports congestion pricing, reasoning that less traffic will reduce his annual $2.3 million parking-ticket tab.

I often marvel at the foresight of New York's 19th-century political leaders in providing for a system of tunnels and aqueducts to deliver fresh water for a population much larger than anyone ever imagined. Why can't our 21st-century leaders address our transit crisis?

Congestion pricing for New York City has been footballed around by the state Legislature since 2007. Meanwhile, traffic and the transit system have gotten worse as infrastructure has crumbled and the population has increased. Congestion pricing would create another income stream for repairs and expansion.

Congestion pricing has been in effect in London since 2003, reducing traffic in the central business district by 25% and providing billions of dollars to improve London's subways.

We no longer hold our employees to an eight-hour day. It is impossible to expect them to be at work by 9 a.m.

Given Cuomo's support, there is hope that congestion pricing will pass this year.

This is an exciting moment for New York. Unemployment is at a record low and educated young people are pouring into the city and starting exciting new businesses. The city's quality of life will determine whether they remain or migrate to the suburbs when they start a family.

We must refocus our transportation system on moving people and goods—not private cars—if New York is to stay the beacon of progress and innovation that it has always been.

Steve Hindy is a co-founder of Brooklyn Brewery.

BUCK ENNIS, GETTY IMAGES

//**CFO FORECAST**: CFOs see a mixed outlook for 2019

Left to right: Greg David, Crain's New York Business contributing columnist, professor at CUNY Graduate School of Journalism; Christine M. Fenske, managing partner for New York and the financial services group at Baker Tilly; Nick Araco, CEO of The CFO Alliance; Jim Emmerson, CFO of Huntington Learning Centers Inc. and Michael Crotty, CFO of The Player's Tribune.

More than half of New York City-area financial executives believe the U.S. will experience a significant economic downturn in the next 12 to 24 months, according to a study conducted by Crain's New York Business and Signet Research for Crain's Custom 2019 CFO Forecast. Nevertheless, CFOs remain focused on moving ahead, according to Nick Araco, CEO of The CFO Alliance. "The message I'm getting from my clients is, if you're not committing to growth, you're dead," Araco said.

Araco delivered this message at an invitation-only event at Crain's New York City headquarters on Dec. 7. Greg David, Crain's New York Business contributing columnist and professor at CUNY Graduate School of Journalism, moderated a panel of financial executives who offered their thoughts on the economy, taxes, tariffs and more. In addition to Araco, the panel featured Michael Crotty, CFO of The Player's Tribune; Jim Emmerson, CFO of Huntington Learning Centers Inc. and Christine M. Fenske, managing partner for New York and the financial services group at Baker Tilly.

//Cautious optimism in the face of uncertain markets

Araco noted that none of the CFOs in his network believe continued growth will be easy given the prevailing economic conditions, and most are positioning themselves for resiliency in the face of a potential downturn. Clients of Baker Tilly are concerned as well, said Fenske, as they begin to see indicators resembling those from before the 2008 recession. Fenske herself is a bit more sanguine: "I don't watch the market much," she said. "We're in it for the long term."

Companies valued according to revenue rather than profit stand to take the biggest hit from falling markets, according to Crotty. Many companies in the media industry that rely on subscribers fit this description, he said, as do startups that are still building toward a sustainable profit model.

But business leaders shouldn't panic about day-to-day market volatility, according to Emmerson, who said he doesn't see any indication that short-term shifts in markets add up to anything more than some necessary adjustments. And economic changes, good or bad, can actually lead to benefits for some companies, said Fenske. "In our business, disruption always creates opportunities," she said.

//The jury's still out on tax reform

The Tax Cuts and Jobs Act was signed into law at the end of 2017, and some companies have already begun to benefit from its changes. C corporations, in particular, are seeing positive effects from the new, lower income tax rate of 21%, Fenske said.

Many C-corps adopted the strategy of deferring taxable income and accelerating deductible expenditures in 2017, to take advantage of the lower rate that went into effect for the 2018 tax year. And less money spent paying taxes means more money that can go toward technology, training and other growth investments. This consideration may explain why the vast majority of executives reported feeling that the tax-reform changes will, at the very least, not have a negative impact on their company, according to Crain's CFO Forecast: 87% believe the changes will have either no impact or a positive impact.

That said, many CFOs are taking a wait-and-see attitude toward tax reform. Much of the potential investment activity that could be spurred by the new tax law hasn't had a chance to materialize, said Araco, and many of the CFOs he's spoken with are waiting until 2019 to evaluate the impact of the changes.

Among the businesses less likely to benefit from tax reform are startups, Crotty said. That's because income taxes have less effect on companies that rely on outside capital. "You have to make earnings for tax cuts to matter," Crotty said.

Fenske noted that some elements of the law weren't finalized until October of 2018, and that tax specialists are still scrambling to determine which companies qualify for which benefits. "If you see a tax professional, wish them a good holiday, because you won't see them again `til April," she said.

> "In our business, disruption always creates opportunities."
>
> - Christine M. Fenske, managing partner for New York and the financial services group at Baker Tilly

//Tariffs are making some CFOs nervous

Higher tariffs on Chinese imports, as well as on certain materials like steel and lumber, are cause for concern among CFOs. Fenske said that the threat of a trade war with China has already caused some importers to restructure their business model. "We've been helping clients set up companies in Canada so they can bring goods from China to Canada, then bring them from Canada into the United States," she said.

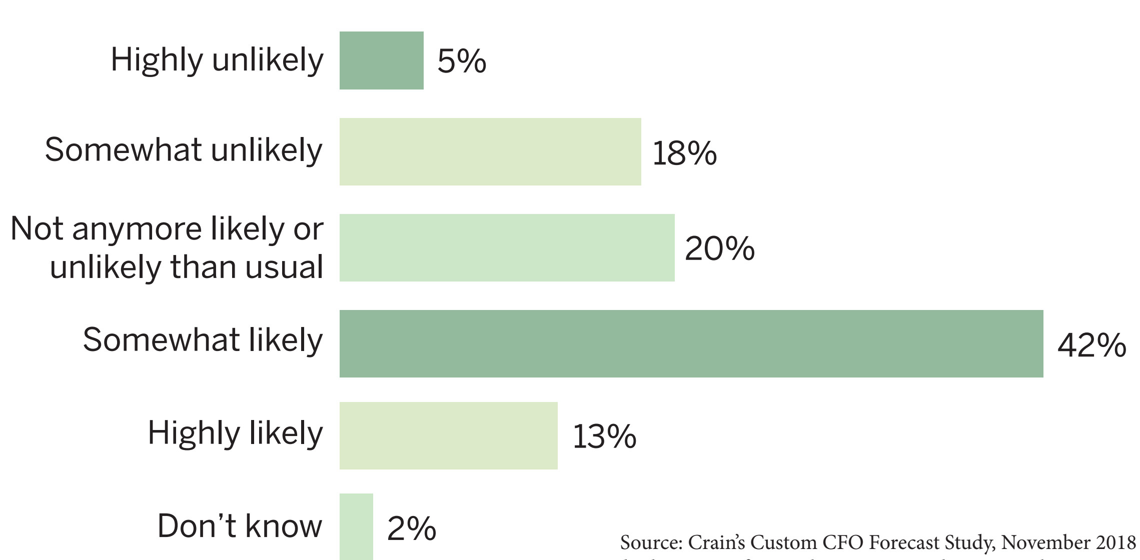
Meanwhile, much of the impact tariffs will have on consumers has yet to be felt, Fenske added, but that could change soon as existing inventories begin to become depleted, and newly imported goods face tariffs and the accompanying higher prices. In some sectors, such as the auto industry, higher prices on imports may lead to greater unemployment. That's bad news for workers, of course, but Emmerson noted that some companies actually stand to benefit from a higher unemployment rate. The franchising industry, for example, tends to grow when more people are searching for a second career.

//Confidence tempered by caution

Other issues, like cybersecurity and talent recruitment and retention, remain perennial concerns for CFOs, as hackers become ever more sophisticated and the competition for talent continues to intensify.

But panelists at the Crain's event expressed confidence that CFOs are up to the task of taking on these issues and leading their companies through what could be a period of volatility. "They're still confident," Fenske said, "but they're starting to be a little more cautious."

LIKELIHOOD THE U.S. TO EXPERIENCE A SIGNIFICANT ECONOMIC DOWNTURN IN THE NEXT 12-24 MONTHS



Source: Crain's Custom CFO Forecast Study, November 2018
Base: CFOs and other senior financial executives in the New York City Area

//**CFO FORECAST**: Research highlights issues of concern amid cautious optimism

New research reveals that New York-area CFOs and other financial executives are focused on cybersecurity, tax reform and tariffs, and renewed concerns over the short-term economic outlook.

Today's CFOs are walking a tightrope between optimism and uncertainty. The tax reform of late 2017 gave the economy a boost, yet volatility caused by trade tensions, economic uncertainty and struggling tech giants periodically rocked the markets throughout 2018. With the 2018 year at an end, CFOs are pondering the economic outlook for 2019. "There are always cycles, and we're focused on anticipating what will happen next, how that'll impact our business and how we can position ourselves to succeed in that new environment," said the CFO of a medium-sized company in an anonymous interview conducted as part of Crain's 2019 CFO Forecast.

As the business community waits to see what 2019 has in store, Crain's New York Business joined forces with Signet Research to understand trends that affect senior financial executives in the New York City area, as well as the decisions they make and the roles they play. The study surveyed financial executives about current trends, challenges and opportunities, as well as how these factors might play out in the next 12 to 24 months.

//Prioritizing cybersecurity

Eight of 10 CFOs have seen the scope of their duties increase significantly in recent years. One of the most important responsibilities CFOs have undertaken is cybersecurity, as companies adopt technologies including cloud-based solutions, machine learning and artificial intelligence. The risks of failure are ever-present, as news of data breaches at companies including Facebook and Marriot dominated the media this year. "Cybersecurity is getting more and more scrutiny," said the CFO of a large company. "We're always worried that something could happen that could affect our clients and how we are perceived."

Most CFOs and other financial executives consider cybersecurity critical to the success of their organization. As a result, the survey reported, they've created robust and sustainable programs that monitor for suspicious activity in and outside their networks.

//Focusing on forecasting

Budgeting and forecasting follow cybersecurity as a pressing priority for the next 12 to 24 months.

> "All the fundamentals seem to indicate that the economy is good, and we're cautiously optimistic, but at some point there may be a correction coming."
>
> \- Large company CFO

Given the uncertainty in the global economy and financial markets, it follows that financial executives are less optimistic about the business climate than they were a year ago. Predictions of an economic downturn are on the rise, and overall optimism has dropped from 71% in 2017 to 52% in 2018. "All the fundamentals seem to indicate that the economy is good, and we're cautiously optimistic, but at some point there may be a correction coming," said a large-company CFO.

Despite an overall sense of caution about the economy, financial executives surveyed still express optimism when it comes to building their budgets. For example, they plan to increase spending on business-related travel, and about 6 of 10 say they expect to increase wages in 2019.

While budgets may be expanding in some areas, CFOs are tightening the purse strings in others. Only a third are increasing capital spending as a result of sector-specific factors and uncertainty about the overall economy.

Rising interest rates are having a dampening effect on corporate budgets, changing how some are managing debt. "I think the biggest risk to us, from an investment perspective, is rising interest rates, because it makes it more expensive for us to borrow," said the CFO of a small company. Just over 10% of CFOs say they plan to borrow more in the near future. Nearly a third, on the other hand, plan to pay down their debt in 2019 and beyond.

//Keeping an eye on tax reform and tariffs

CFOs have been closely watching the effects of tax reform and tariffs. The Tax Cuts and Jobs Act passed in December 2017 made a number of significant business tax changes, including swapping the graduated corporate tax structure, which included brackets ranging from 15% to 35%, for a single flat rate of 21%. There is also a new 20% deduction on pass-through income from partnerships, S corporations and sole proprietorships.

Most financial executives surveyed feel that tax reform will have either a positive impact or none at all on their company. Yet caution prevails here as well. "I think the effects of tax reform will take some more time to materialize," said a small-company CFO, perhaps referring both to the complexity of the changes in the tax code and the IRS's delay in issuing regulations about the specifics, As a result, nearly three in 10 financial executives say their reliance on third-party tax experts and services has increased over the past two years.

Meanwhile, trade tension between the U.S. and its major trading partners, especially China, escalated throughout the year. Perhaps the most dramatic development came in September when the U.S. imposed $200 billion in tariffs on Chinese imports, swiftly countered by $60 billion in Chinese tariffs. The imposition of those tariffs is on hold until March, pending further negotiations.

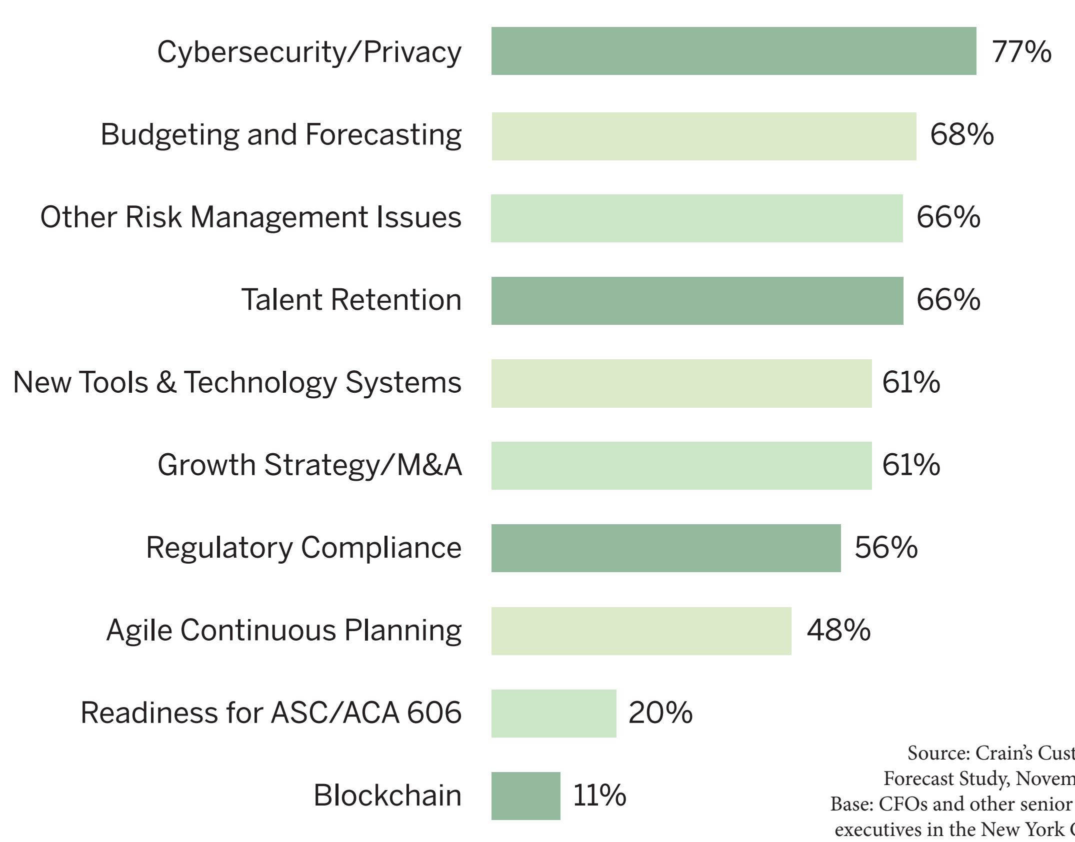
About two-thirds of surveyed executives aren't worried about the situation. They believe tariffs will have no impact on their company's financial circumstances. On the flip side, of course, a third do expect to feel negative impacts. Companies that are affected by the tariffs say they are likely to raise prices, absorb any price increases themselves or accept smaller margins.

//Encountering a competitive job market

Recruiting top talent remains an issue this year. Companies report a mix of recruitment challenges, including struggling to find qualified candidates, especially for higher level roles, and increased competition in the job market due to low unemployment rates and tension between large, stable companies and small startups that offer unique benefits and higher salaries.

As these challenges continue to shift, the role of the CFO is evolving beyond that of financial gatekeeper. In addition to managing cost and profitability, CFOs are increasingly called on to navigate swiftly changing technology, advise boards and recruit new talent. These tasks, once considered outside of their wheelhouse, help CFOs move their companies forward as they navigate uncertainty in the coming year.

Mission Critical/Important Priorities Next 12-24 Months



Source: Crain's Custom CFO Forecast Study, November 2018
Base: CFOs and other senior financial executives in the New York City Area

//**CFO FORECAST**: Solving the talent problem

Unprecedented competition to find and retain employees requires CFOs and other financial executives to rethink talent management.

Finding, hiring and retaining the right employees is almost always a challenge for business leaders. But with the economy thriving in recent years and the job market in the midst of an unprecedented tightening, talent retention is among the biggest concerns of the financial community these days.

Hanging onto employees became an even more pressing issue for financial executives over the past year, with 66% identifying talent retention as an important priority in Crain's 2019 CFO Forecast, up from 50% in the 2018 CFO Forecast. Participants in Crain's Dec. 7 CFO panel event agreed that the enormous competition for talent has changed the nature of talent management. "To say talent is the most important aspect of a company is an understatement," said Michael Crotty, CFO of The Players' Tribune.

//A new paradigm

In the past, employees were expected to adjust their expectations and values to those of their employers. Now, the inverse is becoming true, as employers move to meet the needs of individual employees.

Meeting these needs starts with compensation: Six out of 10 financial executives are planning to increase wages in 2019. Beyond monetary rewards is work-life balance. For example, many companies are allowing employees to work remotely and stay in the market in which they prefer to live, even if it's thousands of miles from the company's home base. Another strategy is to give employees more opportunities to expand their skills via training programs, or expand the use of their talents across different areas of the company.

> "Start thinking about your employees' career paths as lattices, not ladders, a series of opportunities that marry employees' motivations, desires and professional goals to the company's needs."
>
> - Nick Araco, CEO, The CFO Alliance

Nick Araco, CEO of The CFO Alliance, recommended that business leaders rethink their conception of how employees might grow within a company. "Start thinking about your employees' career paths as lattices, not ladders," Araco said. He described this approach as envisioning "a series of opportunities that marry employees' motivations, desires and professional goals to the company's needs."

Christine M. Fenske, managing partner for New York and the financial services group at Baker Tilly, suggested that employers also start hiring talent with skills that exceed the scope of traditional roles. "We need people who can see the big picture and tell a story," said Fenske. She views employers as "value architects," rather than "value protectors," who will help companies expand in new directions.

//The cost of mismanaging talent

The cost of poor talent management is too high not to prioritize it, panelists agreed. In fact, according to Crotty, "Most people underestimate the amount of money that goes into sourcing talent."

Top 3 biggest challenges in recruiting and retaining talent

1. Lack of quality candidates, especially for higher level roles
2. Increased competition between larger organizations with status and stability versus smaller start-ups offering unique benefits and higher salaries
3. More competitive job market as a result of low unemployment rates

//**CFO FORECAST**: Staying ahead of cybersecurity's evolving risks

Despite taking strong steps toward data protection, CFOs say they have more work to do.

Earlier this year in fall, Marriott reported that hackers had breached its guest booking software and may have compromised the personal information of 500 million accounts. With stories of high-profile data breaches becoming more common, it's no wonder cybersecurity is one of the biggest concerns for the financial community. In fact, 77% of financial executives said cybersecurity will be an important priority over the next 12 to 24 months, according to Crain's 2019 CFO Forecast. Another 84% said data privacy and security is a strategic risk to their organization.

At the same time, 61% reported having a robust and sustainable cybersecurity program. The fact that a majority of executives can be confident in their existing security measures yet concerned about threats indicates that cybersecurity must be continually improved in order to stay ahead of hackers.

//A baseline for network security

CFOs and other financial executives said they've adopted a number of measures to protect their data. Nearly nine out of 10 monitor network traffic for suspicious activity. They are also focused on bringing in the right people to manage their cybersecurity programs. Seventy percent said they use the talent in place to plan and execute their cybersecurity measures. And just over half said they run simulated hacker tests to help identify network vulnerabilities or weak data spots.

Despite these technology-driven efforts, those who participated in Crain's CFO panel discussion on Dec. 7 reported that their companies were also focused on another critical piece of data security: the human element.

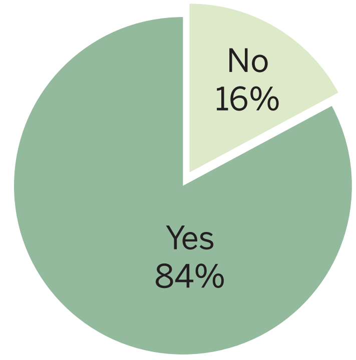
//Creating a culture of security

One of the biggest continuing threats to cybersecurity comes from email phishing scams targeting employees. A study by cybersecurity company Rapid7 found that 330 Fortune 500 companies had weak or nonexistent email defenses to prevent phishing attacks.

"It's the person sitting at their desk that gets an email that looks like it's from me, that says, 'Hey I need you to cut and send this check,'" said Christine M. Fenske, managing partner for New York and the financial services group at Baker Tilly.

Training employees to spot scams can be a first line of defense. "You need an education and development component—and it's not just the C-suite and the board, but throughout the enterprise—to raise awareness and competency on how to identify and deal with an issue," said Nick Araco, CEO of The CFO Alliance.

Is data privacy and security a strategic risk to your organization?



Companies should be mindful of how employees communicate and share data—whether through email, office chats or social media—and limit sharing to secure networks. Companies must also control who has access to data. For example, freelancers who are given access to company files must have that permission automatically revoked after they complete the job. Using offsite storage for critical data such as payroll or customer payment information adds another layer of protection.

Robust data-security education for employees can help companies block potential access points open to hackers who are easily stymied by network protection systems. Careful data storage helps limit the private information that can be stolen should hackers manage tobreach the system. This multifaceted approach—encompassing network security, human behavior and data storage—can help CFOs and other financial executives stay ahead of cybersecurity threats. ■

Forecasting the economy in 2019

International trade disputes, the continuing effect of the 2017 tax breaks and Amazon's imminent expansion all will influence the 2019 economic outlook for New York City as well as the country at large. In combination, these factors make it difficult to anticipate how events may unfold in the New Year.

To get a sense of what to expect, Crain's Custom turned to City National Bank, a full-service banking and investment company with three offices in New York City. We spoke with Brandon Williams, City National's eastern regional manager of private banking.

Brandon Williams
Eastern Regional Manager
Private Banking
City National Bank

Q *Crain's:* What is the economic outlook for 2019, and how will it impact the U.S. stock market?

A *Williams:* We are in the latter stages of an extremely long economic growth cycle, so we anticipate a slowdown in global and U.S. GDP going forward, but not a recession in the U.S.

U.S. employment, the American consumer and corporate profits are all strong, but market volatility is likely to continue. We view the current pullbacks in the market as a correction, rather than the beginning of a more severe and prolonged downturn. S&P 500 earnings should slow from more than 20% growth in 2018 to 5% growth in 2019 as the tax stimulus wears off and other factors contribute. We estimate that U.S. GDP growth will slow to about 2%, possibly slightly higher, assuming an inflation rate of 2.2%.

Based on our outlook for economic growth and improving corporate earnings, we remain bullish on equities in general and continue to see attractive prospects in the opportunistic fixed income class. Bear markets outside recessions are rare. Still, we believe investors should prepare for more moderate returns in the months ahead and perhaps greater volatility. Patience and discipline will be more important than ever. The investment landscape is growing more challenging as investors adjust to more typical late-stage expansion conditions of higher inflation, rising interest rates and less accommodative monetary policy.

Meanwhile, concerns over global growth, rising trade tensions, midterm elections, and other geopolitical risks mean markets will likely continue to be subject to periodic swings in sentiment and potential pullbacks. All of this clearly highlights the value of experienced advisers with a focus on active management and the need for investors to become more selective.

Q *Crain's:* How do you expect the trade disputes to affect economic performance, corporate earnings and other economic indicators?

A *Williams:* Trade tensions are headwinds to the market, but we believe their impact on corporate profits should be manageable. Our base forecast for earnings-per-share growth is 5%. Certain sectors are reporting a delay in investments, slowdowns in hiring and even layoffs, some of which are directly attributable to the current and foreseeable trade environment. Although the real economic effect thus far has been fairly muted, escalating trade tensions have the potential to be considerably more impactful—as much as 1% of U.S. GDP, in our view, so it is something we are keeping a close eye on.

Q *Crain's:* What do you expect in terms of future increases in interest rates? How should businesses prepare?

A *Williams:* We expect to see one or two rate increases in fiscal 2019. We see the 10-year Treasury note in the 2.90 to 3.40% range for 2019. In the face of rising interest rates, we recommend businesses and individuals secure the financing they need while rates are still relatively low. For floating rate borrowers, explore locking in fixed-rate financing. Although rates overall have increased, they remain low from an historical perspective. Meanwhile, the yield curve remains quite flat, which means longer-term fixed rate financing—either from a bank or through the capital markets in the form of an interest rate swap—will require a relatively low premium over shorter-term financing.

Related to excess liquidity, many wealthy families, business leaders and nonprofit boards are actively seeking short-term investments while they wait for long-term opportunities. We recommend speaking with their bank advisers to ensure they are maximizing cash management strategies; high net worth individuals should explore various taxable and tax-exempt liquidity management strategies available in the market.

Q *Crain's:* Given these economic factors, should investors be diversifying into alternative investments?

A *Williams:* Diversification is a critically important risk-management tool in any environment, but particularly now as the global economy appears to be softening and diverging, and volatility and risk are on the rise. Alternative investment strategies come in many forms, including private equity, venture capital, hedge funds, real estate investment trusts and various commodities. At City National Bank, we are focused on delivering solutions around many of these areas and have a specific focus on reinsurance, capital leasing and structured credit as alternatives to the traditional investment options. Many of these assets have a low correlation to the traditional stock and bond markets, making them attractive options for investors looking to diversify.

Most alternative investment assets are held by institutional investors, accredited investors or qualified purchasers. They trade with little regulatory oversight, often are not fully transparent to the investor and can be quite complicated. We recommend you work with an experienced investment adviser when considering alternative investments.

Q *Crain's:* How do you expect the Amazon deal to affect New York City?

A *Williams:* There are many positives about this expansion into New York City. For starters, the move is expected to bring thousands of jobs, with Amazon highlighting average wages around $150,000 annually.

This influx of people should benefit the local economy, as we expect existing businesses to expand and new ones to spring up to serve the needs of these workers and new residents. This growth should generate jobs for residents, particularly in the service industry, and bring additional spending and tax revenue to the area.

Recent reports state that 700 people will be hired in 2019 at Amazon's Long Island City location, growing to about 3,000 people in 2020. Long Island City currently has sufficient space for growth and the ability to expand over the long term. But of course this sort of expansion will have an impact on housing costs, pushing rents and real estate up. Despite some concern that has been expressed about the impact on transportation and potential impacts to the quality of life for LIC residences, I think Amazon's expansion is positive for NYC and specifically Long Island City. ■

MESTRICH, in the bank's Woody Guthrie conference room, has plans to expand Amalgamated from the New York island to California.

BUCK ENNIS

BANKING FOR GOOD

Founded to support the city's union workers, Amalgamated plans to grow by financing socially responsible causes

BY AMY CORTESE

It was the morning after the 2018 midterm elections and Keith Mestrich, chief executive of Amalgamated Bank, was placing congratulatory calls to the bank's clients. His first three calls were to Antonio Delgado, Max Rose and Anthony Brindisi, Democrats who ousted Republicans in New York districts as part of a statewide blue sweep. Also on his list were national Democratic leaders such as Sens. Jon Tester of Montana and Sherrod Brown of Ohio, ranking member of the Senate banking committee.

"We do a nice national business banking the Democratic Party," Mestrich said, sitting on a couch in his office above an Amalgamated branch in the Garment District. That might be an understatement. Amalgamated's clients include the Democratic National Committee, progressive super PACs and rising national stars such as Alexandria Ocasio-Cortez as well as stalwarts including Sen. Kirsten Gillibrand. The bank serviced Bill de Blasio's mayoral campaigns and Hillary Clinton's billion-dollar presidential run.

All told, Amalgamated raked in more than $2 million in fees from Democratic campaigns and organizations during last year's midterms, according to Federal Election Commission filings.

The turn to politics is part of a plan by Mestrich to diversify beyond the bank's organized-labor roots. The bank was founded 96 years ago by a New York garment workers union and for most of its existence has served local union members and their pension funds. Since becoming CEO in June 2014, Mestrich has moved to embrace a broader set of organizations and businesses that share the bank's social and environmental concerns. (Planned Parenthood and the Sierra Club are clients.) Getting political, it turns out, can be a winning business strategy.

Mestrich built an Amalgamated presence in Washington, D.C., almost from scratch, hiring former Obama administration officials as bankers. Amalgamated in May completed the acquisition of San Francisco–based New Resource Bank, netting a portfolio of commercial loans to socially responsible firms in areas such as clean energy, organic food and green building. In August the bank was listed on Nasdaq, becoming the first labor-owned company of any kind to go public and providing access to the kind of capital Mestrich will need to finance more acquisitions.

The goal is to create a national financial powerhouse that serves socially responsible organizations—the Patagonia of banking, you might say. That mission could grow Amalgamated from nearly $5 billion in assets today to $50 billion in a decade or two, Mestrich forecasts.

That's a big ambition for a bank that is tiny by the standards of JPMorgan Chase and Bank of America, which each have more than $2 trillion in assets.

"Size really matters," Mestrich said. "When you don't have a big balance sheet, you can't do things for the largest players. You can't bear the risk of product development. You can't build a national name and national footprint."

Mestrich's plan relies heavily on a digital banking platform with a limited physical footprint. "The model won't work in Topeka or Little Rock," he acknowledged. "But it does work well in places like Boston, Chicago, Los Angeles and Seattle, where there's a concentration of nonprofit organizations and unions and political groups. I think we can build a real business around that."

Values play

Across the financial industry, players including BlackRock and Goldman Sachs are adopting so-called socially responsible investing. Often that involves splashy initiatives but little fundamental change in how the institutions operate. JPMorgan Chase, for example, made headlines in 2017 for committing to 100% renewable energy by 2020. Yet it financed $25 billion in "extreme" fossil-fuel projects, including tar sands and coal, from 2015 to 2017, according to a Rainforest Action Network report.

In contrast, Amalgamated was born out of a platform of workers' rights and solidarity, and those values are baked into its DNA. The bank, which has championed a $15 minimum wage, became the nation's first to raise its own minimum to that level in 2015. (Jamie Dimon followed suit a year later.) It uses its $40 billion trust business to pressure public companies on issues including board diversity, gun control and curbing carbon emissions. It's leading an initiative to devise a framework for measuring the climate impact hidden in loan portfolios.

Amalgamated is also one of the few banks, along with New Resource, to become a certified B Corp., a voluntary designation that requires businesses to rigorously measure and report the impact they have on their employees, customers, the communities they work in and the environment.

That all-in strategy sets Amalgamated apart, said Dennis Kelleher, president and chief executive of Better Markets, a watchdog group. Amalgamated is "trying to bring a socially responsible financing model to the financial industry," Kelleher said. "That's obviously very hard to do in an industry where the competitive pressures on revenues and profits are so intense. But it's an exciting experiment that the country really needs to see."

It's also an experiment you wouldn't expect from Wall Street. But then, Amalgamated has never been a typical bank. And Mestrich, who spent the bulk of his career in the labor movement—starting as a financial analyst at the AFL-CIO and rising to chief financial officer and deputy chief of staff for the Service Employees International Union—is not your typical banker.

"I've had a pretty nontraditional career path to becoming a bank CEO—to say the least," he said.

Labor organizer Sidney Hillman and the Amalgamated Clothing Workers of America founded the bank in 1923. As New York City's first labor bank, it sought to provide working folks with affordable services. The year after its founding, the bank introduced the nation's first unsecured personal loans, akin to today's credit cards. It also offered the city's first free checking accounts and the first foreign-exchange transfer service for immigrants looking to send money to relatives who stayed behind.

Hillman also helped to create the Amalgamated Housing Cooperative in the Bronx—the oldest limited-equity cooperative housing in the nation, with a several-year waiting list. It was financed, naturally, by Amalgamated Bank.

The bank's Manhattan headquarters celebrates that history. Posters of Hillman hang on the walls, and conference rooms are named after progressive heroes such as Woody Guthrie and Eleanor Roosevelt.

The union merged in 1995 with the International Ladies' Garment Workers' Union to form the Union of Needle Trades, Industrial and Textile Employees, or UNITE—"the best acronym ever for the labor movement," Mestrich said.

But that proud history almost came to an inglorious end. By the turn of the century, unions were under assault. Membership numbers plummeted. Infighting broke out at UNITE, which had by then merged with a union for hotel and restaurant workers.

Around that time, the bank embarked on a rapid expansion into underserved communities.

'A perfect storm'

Then the 2008 financial crisis hit. Amalgamated's branch in the Financial District sported a big sign supporting the Occupy Wall Street protesters. But internally, the bank was reeling from the same subprime loans that had shaken its big rivals. Amalgamated wrote down $150 million in tainted loans from Countrywide Financial and other subprime lenders, and regulators ordered the bank to raise its capital

COURTESY OF AMALGAMATED BANK

ratio. Making matters worse, the bank had relied on borrowing rather than deposits to finance its operations, and it was locked into long-term interest rates even as rates were plunging.

"It was almost a perfect storm," Mestrich said.

"BECOMING A $50 BILLION BANK WOULD SAY SOMETHING VERY REAL ABOUT THE PROGRESSIVE ECONOMY"

It nearly devastated the bank. Amalgamated was stabilized with the help of a $100 million loan in 2011 from funds controlled by billionaires Ronald Burkle and Wilbur Ross, who took a combined 40% stake. (The funds sold shares, reducing their stakes, in the August public offering. Ross fully divested of his interests in 2017.) The next year Mestrich left the SEIU, an affiliate of UNITE (now Workers United), to join the bank. His mandate: Expand the bank's sleepy Washington, D.C., presence. With his connections, Mestrich soon landed the Democratic National Committee as a client.

Two years later he was promoted to president and CEO. He moved to New York and began to close underperforming branches and unwind problem loans.

The financial crisis led Amalgamated, and Mestrich, to think more broadly and grow the bank's business beyond the labor community to nonprofit and political organizations and—with New Resource Bank—socially conscious businesses. After New York and D.C., "San Francisco was the next best

CHARTERED IN 1923 IN UNION SQUARE, Amalgamated brought affordable banking to the working classes.

market for us," Mestrich said. "We were trying to get there organically, but it was really hard."

The New Resource acquisition, which grew out of talks between Mestrich and that bank's CEO, Vincent Siciliano, presented a great opportunity. It also crystallized the strategy Amalgamated had long been mulling, leading to the tagline "America's socially responsible bank."

Getting to scale

The moves have paid off. The D.C. operation has gone from nearly nothing in 2012 to more than $1 billion, driven by bankers who hail from the political and nonprofit worlds and understand their customers' business needs. They're intimately familiar with arcane federal election rules and forms, for example, and offer extended hours to accommodate wires to facilitate the last-minute ad buys vital to campaigns. "We don't work bank hours; we work campaign hours," said Molly Culhane, Amalgamated's senior vice president of political banking, who joined the bank in 2014 after stints in the Obama administration and Barack Obama's re-election campaign.

Meanwhile, Amalgamated has committed to doubling the loans New Resource could make to triple–bottom line businesses (those aiming for environmental, social and financial results), from $350 million to $700 million by 2020. Amalgamated remains the largest manager of union pension funds in the country and Workers United its largest shareholder.

Since Mestrich has taken over, the bank has increased deposits by $1.5 billion and earnings from $3.3 million in 2014 to $32 million as of last year's third quarter.

Wall Street has cheered the bank's moves. Amalgamated shares closed the year at $19.50, up 25% despite the broader market swoon.

In reiterating his "overweight" rating in December, JPMorgan analyst Steven Alexopoulos wrote: Amalgamated "appears to have years of double-digit growth potential within its reach as the company expands market share within its targeted niche." The bank, Alexopoulos noted, has just 5% of a potential $97 billion in customer assets within its target market of progressive organizations in six metropolitan regions.

As community banks struggle to adapt to changing technologies and intensified competition, Amalgamated's singular vision offers a competitive edge. "There are just under 5,800 banks in the U.S., and yet you really can't find a competitor to Amalgamated right now," Kelleher said. "The challenge is how well they can execute on their strategy and take a socially responsible bank model to scale."

Mestrich is intent on trying. "Could we be a $50 billion bank?" he mused from his office, filled with framed photos of politicians and progressive activists. "It would be pretty ambitious to get there. But a $50 billion bank would say something very real about the progressive economy. That would ultimately be the highest purpose that this institution could serve." ■

LARGEST MERGERS & ACQUISITIONS

New York–area deals announced in 2018, ranked by value

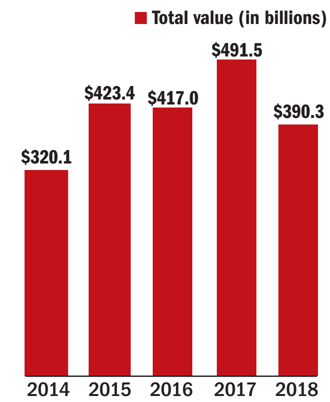
RANK	TARGET/ LOCATION	BUYER(S)/INVESTOR(S) LOCATION	DEAL VALUE IN MILLIONS	PRIMARY INDUSTRY OF TARGET BUSINESS	DATE ANNOUNCED	DATE CLOSED
1	**Red Hat Inc.** Raleigh	International Business Machines Corp. Armonk, N.Y.	$35,690.9	Systems software	10/28	-
2	**CA Technologies** Manhattan	Broadcom Inc. San Jose	$21,776.0	Systems software	7/11	11/5
3	**L3 Technologies Inc.** Manhattan	Harris Corp. Melbourne, Fla.	$19,723.0	Aerospace and defense	10/12	-
4	**Ant Financial Services Group** Hangzhou	Warburg Pincus[1] Manhattan	$14,000.0	Financial technology	6/8	6/8
5	**Envision Healthcare Corp.** Nashville	KKR & Co. Inc. Manhattan	$11,186.0	Health care services	6/10	10/11
6	**Juno Therapeutics Inc.** Seattle	Celgene Corp. Summit, N.J.	$9,305.3	Biopharmaceuticals	1/21	3/6
7	**Gramercy Property Trust** Manhattan	Blackstone Real Estate Advisors Manhattan	$7,504.7	Industrial REITs	5/6	10/10
8	**Frutarom Industries** Haifa	International Flavors & Fragrances Inc. Manhattan	$7,241.0	Production and distribution of extracts	5/6	10/4
9	**Impact Biomedicines Inc.** San Diego	Celgene Corp. Summit, N.J.	$7,000.0	Development of cancer treatments	1/7	2/28
10	**The Dun & Bradstreet Corp.** Short Hills, N.J.	CC Capital Management[2] Manhattan	$6,875.1	Commercial data and analytics	8/8	-
11	**Athenahealth Inc.** Watertown, Mass.	Veritas Capital Fund Management[3] Manhattan	$5,941.9	Health care technology	11/11	-
12	**Corporate Property Associates 17 – Global Inc.** Manhattan	W.P. Carey Inc. Manhattan	$5,858.0	Diversified REITs	6/16	10/31
13	**OppenheimerFunds Inc.** Manhattan	Invesco Atlanta	$5,714.1	Asset management	10/17	-
14	**Jardine Lloyd Thompson Group** Greater London	Marsh & McLennan Cos. Inc. Manhattan	$5,615.2	Insurance brokerage	9/18	-
15	**Validus Holdings** Pembroke, Bermuda	American International Group Inc. Manhattan	$5,563.6	Reinsurance	1/5	7/18
16	**Travelport Worldwide** Langley, England	Siris Capital Group[3] Manhattan	$4,350.1	Travel technology	12/9	-
17	**Blackhawk Network Holdings Inc.** Pleasanton, Calif.	P2 Capital Partners[4] Manhattan	$3,972.0	Prepaid and gift card industries	1/15	6/15
18	**Pandora Media Inc.** Oakland, Calif.	Sirius XM Holdings Inc. Manhattan	$3,855.3	Music streaming	9/23	-
19	**Antelliq** Vitré, France	Merck Animal Health Summit, N.J.	$3,670.7	Animal tracking technology	12/14	-
20	**Finanziaria Industriale Mobiliare ed Immobiliare** Milan	StepStone Group[5] Manhattan	$3,535.2	Financial holdings	6/29	-
21	**SodaStream International** Airport City, Israel	PepsiCo Inc. Purchase, N.Y.	$3,393.4	Soda machine manufacturer	8/20	12/5
22	**Nuovo Trasporto Viaggiatori** Rome	Global Infrastructure Partners Manhattan	$3,290.3	Operator of high-speed trains	2/5	4/26
23	**Saeta Yield** Madrid	TerraForm Power Inc. Manhattan	$3,222.1	Renewable energy	2/6	6/12
24	**EnLink Midstream[6]** United States	Global Infrastructure Partners Manhattan	$3,125.0	Oil and gas refining and marketing	6/5	7/18
25	**Beijing Byte Dance Telecommunications Co.** Beijing	General Atlantic Service Co.[7] Manhattan	$3,000.0	Content platforms	10/27	10/27
25	**GrabTaxi Holdings** Singapore	Goldman Sachs Group, Merchant Banking Division[8] Manhattan	$3,000.0	Ride hail, ride share and transportation services	6/3	-
25	**WeWork Cos.** Manhattan	SoftBank Group Corp. Tokyo	$3,000.0	Shared workspaces and real estate	11/13	-
28	**Pure Industrial Real Estate Trust** Vancouver	The Blackstone Group[9] Manhattan	$2,977.5	Industrial REITs	1/8	5/24
29	**Fitch Group** Manhattan	Hearst Corp. Manhattan	$2,800.0	Credit ratings	4/12	4/12
30	**Aspen Insurance Holdings** Hamilton, Bermuda	Apollo Global Management Manhattan	$2,611.7	Property and casualty insurance	8/27	-

New York area includes New York City and Nassau, Suffolk and Westchester counties in New York, and Bergen, Essex, Hudson and Union counties in New Jersey. List includes announced transactions for which terms were disclosed and that were not canceled and in which a buyer or target was based in the New York area. Includes private-equity deals. In case of a tie in value, deals are listed in alphabetical order by target. **1**-Buyers also include General Atlantic Service Co., Silver Lake, The Carlyle Group, Temasek Holdings, GIC, Canada Pension Plan Investment Board, Discovery Capital Management, Khazanah Nasional Berhad, T. Rowe Price Associates, Baillie Gifford & Co., Primavera Capital Group and Janchor Partners. **2**-Buyers also include Thomas H. Lee Partners, Qatar Investment Authority, Cannae Holdings Inc., Black Knight Inc. and Motive Capital Management. **3**-Buyers also include Evergreen Coast Capital Corp. **4**-Buyers also include Silver Lake. **5**-Buyers also include CVC Capital Partners and Public Sector Pension Investment Board. **6**-Target includes Enlink Midstream Partners, EnLink Midstream and Enlink Midstream Manager. **7**-Buyers also include KKR & Co. Inc. and SoftBank Group Corp. **8**-Buyers also include Microsoft Corp., Vulcan Capital, Booking Holdings Inc., Toyota Motor Corp., Lightspeed Venture Partners, OppenheimerFunds Inc., Yamaha Motor Co., Kasikornbank, Hyundai Motor Co., Kia Motors Corp., Mirae Asset Venture Investment Co., Ping An Capital Co., Citi Ventures Inc., All-Stars Investment, Baidu Capital, Macquarie Capital and Cinda SinoRock Investment Management. **9**-Buyers also include Ivanhoé Cambridge Inc. **Source:** S&P Global Market Intelligence, with additional research by Gerald Schifman.

TRENDS

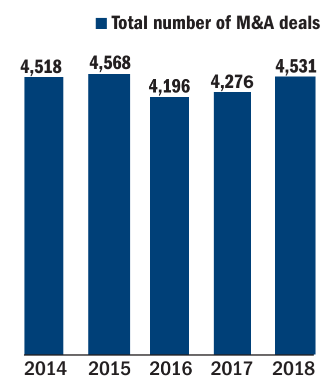
A RETURN TO NORMS

After the total value of local M&A deals approached a half-trillion dollars in 2017, the sum sunk 20.6% in 2018.



TRANSACTION UPTURN

Overall merger activity was plentiful in 2018, as the number of M&A deals involving New York–area companies increased 6%.



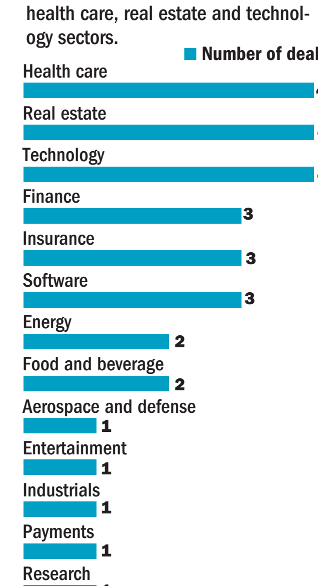
1,580 Total number of deals in which an area company was the target in 2018, a 0.3% drop from the previous year

3,318 Total number of deals in which an area company was the buyer in 2018, an 8.7% rise from 2017

33,379 Total number of U.S. deals announced in 2018, a 0.4% rise from 2017

INDUSTRY LEADERS

The top target businesses in *Crain's* top 30 were most frequently in the health care, real estate and technology sectors.



Source: S&P Global

NEW IN TOWN

■ **CoverGirl**
719 Seventh Ave.
The 57-year-old cosmetics brand opened its first standalone brick-and-mortar store, in Midtown.

■ **Elizabeth Young**
212 Degraw St., Brooklyn
The bookseller in Cobble Hill sells new and rare tomes as well as collectible items such as old menus and political pamphlets.

■ **La Rossa**
267 Lafayette St.
Italian pizzaiolo Stefano Callegari opened his first U.S. restaurant, where he serves 12-inch pies with a twist, such as Campari-marinated mozzarella.

■ **Liuyishou Hotpot**
136–76 39th Ave., Queens
A China–based franchise with acclaimed spicy broths for dipping meats and vegetables brings the heat to Flushing.

■ **Maison Vivienne**
116 E. 60th St.
The Southampton French Provençal restaurant opened a second location, in a townhouse on the Upper East Side.

■ **Maude**
63 N. Third St., Brooklyn
The startup seeking to make inclusive sexual aids opened a pop-up shop in Williamsburg.

■ **Odo**
17 W. 20th
Former Kajitsu chef Hiroki Odo, who opened an all-day bistro hall in the Flatiron District in November, has added a 14-seat restaurant in the back with a nine-course, $200 dinner menu.

■ **Showfields**
11 Bond St.
This planned 4-story retail showcase for digital brands that pop up in rotation has debuted its first floor, dedicated to wellness brands such as toothbrush-maker Quip and mattress seller Boll and Branch.

■ **Yummy Tummy Asian Bistro**
161-16 Northern Blvd., Queens
Among the Korean restaurants in Murray Hill is this eatery selling Singaporean and other Southeast Asian comfort food.

MOVES AND EXPANSIONS

■ **Milk Bar**
110 Fifth Ave.
The dessert chain opened its 10th city location in a summer camp–themed experience space, with new menu items such as sundaes.

■ **Sola Lab**
45 Beekman St.
Sola Pasta Bar in SoHo has spun off a restaurant that serves fish, meat and noodles in the Financial District.

■ **Xi'an Famous Foods**
8 Liberty Place
The hand-ripped noodle chain founded by *Crain's* 40 Under 40 alum Jason Wang opened its 14th location, in the Financial District.

STOCK TRANSACTIONS

■ **Blue Apron Holdings (APRN-N)**
Ilia Papas, founder and chief technology officer, sold 133,333 shares of common stock for $1.09 per share Dec. 7 in a transaction worth $144,772. He now holds 69,690 shares.

■ **Apollo Commercial Real Estate Finance Inc. (ARI-N)**
Board member Mark Biderman sold 10,000 shares of common stock for $18.85 per share Dec. 7 in a transaction worth $188,489. He now holds 46,718 shares.

■ **Michael Kors Holdings (KORS-N)**
General counsel Krista Ann McDonough sold 3,000 shares of common stock for $42.62 per share Dec. 6 in a transaction worth $127,854. She now holds 2,423 shares.

REAL ESTATE

RETAIL

■ Hospital for Special Surgery signed a 10-year deal for 17,000 square feet at **770 Lexington Ave.** The hospital plans to offer physical therapy and alternative care services through its Integrative Care Center. Savitt Partners represented the tenant. ABS Partners Real Estate brokered the deal for the landlord, Terra Holdings. The asking rent was not disclosed.

■ Foodtown agreed to take 15,000 square feet at **54 Noll St.**, Brooklyn. The grocery store will become the anchor tenant in a 100,000-square-foot redeveloped retail space in Bushwick. EXR represented the landlord, All Year Management. The asking rent was $65 per square foot. It was unclear whether the grocer had a broker in the deal.

■ Spin New York inked a five-year deal for 10,300 square feet at **3 E. 54th St.** The pingpong social club, which began in the Flatiron District, plans to open its Upper East Side location this year. Newmark Knight Frank represented the tenant and the landlord, Chen Brothers Realty Corp. The asking rent was not disclosed.

■ Savanna bought a 12-story office and retail building at **48 W. 25th St.** for $100 million from the Flapper family. The real estate investor plans to renovate the 126,256-square-foot NoMad building, which was constructed in 1920. Cushman & Wakefield represented the buyer and the seller.

COMMERCIAL

■ Deutsche Bank took 1.1 million square feet at **1 Columbus Circle**. The bank plans to move its headquarters from 60 Wall St. by the third quarter of 2021. The lease is for 25 years. The asking rent was not disclosed. The building name will change to Deutsche Bank Center, as Time Warner has announced its departure for Hudson Yards. JLL represented both the tenant and the landlord, The Related Cos.

■ The Metropolitan Transportation Authority renewed its 47,042-square-foot lease at **1 Pierrepont Plaza**, Brooklyn. The transit agency will continue to occupy the entire sixth floor of the 19-story tower in Brooklyn Heights. The asking rent was $50 per square foot. CBRE represented the landlord, Forest City New York. Cushman & Wakefield brokered for the tenant.

■ Fluent nabbed 42,000 square feet at **300 Vesey St.** The digital marketing agency plans to move from 33 Whitehall St. The company is subleasing for the next seven years. The asking rent was $56 per square foot. Newmark Knight Frank handled the lease for the subtenant. JLL and Sage Realty represented the sublandlord, Virtu Financial.

■ RP Management inked a 10-year deal at **110 E. 59th St.** The investment management arm of pharmaceutical royalties firm Royalty Pharma tacked on 13,284 square feet to the renewal of its existing lease. Now the firm occupies 30,000 square feet. The asking rent was in the $90s per square foot.

■ Harman agreed to take 11,000 square feet at **19 W. 44th St.** The high-end speaker brand plans to move its new design agency, Huemen, into the office. Savills Studley represented the tenant. JLL represented the landlord, Savanna. The asking rent was not disclosed. The landlord, Jack Resnick & Sons, was represented by an in-house team. The tenant did not work with a broker.

■ Seven Bucks Productions inked a deal for 7,000 square feet at **708 Third Ave.**, which is being rebranded as 10 Grand Central. The production company, owned by actor Dwayne Johnson and producer Dany Garcia, plans to open an East Coast office in the remodeled building. The asking rent was not disclosed. It was unclear if the owner, Marx Realty, and the tenant worked with brokers in the transaction. **– YOONA HA**

DEALS ROUNDUP

TARGET/SELLERS	TRANSACTION SIZE [IN MILLIONS]	BUYERS/ INVESTORS	TRANSACTION TYPE
Travelport Worldwide Ltd.	$4,350.1	Evergreen Coast Capital Corp.; Siris Capital Group LLC (Manhattan)	FB M&A
Acrisure LLC	$2,000	Blackstone Tactical Opportunities Advisors LLC (N.Y.); GSO Capital Partners LP (Manhattan); Harvest Partners SCF LP (Manhattan); Partners Group Holding AG	GCI
Ranpak Corp./Rhone Capital LLC (Manhattan)	$950	One Madison Corp. (Manhattan)	SB M&A
53 State St., Boston/ UBS Asset Management	$845.7	Allianz Real Estate of America (Manhattan); Beacon Capital Partners LLC; Massachusetts Pension Reserves Investment Trust	SB M&A
CBS Television City Property and Sound Stage Operation of CBS Broadcasting Inc./ CBS Broadcasting Inc. (Manhattan)	$750	Hackman Capital Partners LLC	SB M&A
Think & Learn Pvt Ltd.	$400	Canada Pension Plan Investment Board; General Atlantic Service Company LP (Manhattan); Naspers Ventures BV	GCI
Zymergen Inc.	$400	Data Collective; Draper Fisher Jurvetson; Goldman Sachs Group, Merchant Banking Division (Manhattan); Hanwha Asset Management Co. Ltd.; Innovation Endeavors LLC; SoftBank Investment Advisers; True Ventures; Two Sigma Ventures LP (Manhattan)	GCI
1 QPS Tower/New Valley LLC; Property Markets Group Inc. (Manhattan); The Hakim Organization (Manhattan)	$284	The Carlyle Group LP	FB M&A
Manhattan Office Building at 114 West 41st St., New York/EQ Office	$281.9	Clarion Partners LLC (Manhattan)	SB M&A
Sparton Corp.	$256.4	Cerberus Capital Management LP (Manhattan)	FB M&A
Plaid Inc.	$250	Andreessen Horowitz LLC; Coatue Management LLC (Manhattan); Goldman Sachs Asset Management LP (Manhattan); Index Ventures; Kleiner Perkins Caufield & Byers; New Enterprise Associates; Norwest Venture Partners; Spark Capital Partners LLC	GCI

Selected deals announced for the week ending Dec. 13 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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For the Record is a listing to help businesspeople in New York find opportunities, potential new clients and updates on customers. Bankruptcy filings from the eastern and southern districts of New York are listed alphabetically. Stock transactions are insider transactions at New York companies obtained from Thomson Reuters and listed by size. Real estate listings are in order of square footage.

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PUBLIC & LEGAL NOTICES

Notice of Qualification of NEW YORK CITY DOWN PAYMENT ASSISTANCE FUND LLC Appl. for Auth. filed with Secy. of State of NY (SSNY) on 11/20/18. Office location: NY County. LLC formed in Delaware (DE) on 11/16/18. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to Corporation Service Co. (CSC), 80 State St., Albany, NY 12207-2543. DE addr. of LLC: CSC, 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.

NOTICE OF FORMATION of THE HAPPY PENGUIN LLC. Arts. Of Org. filed with Secy of State of NY (SSNY) on 11/8/18. Office Location: NY County. SSNY designated agent upon whom process may be served and shall mail copy of process against LLC to 145 West 67th St, Apt 40D, NY NY 10023. RG Agent: US Corp Agents, Inc. 7014 13th Ave, #202, BK, NY 11228. Purpose: any lawful act.

Opus87 Piano Quartet, LLC. Arts. of Org. filed with the SSNY on 10/05/18. Office: New York County. SSNY designated as agent of the LLC upon whom process against it can be served. SSNY shall mail copy of process to the LLC, 720 W 172nd St Apt 4B New York, NY 10032. Purpose: Music performances.

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 lawfull act.

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 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.

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.

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 P C INSURANCE AGENCY LLC Arts. of Org. filed with Secy. of State of NY (SSNY) on 12/03/18. Office location: NY County. Princ. office of LLC: 247 W. 30th St., Fl. 15F, NY, NY 10001. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to the LLC at the princ. office of the LLC. Purpose: To sell insurance products, to engage in any other actvity incidental thereto, and to engage in any activity permitted by law.

Notice of Qualification of 116 JOHN STREET NEW SUBTENANT LLC Appl. for Auth. filed with Secy. of State of NY (SSNY) on 12/20/18. Office location: NY County. LLC formed in Delaware (DE) on 12/14/18. 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, John G. Townsend Bldg., 401 Federal St.-Ste. 4, Dover, DE 19901. Purpose: Any lawful activity.

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 Formation of CAMPBELL TERRACE PRESERVATION GP, LLC Arts. of Org. filed with Secy. of State of NY (SSNY) on 11/30/18. 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 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 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 Qualification of PRESIDENT STREET GLOBAL LLC Appl. for Auth. filed with Secy. of State of NY (SSNY) on 10/18/18. Office location: NY County. LLC formed in Delaware (DE) on 10/12/18. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to c/o Corporation Service Co. (CSC), 80 State St., Albany, NY 12207-2543. DE addr. of LLC: c/o CSC, 251 Little Falls Dr., Wilmington, DE 19808. Cert. of Form. filed with Jeffrey W. Bullock, Div. of Corps., John G. Townsend Bldg., 401 Federal St., Ste. 4, Dover, DE 19901. Purpose: Any lawful activity.

SPICE BROTHERS, LLC, Arts. of Org. filed with the SSNY on 11/28/2018. Office loc: NY County. SSNY has been designated as agent upon whom process against the LLC may be served. SSNY shall mail process to: Emmanuel Jaegle, 55 East 59th St, Ste 15A, NY, NY 10022. Purpose: Any Lawful Purpose.

Notice of Formation of CAMPBELL TERRACE DEVELOPER, LLC Arts. of Org. filed with Secy. of State of NY (SSNY) on 11/30/18. 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 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 QUAL. of S3 RE Ryer Ave Funding LLC. Auth. filed Sec'y of State (SSNY) 9/25/18. Off. Loc: NY Co. LLC org. in DE 8/3/18. SSNY desig. as agent of LLC upon whom proc. against it may be served. SSNY shall mail copy of proc. to c/o Spruce Capital Partners, 444 Madison Ave, Flr 41, New York, NY 10022. DE off. Addr.: 160 Greentree Dr., Ste 101, Dover, DE 19904. Cert of Form. on file: SSDE, Townsend Bldg., Dover, DE 19901. Purpose: any lawful activity.

Notice of formation of Propel Success LLC, a domestic LLC. Articles of Organization filed with the Secretary of State of New York (SSNY) on 11/21/2018. Office location: New York County. SSNY is designated as agent upon whom process against the LLC may be served. SSNY shall mail process to: Registered Agents Inc. 90 State Street, Suite 700, Office 40, Albany, NY 12207. Purpose: Any lawful purpose.

NOTICE IS HEREBY Given that a license, number "Pending" for beer, liquor and wine has been applied for by the undersigned to sell beer, liquor and wine at retail in a restaurant under the Alcoholic Beverage Control Law at 24 Greenwich Avenue, New York, NY 10011, New York County for on premises consumption. The Banty Rooster, LLC D/B/A The Banty Rooster.

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.

Notice of Qualification of Interior Resources Group International, LLC. Appl. For Auth. filed with the Secy. of State of NY (SSNY) on 11/20/18. Office location: NY County. LLC formed in Massachusetts (MA) on 9/28/10. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to c/o Karen Boegemann, 810 Boston Turnpike Road, Shrewsbury, MA 01545. MA addr. Of LLC: 810 Boston Turnpike Road, Shrewsbury, MA 01545. Cert. of From. Filed with MA Secy. of Commonwealth, Corp. Div., One Ashburton Place, 17th, floor, Boston, Massachusetts, 02108-1512. Purpose: any lawful act or activity.

NOTICE OF FORMATION OF PARKLEDGE PRESERVATION, LLC Articles of Organization filed with the SSNY on 11-21-2018. Office: New York County. SSNY designated as an agent of LLC upon whom process against it may be served. SSNY shall mail a copy of process to 200 Vesey Street, 24th Floor, New York, New York 10282. Purpose: any lawful activity.

SMITH helps workshop students see their past through a professional lens.

BUCK ENNIS

Turning second chances into real jobs

A former inmate provides **career coaching for ex-cons**

Donald Smith knows how to read a room. It's a skill he honed in his first career, shoplifting and robbery, but it comes in handy now that he's a teacher. "We call it ear hustling," Smith said. "I can be looking at you and talking to you, but I'm aware of everyone else in the room."

Since 2013 Smith has been leading career-development workshops at the Fortune Society, a nonprofit that helps the formerly incarcerated transition back into society. Every two weeks he faces a new class of 20 or so students, ranging from young adults to senior citizens.

"I get a lot of different lives intersecting in my classroom," he said, "from guys with degrees who made a mistake to individuals who grew up in hard environments and chose crime because that seemed like the quickest way out."

In addition to lectures and role-playing, Smith films mock interviews so his students can observe their performance and learn from one another. He said the exercises can be daunting for those who have spent years building up personal defenses on the street or in prison.

Smith should know: He was behind bars for armed robbery for 12 years and first came to the Fortune Society as a client. "My guys understand that I understand," he said.

Smith was one of 10 children raised by his grandparents. After his grandfather died unexpectedly—leaving 12-year-old Smith as the man of the house—part of the family moved to the projects, and Smith started shoplifting to help out his grandma.

> "Just because you don't have experience doesn't mean you don't have skills"

"I saw guys doing crime, and their families were doing better than we were," he recalled. "I thought, They're not smarter than me." First it was sneakers and clothes, then more valuable items. "Eventually I was helping out a little too much."

After prison, Smith moved back to his old neighborhood, where he still lives with his two daughters.

Most of Smith's clients lack a traditional résumé, but interviewing is all about the mindset, he said. "Just because you don't have [job] experience doesn't mean you don't have skills." A drug dealer, for example, may have learned about customer service. "You had to know how to approach people, when to talk and when to listen and how to keep your till straight. Think about it: You can work in any retail organization."

When the conviction question comes up, he advises, "Be honest, then get back to talking about all the positive things you've done since then." – **HILARY POTKEWITZ**

DONALD SMITH

GREW UP Bedford-Stuyvesant

RESIDES Bedford-Stuyvesant

EDUCATION "Bachelor's, UCLA-Brooklyn, University of the Corner of Lewis Avenue; master's, University of Gates Avenue." (Smith lived at Stuyvesant Gardens public housing at the intersection of those avenues.)

TURNING POINT A prison job as a hospital porter changed his life. "No matter how glamorous you think the whole street life is, the reality of growing old in prison is way worse than you could imagine."

MOTIVATION "When guys in jail tell you that you don't belong in jail, you should probably listen to them and make sure you don't go back."

SUCCESS STORY One of Smith's most reluctant clients, who needed to repeat the course, got a construction job and became a mentor. He started his own contracting firm and now hires Fortune Society grads.