

Knicks find right mix P. 3 | The bizarre saga of P.S. 64 P. 7 | The List: Top health insurers P. 10

CRAIN'S

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RETAIL REALITY CHECK

Merchants like **Jay Goltz** of Jayson Home—and the landlords who rent to them—are finding new ways to compete in the Amazon age **PAGE 12**

VOL. XXXIII, NO. 47 WWW.CRAINSNEWYORK.COM



NEWSPAPER

FROM THE NEWSROOM | AARON ELSTEIN | SENIOR REPORTER

Not all bleak on Bleecker



ANTHONY CIRONE loved Li-Lac Chocolates so much that six years ago he bought the company. Its roots go back to a shop that opened on Christopher Street in 1923, when the owner still made the candy on the premises.

Cirone, who had been a customer since the early 1990s, saw big potential for the neighborhood mainstay and in recent years has opened three more Li-Lac locations around the city, including one on Bleecker Street, long the prime retail corridor in Greenwich Village. Unfortunately foot traffic

has been increasingly disappointing there of late.

"It's not where it should be," said Cirone, a former marketing executive at Bath & Body Works and consumer goods giant Unilever. "Our other stores are more vibrant."

Retailers of all kinds are struggling in this age of Amazon, but Cirone doubts his little shop has been all that hurt by the e-tail revolution. After all, when folks need a chocolate fix, they aren't likely to wait for it to arrive in the mail. Rather, he reckons, shoppers who in the past would have spent the day browsing around the Village have instead been lured over to the Meatpacking District, Chelsea Market—where Cirone also has a Li-Lac—and the shops around the World Trade Center and inside the Oculus mall.

But if the causes are hard to pinpoint, the results are plain. The past few years have been especially difficult for business owners on Bleecker. Most of the record stores, bookshops and tchotchke emporiums that once lined the street have succumbed to rocketing rents. Even the pricey boutiques and chains that replaced them aren't faring so well. The blocks between Hudson Street and the Bowery are littered with deserted storefronts bearing For Lease signs. Desolation row it is not, but it's still a jarring sight.

As our feature package on the state of retail (beginning on page 12) shows, merchants all over the city—and the landlords looking to rent to them—are a resilient lot, consistently seeking new and better ways to make things work. On Bleecker, for example, retailers are banding together to boost traffic by offering discounts, gifts, raffles, even classes to customers who utter the magic words #ShopBleecker.

So if you find yourself there this holiday season, consider stopping at Li-Lac. Everyone in the *Crain's* newsroom agrees: The dark chocolate mints are sublime.

The causes of retail's woes are hard to pinpoint, but the results are plain

Mary Kramer named group publisher

AS CRAIN COMMUNICATIONS, parent company of *Crain's New York Business*, continues to expand its national media footprint, longtime company executive Mary Kramer has been named group publisher of *Crain's New York Business* and *Crain's Chicago Business*. Kramer joined the company in 1989 as the editor of *Crain's Detroit Business* and in 2012 became group publisher of *Crain's Detroit Business* and *Crain's Cleveland Business*. She is a member of the International Women's Forum and the Michigan Journalism Hall of Fame.

While other prominent news organizations scale back their local coverage, *Crain's New York Business* continues to serve as the leading source of information on the New York economy and the companies, industries, institutions and innovators driving the city's growth. *Crain's* remains committed to the highest standards of journalism, connecting businesses across the five boroughs and delivering top-notch services that enable advertisers, sponsors and partners to reach influential audiences in New York and other top markets across the country.



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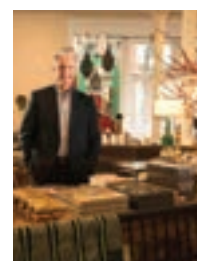


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CORRECTIONS

The landlord for 36 E. 31st St., the Rosen family, was represented by **Koepfel Rosen** in the deal with Arlee Home Fashions. This information was misstated in *For the Record*, published Nov. 6.

Corey Johnson remarked "That's government" at a Nov. 1 *Crain's* event. This quote was misattributed in "The most important city election is happening behind closed doors," published Nov. 13.



ON THE COVER

PHOTO: BUCK ENNIS

DIGITAL DISPATCHES

Go to CrainsNewYork.com

READ In approving a rezoning, the City Planning Commission opened the door for a supertall Sutton Place tower to be built. The City Council plans to move quickly to quash the opportunity.

■ Wall Street's financiers will pocket an average bonus of around \$150,000 this year, according to a forecast from Johnson Associates.

■ Billie, a SoHo-based service offering razor subscriptions to women, launched last week. It charges \$9 per month for four five-blade razor cartridges.

■ Subway ridership is down despite the city's rising population.



AGENDA

WHAT'S NEW NOVEMBER 20, 2017

Trade secret: Knicks' makeover exemplifies addition by subtraction

Two years ago we blasted the Knicks for acquiring faded star Derrick Rose in a move that screamed “quick fix” when they desperately needed a new business plan. The team went on to an awful season and let Rose go when it mercifully ended.

Last May we implored the Knicks to start fresh by trading Carmelo Anthony, a marquee player whose teams never win much because of his too-often-overlooked weaknesses, including that he fails to make his teammates better and probably makes them worse.

That editorial concluded: “The Knicks ... have failed to deal Anthony and are now watching his age and his trade value move in opposite directions. Knicks President Phil Jackson figured out long ago that his star will never play the kind of team basketball that the Knicks were known for when they won their only two titles, in 1970 and 1973. As a role-playing forward on those squads and a six-time champion as a coach, he knows that hoops teams are like businesses: They function best as a cohesive group—something the ball-dominating Anthony renders impossible. We can only guess that Jackson has held on to his leading scorer on orders from team owner James Dolan. Otherwise, his failure to act is inexcusable.”

Jackson was fired, but his successors soon fulfilled his goal and sent Anthony packing. So far it has worked out nicely for the Knicks and poorly for Anthony's new squad, the Oklahoma City Thunder. At press time the Knicks, coming off a 31-51 season, were 8-6 and have been playing to raucous crowds at Madison Square Garden. The Thunder, who a year ago went 47-35 and made the playoffs, were 7-7 despite also bringing in superstar Paul George.

The Knicks are sharing the ball and playing with a togetherness and en-



PORZINGIS is third in scoring in the NBA, but his points don't come at the expense of teammates.

Without Anthony, the Knicks are sharing the ball, developing new stars and rocking the Garden again

thusiasm they have not shown for years. The Thunder, meanwhile, have become the most ball-hogging outfit in the National Basketball Association, averaging 100 fewer passes per game than the second-most-selfish team. Oklahoma City's once-adoring crowds now watch in stultified disbelief as Thunder players stand around and jack up shots. Customers want wins

more than big names—although Anthony's departure has allowed Kristaps Porzingis to become a star in his own right, at the age of 22 no less. An even younger Knick, 19-year-old Frank Ntilikina, has already established himself as a defensive stopper. Suddenly the team's future looks promising.

We would be remiss to omit that Jackson drafted Porzingis and Ntilikina and created the impetus to trade Anthony. Many have labeled Jackson's stint in the Knicks front office a failure, but he laid a foundation that promises to bring glory back to the Garden. Fans who bid him good riddance might wish they had chosen two other words: Thank you. — **THE EDITORS**

FINE PRINT Manhattan Borough President Gale Brewer said supermarkets are “shuttering all over Manhattan” and wants to exempt them from paying commercial rent tax. But *Food Trade News* reports the number of supermarkets in the borough slipped just 2% last year, to 451, and citywide to 1,678. The tax is a 3.9% surcharge on commercial rents of more than \$250,000 annually north of Murray Street and south of 96th Street.

25 WORDS OR LESS

“From Sandy aid to tax reform @Mick MulvaneyOMB tries to screw NY. Probably feels inferior because NY subsidizes his state of S. Carolina”

—Rep. Peter King, R-N.Y., on the White House budget director, a former member of Congress

BY GERALD SCHIFMAN

PRIVATE MATTER

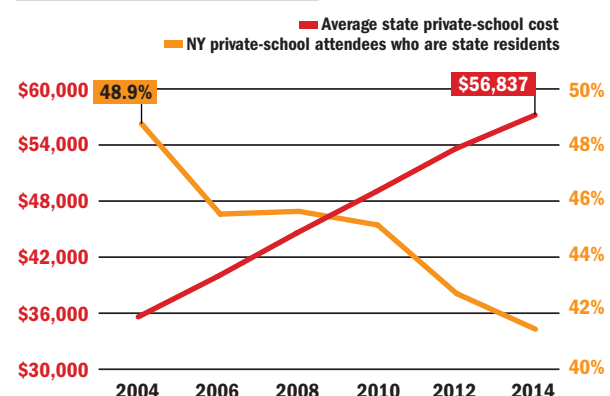
NEW YORK'S PRIVATE COLLEGES and universities reported fewer freshmen enrolling this year, citing the debut of a free-tuition program at the state's public institutions as a factor. But the decline in private-school enrollment among residents is not new and may stem from rising costs.

6% Decrease in state-resident freshmen at 48 private institutions that serve mainly New Yorkers

3,200 Year-to-year decrease in jobs caused by the enrollment drop

\$100K Household income limit for students to qualify for free tuition at CUNY and SUNY schools

CHALLENGING COURSE IN ECONOMICS



ADDICTED TO NUMBERS? GET A DAILY DOSE AT @STATSANDTHECITY.

SOURCES: National Center for Education Statistics, Commission on Independent Colleges & Universities in New York

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THE ALLIANCE
 OF AREA BUSINESS PUBLICATIONS

Missing the action: Mayor's well-timed vacay

MAYOR BILL DE BLASIO spent last week vacationing in Connecticut, yet he still found time to make his first purportedly major announcement since the election with a *Daily News* op-ed touting his updated housing plan. It received precious little attention, which was no surprise. Rolling out something in absentia sends a clear message to the media that it is not worth their time.

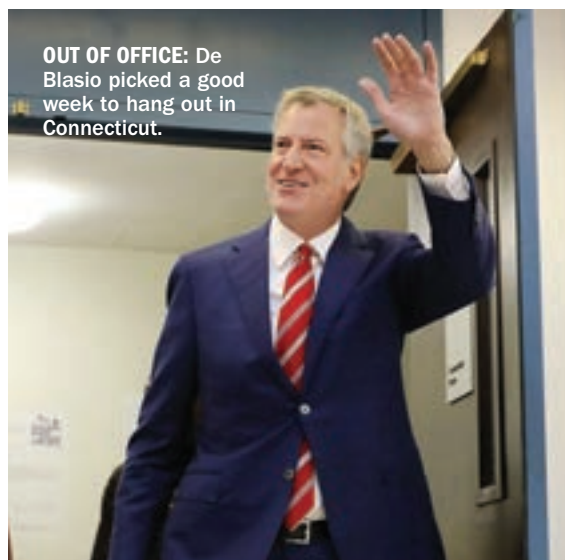
Nonetheless, it proved a good week for the mayor to be missing in action, as his public-housing and correction chiefs were both rocked by scandal.

Housing Authority Chairwoman **Shola Olatoye** was accused by the Department of Investigation of confirming the completion of lead inspections that she knew weren't done. After holing up to avoid *New York Post* reporters, she spoke to WPIX-11 and obliquely blamed her staff for misleading her. On Friday she fired two of them and demoted a third.

Meanwhile, news broke that Correction Commissioner **Cynthia Brann** asked a subordinate for a \$6,000 cashier's check to pay the commissioner's fine for repeatedly using a city car to go shopping. Not only did she compound her misdeed, but she also did so on the same day the mayor promoted her (after months of seeking someone better).

The job was available only because Brann's former boss, Joseph Ponte, had himself taken his city car on personal trips—all the way to his home state of Maine. That is also Brann's home base and where she banks; hence the favor requested of her New York-residing employee. (She reimbursed him with a personal check.) Capping Brann's week, the city comptroller revealed that Department of Correction spending per detainee has skyrocketed to \$270,876 per year, a 131% increase over the past decade.

What's next? Undercover Department of Investigation probes walking in off the street and removing Housing Authority stoves and refrigerators without Olatoye's agency ever reporting them missing? Wait, that just happened—a year after the troubled housing system was warned to keep better track of its appliances. —ERIK ENGQUIST



Jonesing for an editor

Radhika Jones was named the fifth editor-in-chief of *Vanity Fair*, replacing Graydon Carter, who stepped down after more than 20 years at the helm. Jones was the editorial director of *The New York Times* books department and is the first woman of color to hold the position at the Condé Nast title.

Well-portioned stake

SL Green Realty is selling 43% of 1515 Broadway to Allianz Real Estate for \$416 million. The deal values the 57-story, 1.9-million-square-foot tower, between West 44th and West 45th streets, at \$1.95 billion.

Bye and sell

Executive Chairman James Dolan is interim CEO of Madison Square Garden Co. after the sudden departure of David O'Connor, who held the position for only 28 months. Irving Azoff, Dolan's partner at Azoff MSG Entertainment, was reportedly behind O'Connor's ouster. The sports and entertainment company also announced that its 21-year-old WNBA franchise, the New York Liberty, is up for sale.

Air apparents

Gregg Giannotti, co-host of CBS Sports Radio's *Gio and Jones*, is replacing Craig Carton as Boomer Esiason's sidekick on WFAN. The *Boomer and Gio* show hits the air the morning of Jan. 2. WFAN also announced Mike Francesa's replacements. Chris Carlin, Maggie Gray

DATA POINT

THE CITY'S HOTEL-BUILDING BOOM HAS ADDED 38,600 ROOMS SINCE 2008. IT IS ESTIMATED THAT IN THE NEXT THREE YEARS, AN ADDITIONAL 18,960 WILL BE ADDED TO THE CURRENT TOTAL OF 115,000.

and Bart Scott begin their afternoon gig also on Jan. 2.

One-track mind

Starting in January, Amtrak will reconstruct three Long Island Rail Road tracks in Penn Station. The tracks will be out of service one at a time to mitigate service disruptions.

Ticketed off

A parking-ticket error has forced the city to refund \$18 million in paid fines and dismiss another \$8 million worth of tickets. Traffic agents issued the wrong tickets for failing to display meter receipts.

Deprogramming

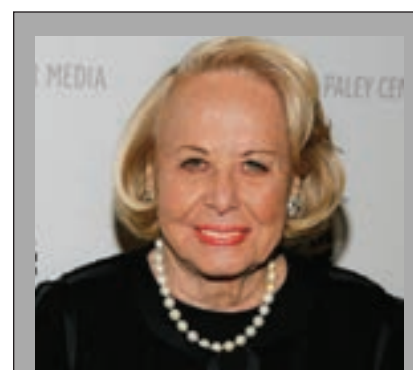
Lincoln Center Artistic Director Jane Moss lowered the curtain on the Lincoln Center Festival, the three-week summer cultural event for works from around the world. Moss is taking control of all the summer programming and plans to expand the Mostly Mozart Festival.

Platform speakers

Against a backdrop of decreased subway ridership, the Metropolitan Transportation Authority and Transport Workers Union Local 100 signed a deal to create 355 "customer-service ambassadors" who will answer riders' questions in stations across the city.

Paint numbers

Leonardo Da Vinci's *Salvator Mundi* sold at Christie's for a record-breaking \$450.2 million. The painting of Jesus Christ surpassed Picasso's *Les Femmes d'Alger (Version 'O')*, which sold for \$179.4 million in 2015. —CHRIS KOBIELLA



The grande dame of dish

Legendary gossip columnist Liz Smith died Nov. 12 at 94. Her eponymous column ran in the *Daily News*, *Newsday* and the *New York Post* from 1976 to 2009 and was syndicated in up to 70 newspapers.

How to fight NYC’s diabetes crisis

Brooklyn leader says city ‘doesn’t have a clue’
 BY JONATHAN LAMANTIA

City and state officials have not done enough to help New Yorkers prevent type 2 diabetes, according to Brooklyn Borough President Eric Adams (right). “If we really want to reverse this condition, there needs to be a clear infusion of resources, and we need to look at what we are doing to feed this crisis,” Adams said during last week’s *Crain’s* 2017 health care summit, New York’s Diabetes Crisis: Saving Lives and Cutting Costs. “The city doesn’t have a clue on how to do it right.”



Adams, who first spoke publicly about his type 2 diagnosis last year, shared his own dramatic experience with symptoms including vision loss, nerve damage and esophageal sores. By adopting a whole-food, plant-based diet, Adams said, he lost 30 pounds, banished his symptoms and reduced his blood glucose to a nondiabetic level.

Adams said the public sector and city hospitals should devote more resources to diabetes prevention. In New York City, about 700,000 people have diabetes, according to Health Department data. Yet spending on diabetes-related programming pales in comparison to money for other public health efforts, such as preventing and treating HIV/AIDS and treating sexually transmitted diseases, *Crain’s* reported in April.

Adams took particular aim at the city for serving processed meats—considered carcinogenic by the World Health Organization—in schools, jails and homeless shelters. Last month he and the de Blasio administration announced a Meatless Monday pilot program to start at 15 Brooklyn schools in the spring.

“All over this city our patients are going and sitting down with their doctors, [who are] giving information that will help them live with diabetes,” Adams said. “That’s not the goal. The goal is not living with diabetes; it’s preventing it.”

The city’s view

The city Health Department said in response that it has provided technical assistance to more than 140 clinical practices and community organizations to get more people enrolled in prevention programs. It has trained 200 health coaches to help in that effort.

“The Health Department is committed to implementing evidence-based programs to give New Yorkers the resources they need to prevent or manage diabetes,” a spokesman said.

Across the city diabetes-prevention programs recognized by the Centers for Disease Control and Prevention are trying to do just that. Health People, a Bronx nonprofit that uses peer-to-peer education to help people with chronic diseases, has offered the courses at a mental health day program and a senior center. Participants lost 8% of their body weight on average, beating a CDC benchmark, said Chris Norwood, the nonprofit’s executive director.

But Health People doesn’t have a course now for lack of funding. The city and state health departments have failed to make diabetes prevention a priority, she said. “They have completely abandoned any effort to fight diabetes,” she said.

Norwood suggested the city set a goal to lower the citywide average HbA1c, a measure of blood glucose, and to fund diabetes-prevention pilots. ■

New Lease Renewals at 733 THIRD AVENUE

CONTINENTAL INDUSTRIES GROUP, INC.
 21st floor
 7,442 SF
 Michael Joseph Colliers

FUJITSU AMERICA
 Partial 17th floor
 10,964 SF
 Brian Cohen
 Newmark Knight Frank

MARWOOD GROUP & CO.
 11th floor
 25,438 SF
 Dennis Someck
 Lee & Associates

The Durst Organization

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In connection with the acquisition of First Niagara Financial Corporation by KeyCorp, and pursuant to an agreement with the U.S. Department of Justice, KeyBank National Association offers the properties listed below for sale, assignment or sublease to interested depository institutions offering deposit and credit products and services. These properties are currently utilized as bank branches where existing branch operations are, subject to regulatory approval, ceasing as of the close of business on December 8, 2017. KeyBank National Association, through local brokers designated below, will entertain offers on these properties from qualified depository institutions and, subject to Department of Justice approval, from non-depository bidders should no commercially appropriate offers from qualified depository institutions be received.

KeyBank Branch Name	Address	City	State	Zip	Interest	Lease Expiration Date	Local Broker Name	Company Name	Contact Phone Number	Email Address
Buffalo										
Pine Ave	2407 Pine Ave	Niagara Falls	NY	14301	Leased	9/30/2021	Tyler Balentine	Cushman Wakefield Pyramid	716-878-9625	tbalentine@pyramidbrokerage.com
Northtown Plaza (Eggert Sheridan)	3051 Sheridan Dr	Amherst	NY	14226	Own	N/A	Richard Schechter	Cushman Wakefield Pyramid	716-852-7500	rschechter@pyramidbrokerage.com
Hudson Valley										
Spring Valley	193 Route 59	Spring Valley	NY	10977	Leased	8/31/2019	David Perlmutter	Perlmutter Properties, Inc	914-262-0026	david@perlmutterproperties.com
Yonkers-Waterfront	66 Main St	Yonkers	NY	10701	Leased	2/28/2020	David Perlmutter	Perlmutter Properties, Inc	914-262-0026	david@perlmutterproperties.com
Oakwood Commons	2515 South Rd	Poughkeepsie	NY	12601	Leased	6/30/2018	David Perlmutter	Perlmutter Properties, Inc	914-262-0026	david@perlmutterproperties.com
Rochester										
Mount Read	3603 Mount Read Blvd	Greece	NY	14616	Leased	5/31/2030	Chris Guinta	Cushman Wakefield Pyramid	585-248-9426	cgiunta@PyramidBrokerage.com

MARGARETTE PURVIS FOOD BANK FOR NEW YORK CITY

On Thanksgiving the Food Bank for New York City, led by CEO Margarette Purvis, will supply turkey, sweet potatoes and stuffing to more than 1,000 soup kitchens and food pantries. Each year the 34-year-old nonprofit gives 64 million free meals—including 19 million pounds of fresh produce and 56 million pounds of shelf-stable products—to the city’s hungry. To make this possible, it receives food donations and purchases provisions with \$82 million in government allocations and private gifts.

Is Thanksgiving your busiest period?

Thanksgiving is huge, yes. But hunger is always here. Snow days are the worst. My team took a photo from our kitchen on 116th and Frederick Douglass on a past snow day, and the line went two blocks. Those school meals are vital. So we don’t like snow days, and we don’t care for summer. I have to get in front of our donors before they go to the Hamptons to make sure they don’t forget us.

Who comes to New York City’s food pantries and soup kitchens?

It’s more and more working poor. When Food Bank first started, these programs were all about responding to homelessness and homeless men. Now it’s mostly women and women with children. It’s seniors. Soup kitchens and food pantries are not places for children, but 400,000 children rely on them.

Where does the food come from?

We have food that comes in from the federal government, the state and the city—most cities don’t have that, so it’s a big deal that we do. The food that’s donated by individuals is harder to plan around. If all we could get is pasta, then we buy sauce.

Do you have sophisticated software to power that?

Our members go online and place orders for the meals they’re planning for their community and the grocery bags for their clients and when they want us to bring it all. The technology also allows us to check for errors and organize the food using efficiencies. The key metric for us is being able to move 120 meals every minute.

Has the change in political parties at the federal level affected Food Bank?

My biggest concern is not about anything that happens in D.C. but the distraction. When people are getting squeezed, there’s a lack of empathy. So many people are going to work and may not be homeless, but they’re struggling. The idea of anybody getting something extra can breed “us versus them.” That distracts people from the ways they can make a difference. Change is made locally.

So then, locally, how are New Yorkers doing?

Brooklyn has by pure data the highest number of hungry people. But because of the base of social justice-minded people who [say], “We’re going to take care of *our* Brooklyn,” the gap closes quicker. Elsewhere there are some trends happening that I don’t like—[for example,] we’re attempting to feed the hungry in the Bronx by giving grants to Manhattan charities to come to the Bronx. That’s not sustainable; that’s not localized in the right way.

What would you need to see in the Bronx?

More attention and investment, building the capacity of those charities that are in the Bronx. We built a soup kitchen and started a pantry. It didn’t cost much—a couple of donors helped us do it.

Do something, even if you start small. That makes giving sound accessible.

There’s plenty. I’m going to believe in plenty. ■

“So many people are going to work and may not be homeless, but they’re struggling

DOSSIER

WHO SHE IS CEO, Food Bank for New York City

2015 REVENUE \$82 million

2015 TOTAL COMPENSATION \$438,529

AGE 44

GREW UP Jackson, Miss.

RESIDES Harlem

EDUCATION Bachelor’s in urban studies and public policy, Dillard University

IN HER BLOOD Her grandmother was a missionary, and Purvis spent weekends during her childhood dropping off homemade food at state hospitals and wrapping Christmas presents for poor children. “Giving was a part of how she raised all of us. Her favorite phrase was ‘You are blessed to be a blessing.’”

PITCHING COACH Purvis coaches local pantry providers such as Mama Tanya—a self-described “fierce mama bear and outspoken advocate for black women and girls”—so that they get through funding meetings with buttoned-up corporate types. “I told her, ‘Hold it together,’” Purvis said. “She got a grant from Bank of America.”



BUCK ENNIS

Hard lessons in development

A builder's 18-year quest to remake a former public school

BY WILL BREDDERMAN

Despite the plywood barriers and having closed four decades ago, 605 E. Ninth St.—remembered locally as P.S. 64—still looks unmistakably like a school. Red brick walls, tall windows, ornate cupolas and a doorway framed by limestone all show the hand of turn-of-the-century architect C.B.J. Snyder, whose legacy played a central role in the city's decision to declare the structure a landmark in 2006.

That designation is just one reason P.S. 64 has stayed in suspended animation even as the East Village has radically transformed around it. Another is a restriction in its deed requiring it to be a “community facility.”

But the third reason is a land-use dispute that ranks among the most unusual and involved in municipal history. Depending on whom you believe, owner Gregg Singer is either the victim of a decadeslong political conspiracy or he has squandered tens of millions of dollars and years of his life pursuing schemes to circumvent the deed restrictions and convert the building into a massive youth hostel.

Singer bought the property from the city for \$3.15 million in 1998, with the imprimatur of the Giuliani administration and outgoing City Councilman Antonio Pagan, since deceased. At the time the derelict former school served as headquarters to the nonprofit CHARAS, which operated a community center called El Bohio (“the hut”) and sublet space to other local organizations. Within a year Singer served CHARAS with an eviction notice after its lease expired and the organization rejected the new landlord's rent hike.

Singer won a protracted legal battle. But his struggles had only begun. Pagan's replacement in 2002, Councilwoman Margarita Lopez, had opposed the building's sale and did not share his pro-development views. Singer said that when he sought other nonprofit tenants, the councilwoman threatened to deny them funding, so he rolled out a different proposal: a vaulting 27-story dormitory called University House.

“I couldn't get any organizations to move in, and so I had to look at my other options,” said Singer, noting that a dormitory would meet the use restriction. “It's my property and it follows the rules as defined in the deed.”

Word on the street, East Village denizens told *Crain's*, was that Singer sought to take advantage of loose regulations on dorms to surreptitiously lease beds to travelers with student IDs.

“We were absolutely certain from the very beginning that what he really wanted to do was build a youth hostel,” said Susan Howard, an attorney

and former pro-CHARAS organizer. “I think he thought the city would look the other way.”

Lopez, Singer claims, enjoyed a rapport with Mayor Michael Bloomberg, who took office days after CHARAS was booted from the premises (the councilwoman later endorsed the mayor's 2005 re-election bid against former Bronx Borough President Fernando Ferrer, a Hispanic Democrat like Lopez). Singer blamed her sway in the administration for his inability to obtain permits to build his project, even after downsizing it to 19 stories.

The developer sued the city, which tightened requirements for dorms, mandating landlords to obtain a 10-year lease with an accredited institution to move forward with development plans. The Appellate Division sided with Singer but was overruled by the state's highest court in 2008.

Political opposition

By that time, not only had the city's landmarks commission acquiesced to local activists and doomed Singer's high-rise dreams, but Lopez protégé Rosie Mendez had succeeded her on the council. Mendez continued her predecessor's tradition of holding rallies opposing Singer's plans and calling for CHARAS to somehow return.

In 2012 Singer inked leases with Cooper Union and the Joffrey Ballet Center to rent floors for their students, and in 2015 finally got permits to begin converting the building to a dorm. But Mendez complained to the Department of Buildings that vague language in the leases and clauses letting Singer rent leftover beds to students of “any other school” opened the way to the long-feared hostel. The city rescinded the permits; Cooper Union and Joffrey backed out.

That scenario replayed itself this year after Singer signed a lease with Adelphi University. “I believe he has not negotiated in good faith and possibly tried to



SCHOOL'S OUT: Singer in front of the languishing former P.S. 64 in the East Village

backdoor another use that is not compliant with the community-facilities use restriction,” Mendez said.

Howard, Mendez and others have accused Singer of using his short-lived permits to tear away the building's cornices to allow water to damage the structure so severely that he can raze it despite its landmark status—so-called “demolition by neglect.” On a recent visit, holes were visible in the walls, and pigeons perched on the top-floor rafters. Singer said tarps covering the gaps had blown away, and blamed the facade's condition on his inability to secure permits.

Between property taxes; architectural, legal and consulting fees; demolition and construction costs; insurance; and the initial purchase price, Singer estimated the feud will have cost him more than \$64 million by May.

Not all of that money has been Singer's. In 2015 two groups of his creditors sued him for alleged lapses in fiduciary

duties. Singer fingered Mendez and the city for holding up development.

The investors still hope for a return, but their optimism is diminishing, their attorney said.

“This project has been held up by opposition by certain community leaders,” said the lawyer, Max Wexelbaum. “[Singer has] been unable to get a satisfactory tenant that the city has approved. Does he have the ability to consummate this project? We don't know. But obviously we view it with a lot of skepticism. My clients have loaned a lot of money. Not a dime has been repaid.”

In fact, the saga has delivered little for anyone. Mendez did steer her favored heir, Carlina Rivera—who has echoed her calls for “restoring the building to the community”—into the seat she must vacate Dec. 31. But the number of residents who remember El Bohio has dwindled.

Singer has gathered hundreds of signatures from locals supporting his University House vision. Yet he is losing money and seeing his credit and reputation suffer. It is unclear why he would continually seek to violate the deed restriction, as Mendez claims, if he could put the property to some lucrative use.

At a town hall with Mendez Oct. 13, two days after Adelphi withdrew, Mayor Bill de Blasio declared “the city's interest in reacquiring that building.” But Singer maintains he has no interest in selling, and it is unclear how the city could cost-effectively force his hand.

Thus P.S. 64 seems destined to remain a fossil from the old neighborhood, a shell petrified for posterity, of no use to the community or anybody else. ■



GUT CHECK: Singer (center) flanked by local residents Paul Engler, Minerva Rai, Jorge de Yarza and Marissa Miller, who favor development of the property

Harassment cases start hitting New York business

Allegations increase in wake of Weinstein scandal **BY CARA EISENPRESS**

After a well-known chef tried but failed to drag Rachel Wayneberg, then a 27-year-old restaurant marketer, into the bathroom at a party, he still bragged to everyone around that he'd had sex with her.

Last year, as Iman Oubou, the founder of Swaay, a new-media company for women entrepreneurs, wrapped up her first-ever investment meeting, the potential backer suggested they could "seal the deal" in his hotel room.

When Amy Rose Spiegel, the editor-in-chief at Brooklyn-based Talkhouse Media, was 19 and interning at *Death & Taxes* seven years ago, co-founder Stephen Rockwell harassed her and other interns, she alleged on Twitter Nov. 1. Rockwell stepped down from his executive post at *Billboard* the next day.

"I've been harassed at nearly every job I've ever held," wrote Spiegel.

These three New Yorkers, along with hundreds of women across the country, have come forward with stories of sexual harassment since the Harvey Weinstein allegations were published last month. They have implicated the media, the art world, technology and venture-capital companies, restaurants, government and the film industry—all central segments of New York City's economy.

But women aren't just talking about harassment in particular New York industries or companies. They are damning an entire work culture where inappropriate advances and a power dynamic that shields harassers impede victims' careers and lives. Despite the spate of accusations on social media—many of which do not name a harasser—few incidents have resulted in consequences. That suggests that the current scandals are an overture and that New York City, with so many of its industries in the crosshairs, could become the epicenter of the fallout from this cultural shift.

The number of sex-based harassment cases filed with the Equal Employment Opportunity Commission in New York state rose 9% over five years, to 1,202 in 2016. That year the New York City Commission on Human Rights counted 124 gender-based discrimination claims, a designation that includes sexual harassment, up from 98 the year before. Overall, 10% of working New Yorkers say they've experienced some kind of harassment on the job, according to a poll by the Cornell Survey Research Institute. The numbers do not nearly tell the full story, though. They only capture incidents

between employers and their workers, not contractors or others who might attend a company party. And, of course, victims often do not report harassment. But more are now doing so.

"There was already an increase after the Fox News allegations, and actually since Donald Trump was elected," said Nina Frank, an associate in the sexual harassment and sex discrimination practice group at Outten & Golden, a law firm that represents employees. "We have people come in from all industries: a lot of finance, law, retail, restaurant workers, chefs and public employees. It is everywhere."

More scandals coming

The publishing industry has quickly followed film and television in terms of allegations that have had costs for the harassers: Lockhart Steele at Vox Media, Knight Landesman of *Artforum* and *Billboard*'s Rockwell have resigned or been fired.

Restaurants could be next.

In the wake of allegations in New Orleans leading to celebrity chef John Besh stepping down from Besh Restaurant Group, which he founded, accusations in the New York City restaurant world are coming to light. Two lawsuits have accused Plaza Food Hall chef Todd English and his staff of harassment, and a former dishwasher at Le Bilboquet filed a suit last month claiming she had been groped in view of the manager, according to the *New York Post*.

For restaurant workers, "there are blurry lines—late nights, alcohol," said Wayneberg, who recently moved to Washington, D.C., after more than a decade of working with chefs in New York. "There is a certain group that's glorified more than others: TV personalities and people with 10 to 15 restaurants. You see married chefs, drunk girls. It's the norm," she said.

Among tipped employees, 90% have been sexually harassed at work, according to the Restaurant Opportunities Centers United, which organizes workers nationwide. Fast-food workers are particularly vulnerable, with nearly half of women at quick-service joints reporting harassment.

But no environment seems safe. Women at large law firms, both in New York City and elsewhere, have filed gender-discrimination suits, according to Alexandra Harwin, an employee-rights lawyer at Sanford Heisler, which is representing a dozen lawyers. "There are others that might surface, especially



SWAAY'S OUBOU said men often turn business meetings with her into something else.

in Big Law," she said.

Educational institutions too: Harwin's firm is working with two women who have sued Columbia University over harassment. Colleges and universities employ 200,000 New Yorkers.

In advertising, a study by trade organization 4As found that half of women had been sexually harassed at agencies. New York City models have come out with stories of harassment and exploitation; one model and activist, Cameron Russell, last month published on her Instagram page anonymous accounts of painful experiences.

Silicon Valley's tech companies and venture-capital firms have had founders and partners step down after harassment accusations, including at Uber, Social Finance and Draper Fisher Jurvetson. New York City's growing tech industry has not yet experienced that—but it may.

Swaay's Oubou, who was Miss New York 2015 and has a master's degree in biomedical engineering, said women can feel especially targeted while trying to raise money from men. "They turn the meeting into something it's not supposed to be," she said, "making inappropriate comments and trying to pick me up." Before meeting that first investor, she had to persuade him to come down from his room to the hotel lobby. When he did, he greeted her with, "Oh, you wore that pencil skirt for me?"

Lack of workplace enforcement is what pushes incidents out of the office

and into court. If companies deal with accusations as they arise, then harassment might not yield the hostile environment that leads to complaints and legal action.

Enforcing policy

Companies with policies must make an effort to enforce them, said Harwin. Those without a human resources department, like some restaurants, have to staff up, said Andrew Rigie, executive director of trade association New York City Hospitality Alliance. "Now is the time to build one."

Companies with rapid growth should realize they have to scale their human resources departments in line with the rest of the business, said Matt Steinberg, an attorney at Akerman who works with employers. "People are recognizing that there is real damage and real risk to not stepping back to see how the workplace is operating in the day-to-day way."

Whether women's disclosures will resound down the city's wage scale, from its startup founders and law partners to the 35% of residents in lower-wage jobs, including a record-high 100,000 fast-food workers, is yet to be seen. Workers at the bottom of the pay scale have the least recourse if they are harassed or retaliated against for reporting something, according to the National Women's Law Center, because they lack bargaining power and are least able to withstand a retaliatory cut in hours. ■

90%

PORTION OF tipped workers who have been sexually harassed on the job

1,202

SEX-BASED HARASSMENT CASES filed with EEOC in the state last year

9%

INCREASE IN SUCH CASES since 2011

27%

ONE-YEAR RISE in gender-based discrimination claims filed with NYC's Human Rights Commission

SOURCES: Restaurant Opportunities Centers United, Equal Employment Opportunity Commission, New York City Human Rights Commission

Tax-plan losers in New York too many to count—but I'll try

End of state and local tax deduction is only the beginning



GREG DAVID

SO MUCH ATTENTION has been devoted to the Republicans' attempt to restrict or eliminate SALT—the state and local tax deduction—that other provisions of their plan that would also have enormous consequences for New York have gotten too little attention.

Start with **high-end housing**. Three provisions of the House plan would substantially change the economics of owning a home in Manhattan and the New York suburbs. It would allow mortgage interest to be deducted only on the first \$500,000 borrowed, down from \$1 million today. It would limit the property-tax deduction to \$10,000, though suburban homeowners close to the city typically pay twice as much and often more. The combined effect would almost certainly cause a significant decline in home prices.

The House bill eliminates mortgage-

interest deductions for **second homes**. While a Bloomberg story suggested forming a limited liability company as a workaround, that would be an option only for the most expensive Hamptons palaces. Demand for second homes would be reduced.

The Republican plan delivers a body blow to Mayor Bill de Blasio's **affordable-housing program** by eliminating the use of tax-exempt bonds to finance it. New York state has an allocation of \$4.5 billion. The city uses all of its amount on affordable units. One-third of the apartments to be produced by the de Blasio plan are to be funded by tax-exempt bonds. Having already doubled the city's financial commitment to his program, the mayor has no ability to make up the gap.

The Republicans want to eliminate deductions for **student loans**, which would make college less affordable and reduce the number of people able to get the degree so vital in today's economy.

This could be especially problematic for private colleges, which last week cited Gov. Andrew Cuomo's free tuition program for state schools in explaining a decline in enrollment.

Colleges and universities face a series of hits. The wealthiest would pay a 1.4% tax on their endowments' income. Tax-exempt-bond financing would be eliminated, raising costs and crimping those who lack access to the taxable market.

Company reimbursement for education expenses such as **M.B.A. programs** would become taxable income. No one uses this money more than employees adding a business degree to help them move up the corporate ladder. The impact here would be far-reaching.

Few governments in the U.S. shoulder as much debt as **New York state and New York City**. A recent report from Standard & Poor's Global Ratings outlined all the ways that the tax plans will raise the cost of borrowing for governments. It is

\$0

SECOND-HOME mortgage interest deductible in GOP tax plan

If the wealthy move away because of the increase in their taxes, the impact on city and state budgets would be devastating

already going up because of rising interest rates and, for the city, because of its enormous capital spending. The added expense from Washington, D.C.'s tax reform will cut into both budgets.

Finally, a mea culpa. My last column, written too quickly after the release of the plan, underestimated the impact of limiting or ending SALT. It is true the burden will fall most heavily on the wealthiest New Yorkers. But the top 1% alone provide 40% of state income tax revenues and three-quarters of the city income tax. If they move to another state because of the increase in their taxes, the budget impact would be devastating. ■

GREG DAVID blogs regularly at CrainsNewYork.com.

FROM OUR READERS

She prefers Staten Island ... in her rearview mirror

RE "STATEN ISLAND RISING"

[Oct. 30]: I moved to Staten Island in 1970 at age 10. I jumped for joy leaving it at 23. As fate would have it, being a Long Islander now, I find myself passing through the borough to visit my mom in New Jersey.

It amazes me how anyone can see Staten Island as a business savior. There is no mass transit. On a Saturday drive a few weeks ago, we spent an hour and a quarter to get to the Goethals Bridge. No reason. Volume.

Staten Island still had pockets of natural beauty in 1970. Since then every square inch has been utilized in ghastly fashion. The expressway has been widened only to come to a grinding halt for two lanes to New Jersey.

Businesses run on the efforts of dedicated employees. Better build a

landing strip by the West Shore Expressway. It'll be the only way to get there on time.

SHERRI PASTOLOVE
Long Island

GET 'SMART'

Pat Sapinsley's op-ed "Want to build smart cities instead of dating apps? Come to NYC" [CrainsNewYork.com] offers hope that tech startups, aligning with state government policies, can push back against the president's destructive environmental and climate agenda at the federal level.

The startups' focus on creating "more efficient electrical grids" and "new energy-conscious business models" sounds just right to me. Despite some gains in energy conservation through bipartisan measures such as the popular Energy

Star program—sadly now under threat by the GOP—the U.S. remains one of the least-efficient energy users among developed economies, with upward of 30% of commercial energy use wasted. The startups that Sapinsley mentions are poised to help us solve such challenges.

I'm glad Gov. Andrew Cuomo has made New York a welcoming place to do business in clean and efficient energy. Now Mayor Bill de Blasio's landslide election win should give him the confidence to make support for clean-energy technology a high priority at the local level as well.

DAVID GOLDBERG
Manhattan

TEMPTING NATURE

Re "We must not be quiet before the next storm" [op-ed, Oct. 30]: Are



Jessica Lappin and Sen. Charles Schumer aware that nature does not deal in U.S. dollars? If we humans wish to discharge our debt to air, water and land, we must use the currencies nature does: stewardship, attention, regeneration, rest.

Let us not pretend that scrambling to protect buildings and infrastructure serves non-human beings—or even humans—in the long run. Unless we pause to listen to the web our lives depend on, we will continue to summon ever more furious storms.

HELEN ZUMAN
Beacon, N.Y.

COAL COMFORT

It's nice to have new neighbors, but "Midtown might soon be coal country" [Oct. 16] might have residents

wondering if Clean Coal Technologies Inc. is the kind of neighbor they want.

The article said CEO Robin Eves relocated the company to New York to "leverage the city's status as an international crossroads." But the "clean coal" he claims he can produce is a snare and a delusion, and housing such an enterprise won't do much to bolster the city's status.

Because CCT's technology will reduce coal's carbon emissions by just 3% to 4% and a typical coal plant generates 3.5 million tons of carbon

per year, and the process of extracting coal also raises harmful pollutants, CCTI technology is far from making coal environmentally friendly or even acceptable. Calling it "clean" simply masks the goal to make coal more competitive.

The bottom line is that there really is no such thing as clean coal. The plant in eastern Mississippi that was supposed to prove the feasibility of clean-coal technology never got off the ground. Now it burns gas.

Gov. Andrew Cuomo is on the right track by committing to end New York's reliance on coal by 2020, and he needs to make good on that commitment. Let's hope the presence of this dubious enterprise in Manhattan won't deter him.

MIKE MULLALEY
Brooklyn

Ranked by number of enrolled members

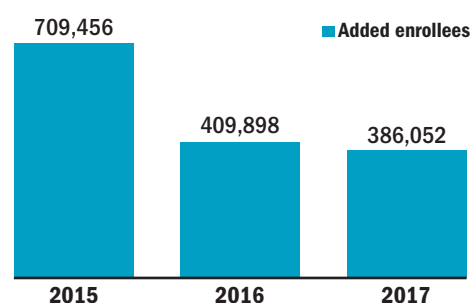
TRENDS

9.7M

NUMBER OF enrolled NYC members among the top nine insurers, a 2.3% gain from last year

CITY SIGN-UPS

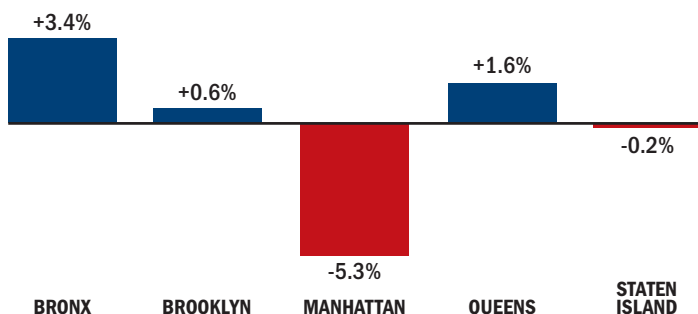
The state marketplace continues to add many members—although the size of the gains is shrinking with each passing year.



SOURCES: Crain's research, New York State of Health open-enrollment reports

BRONX QUEUE

Compared to just four years ago, a smaller share of marketplace enrollees come from Manhattan, with the difference being made up by Bronx, Queens and Brooklyn residents.



\$85.3B

COMBINED 2016 premium revenues of the top insurers to provide data, a 5.9% gain from 2015

RANK	INSURER/ ADDRESS/ PARENT OR CONTROLLING COMPANY	PHONE/ WEBSITE	HEAD OF NYC OFFICE	2017 NYC MEMBERS/ % CHANGE VS. 2016 ¹	2017 NYC MEMBERS IN EACH PLAN	2017 NY-AREA MEMBERS ¹	2016 PREMIUM REVENUE (IN MIL.)/ % CHANGE VS. 2015	2016 REVENUE (IN MIL.)/ % CHANGE VS. 2015	2017 PARTICIPATING PRIMARY-CARE PHYSICIANS IN NY AREA ²	2017 PARTICIPATING MEMBER HOSPITALS IN NY AREA
1	Empire BlueCross BlueShield³ 165 Broadway New York, NY 10006 <i>Anthem Inc.</i>	212-476-1000 empireblue.com	<i>Lawrence G. Schreiber</i> President	2,745,770 -5.3%	HMO: ✓ PPO: ✓ POS: ✓ Medicaid: ✓ Medicare: ✓ Other: ✓	3,722,306	\$3,690.4 -6.2%	\$4,105.0 -4.8%	16,179	94
2	UnitedHealthcare 1 Penn Plaza New York, NY 10119 <i>UnitedHealth Group</i>	212-216-6400 unitedhealthcare.com	<i>Michael McGuire</i> Chief executive, UnitedHealthcare of New York	1,525,000 -1.7%	HMO: ✓ PPO: ✓ POS: ✓ Medicaid: ✓ Medicare: ✓ Other: ✓	3,000,000	n/d	\$184,800.0 +17.6%	n/d	n/d
3	Aetna⁴ 101 Park Ave. New York, NY 10178	212-457-0700 aetna.com	<i>Steven Logan</i> President, New York-New Jersey market	1,407,553 +15.4%	HMO: ✓ PPO: ✓ POS: ✓ Medicaid: ✓ Medicare: ✓ Other: ✓	2,018,285	\$56,122.0 +3.8%	\$63,046.0 +5.6%	15,413	110
4	Healthfirst⁴ 100 Church St. New York, NY 10007	212-801-6000 healthfirst.org	<i>Pat Wang</i> President, chief executive	1,157,043 +4.6%	Medicaid: 835,429 Medicare: 135,183 Other: 186,431	1,293,346	\$8,917.7 +14.1%	\$8,969.3 +14.7%	9,635	78
5	Group Health Inc. 55 Water St. New York, NY 10041 <i>EmblemHealth Inc.</i>	646-447-5000 emblemhealth.com	<i>Karen M. Ignagni</i> President, chief executive	846,905 +22.8%	PPO: 846,437 Medicare: 468	1,228,711	\$908.8 -0.4%	\$1,175.3 +27.5%	25,159	94
6	Fidelis Care New York⁴ 95-25 Queens Blvd. Rego Park, NY 11374	718-896-6500 fideliscare.org	<i>Patrick J. Frawley</i> Chief executive	619,074 +7.6%	HMO: 20,628 Medicaid: 444,188 Medicare: 27,967 Other: 126,291	826,164	\$8,407.0 +30.1%	\$8,423.0 +30.2%	10,402	108
7	MetroPlus Health Plan Inc. 160 Water St. New York, NY 10038 <i>NYC Health and Hospitals</i>	212-908-8600 metroplus.org	<i>Arnold Saperstein</i> President, chief executive	503,831 -0.0% ⁵	HMO: ✓ ⁶ Medicaid: 373,171 Medicare: 8,206 Other: 122,454	503,831	n/d	n/d	n/d	n/d
8	HIP Health Plan of New York 55 Water St. New York, NY 10041 <i>EmblemHealth Inc.</i>	646-447-5000 emblemhealth.com	<i>Karen M. Ignagni</i> President, chief executive	430,963 -5.9%	HMO: 213,460 PPO: 7 POS: 4,832 Medicaid: 122,948 Medicare: 82,673 Other: 6,773	586,276	\$4,855.3 -4.1%	\$4,886.4 -3.6%	20,734	95
9	Empire BlueCross BlueShield HealthPlus 9 Pine St. New York, NY 10005 <i>Anthem Inc.</i>	800-300-8181 empireblue.com/ny	<i>Jack Stephenson</i> President, chief executive	426,434 -2.1%	Medicaid: 330,421 Other: 96,013	454,469	\$2,354.0 +3.9%	\$2,366.5 +3.9%	10,768	69
10	Cigna HealthCare of New York⁷ 140 E. 45th St. New York, NY 10017 <i>Cigna</i>	646-658-7047 cigna.com	<i>David F. Kobus</i> President, tristate market	n/d	HMO: ✓ PPO: ✓ POS: ✓	n/d	n/d	n/d	n/d	n/d

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. *Crain's New York Business* uses staff research, extensive surveys and the most current references available to produce its lists, but there is no guarantee that the listings are complete. To qualify for this list, companies must offer health insurance products licensed by the appropriate state regulatory agency and have enrolled members in New York City. Premium revenue and revenue are for the insurance company based on the calendar year. All other figures are as of Sept. 30, 2017. ✓ Indicates that the company offers the plan, but the number of members is not disclosed or not available. HMO-Health maintenance organization. PPO-Preferred provider organization. POS-Point of service. n/d-Not disclosed. **1**-Excludes members with workers' compensation plans. **2**-Includes OB-GYNs. **3**-Membership and premium totals do not include Medicaid and Medicare business, which was migrated to Empire BlueCross BlueShield HealthPlus. **4**-Name of parent or controlling company is the same. **5**-Change in membership is -0.04%. **6**-All 503,831 New York City members are enrolled in an HMO. **7**-Cigna declined to provide its number of enrolled members in New York City. Its ranking at #10 is a *Crain's* estimate. Research: Gerald Schiffman

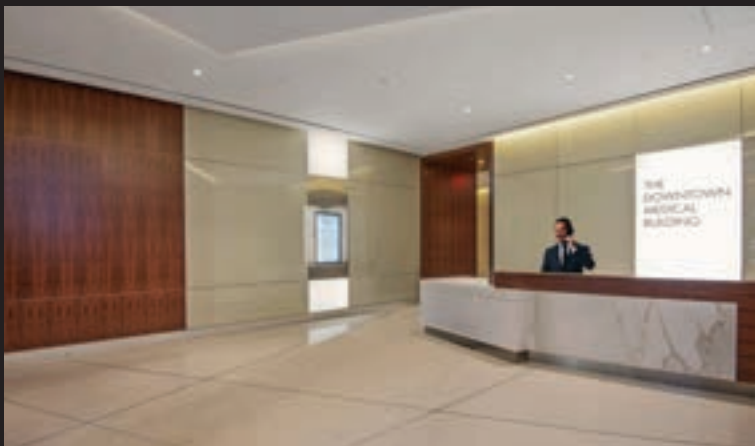


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JAYSON HOME'S GOLTZ is test-driving a Greene Street location with a nine-month lease.

TRY BEFORE YOU BUY

With the future of retail uncertain and vacancies high, merchants are pushing landlords for short-term leases—and getting them

BY JOE ANUTA
AND DANIEL GEIGER

When Jay Goltz decided last year to bring his four-decade-old Chicago furniture store to New York City, he was put off by the risk of signing a long, expensive lease in an uncertain retail environment. A pop-up in the Hamptons—with its summering visitors and affluent residents—seemed like the best way to gauge how his business, Jayson Home, might do in Manhattan before he bet the ranch.

It turned out not to be necessary. In August Goltz struck a deal to take roughly 6,000 square feet at 138 Greene St. in SoHo for just nine months, rather than the five or more years the landlord had initially sought.

"We noticed there were a lot of empty stores, rents were slipping, and we had more bargaining power," Goltz said. "I thought, Let's look for a shorter lease, to try a space out. We asked, and we got it."

Since the freewheeling days of 2014 and 2015, when it seemed retail rents could only go up, the city's market has undergone a sobering correction. As with every downturn, some landlords remained in denial, leaving their storefronts empty as they held out for rents that became more unrealistic by the day. Ground-floor vacancies on Manhattan's prime corridors have doubled between 2014 and today, from 99 storefronts to nearly 200, according to CBRE. Savvier owners tried to preserve their face-value rent, an important number used to underwrite loans, but quietly

offered tenants incentives like chipping in for a new store's renovations or forgoing some monthly payments. Eventually, though, reality set in, as it always does. Since the fourth quarter of 2014, average asking rents along the 16 corridors tracked by CBRE have fallen by 30%, to \$711 from \$1,020.

What happens next is less predictable. A systemic shift is affecting the industry, driven by online shopping and changes in how products are marketed. To overcome these forces, brick-and-mortar landlords and tenants are experimenting in the hopes of finding a viable path.

The idea of experiential retail—giving shoppers more to do than just shop—has been kicking around for some time. But landlords are now wooing tenants that absolutely require physical locations, such as urgent-care clinics (see page 16). Instead of leasing to a restaurant, some

owners are marketing ground-floor space to food halls (page 15), whose variety of offerings can attract a wider clientele and make apartments or commercial space in the building more valuable. Mom-and-pops are seeking help from city government, which is considering a suite of merchant-friendly legislation (page 14). But as Goltz and many others have realized, short-term leases can be a simple and effective way for the city's retail market to find its footing in this environment.

Typical long-term leases run five to 10 years and can cost tenants millions of dollars. Temporary agree-

"WE NOTICED THERE WERE A LOT OF EMPTY STORES, RENTS WERE SLIPPING, AND WE HAD MORE BARGAINING POWER"



THAT WAS THEN: BIG RETAIL BUYS IN 2014/2015

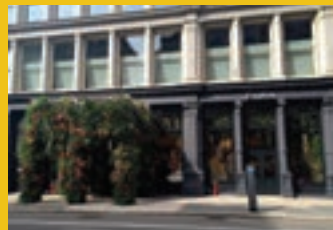


670 COLUMBUS AVE.

- 36,000 square feet
- \$60 million
- Buyer: The Klein Group

730 Fifth Ave. (Crown Building)

- 100,000 square feet
- \$825 million
- Buyers: Wharton Properties and GGP purchased the entire building for \$13 billion in late 2014, but sold the upper floors for \$475 million months later.



503 BROADWAY

- 47,361 square feet
- \$280 million
- Buyer: Inditex (parent company of Zara)



ments, typically one to three years, can act as a hedge against being stuck with a bad location. But a test run can also provide valuable performance figures to gauge how much rent a store can afford, should it decide to stay.

Built-in savings

“These deals are arming retailers with a range of data that allow them to reliably budget what a given location can support in rent,” said Michael Glanzberg, a principal at retail-leasing brokerage Sinvin Real Estate who represented landlord Ascot Properties in the Jayson Home deal.

Gucci, for instance, recently signed a two-year lease for around 11,000 square feet at 375 W. Broadway. But it maintained an option for an eight-year extension. Sources familiar with the deal anticipate the Italian fashion brand will build out the space with luxury interiors, as it has in long-term locations. That could mean a big loss if it decides to leave in 2019. But that risk pales in comparison to making a larger commitment while retail is in flux.

“Building out a typical SoHo store could cost \$2 million or more, but a [long] lease is a much larger liability that could cost \$20 million or more over the life of a deal,” Glanzberg said. “Having the flexibility to cancel a lease is worth a lot more than the money spent to create a space.”

While Gucci is willing to put in serious money, even for the short term, many other tenants are finding ways to limit build-out costs, giving themselves greater leeway to cancel without losing much up-front investment.

Jayson Home, which opened in September, mostly used a retail installation left over from the previous tenant, furniture store B&B Italia. Fashion brand AllSaints did something similar after signing a year-

long lease for 20,000 square feet at 635 Fifth Ave., in Rockefeller Center, using leftovers from French clothing brand Façonnable.

Saving money on build-outs can also divert more cash into landlords’ pockets. But these days it’s not as much as owners would like. A source said AllSaints’ landlord, Tishman Speyer, had sought a whopping \$18 million a year for the space but agreed to the 12-month lease for a “fraction of that.”

Nearby, yoga apparel brand Lululemon Athletica recently leased 8,000 square feet for a year at 597 Fifth Ave. with an option to extend. Reports put the rent at \$400,000 a month—so far below what landlord Joseph Sitt was seeking that he has had to use other funds to keep the building’s mortgage current.

“Landlords would prefer to have tenants paying some rent—rather than none at all—while the market corrects itself,” said Brad Mendelson, a retail-leasing broker at Colliers International.

Under the influence

In the past some stores were willing to lose money on a city location to market their brand to the masses of passers-by. Many companies now realize they can better and more cheaply connect with shoppers through digital channels such as social media, especially with the help of influencers—trendsetters on platforms like Instagram who have legions of loyal followers. That is fueling a new type of marketing strategy into hipper corners of the retail market.

“When an influencer posts about a product or brand, it’s become a much more effective form of advertising,” said Adam Rivietz, co-founder of #Paid, a marketing firm that helps create social-media campaigns and partnerships between brands and influencers. “Billboards or the front window in a retail shop are less personal now for shoppers. It’s a brand

or product forced in their face.”

The focus on social media—where users’ tastes can shift quickly—has become so strong that some brands are using it to guide their real estate decisions.

Toronto-based online men’s clothier Frank and Oak, for example, tapped #Paid to help it create a campaign for which it hired a dozen Instagram influencers in major cities including Boston, Los Angeles and New York to persuade their followers to buy Frank and Oak gift cards. The company then narrowed its search to the six locations with the greatest response. Last year it opened two locations in Manhattan, on Crosby and Mulberry streets. It has already closed them, taking its fast-paced pop-up strategy to other cities.

While short-term leases might not be the future of retail, they are one of the ways that firms are trying to feel their way through this unique downturn. In some cases the agreements appear to already be producing results and helping landlords and tenants strike more traditional deals. After opening a pop-up earlier this year on Greene Street, The RealReal, a popular online consignment store that specializes in designer and high-end shoes, apparel and jewelry, signed a five-year lease for a store on Wooster Street that it opened Nov. 10. To increase the location’s appeal, the firm is seeking a liquor license and will have a café to encourage shoppers to lounge, attend classes and get advice from experts who can authenticate and value items.

“We had our pop-up for 20 days, and we knew we wanted to have a store longer term because of the response,” said RealReal founder and CEO Julie Wainwright. “In our new space, you can have a glass of wine, get your watch inspected by our gemologist or your handbag authenticated and talk to our experts. We all want to shop. It just has to be the right environment.” ■



CORNEGY (left) and other City Council speaker candidates pledge legislative help for small businesses.

POLS SHOP FOR SOLUTIONS

Elected officials are proposing a slew of measures to aid merchants and restaurateurs battling high rents and competition from chain stores

BY WILL BREDDERMAN

Retail rents may be on the decline, but they are still too high for many independently owned businesses. That has provoked a number of ideas from the City Council. Few have passed, though, and one remains tantalizingly out of reach.

Lawmakers, confronting a proliferation of chains and empty storefronts, have made proposals ranging from exempting more businesses from the commercial rent tax to changing zoning rules. But legal clouds still hover over the holy grail for small-business advocates: rent control for brick-and-mortar retail.

"You can tell the character of a community by its retail corridors," said Brooklyn Councilman Robert Cornegy, chairman of the Committee on Small Business. "Every community is beginning to look exactly alike: having the same bank and a popular [chain] eatery or coffee shop instead of the older mom-and-pops."

Gentrification has brought this phenomenon to historically low-income areas like Cornegy's Bedford-Stuyvesant. Last year the councilman orchestrated the passage of the nation's first anti-harassment law for business tenants.

The measure gives legal recourse to owners of stores and restaurants whose landlord threatens them, tampers with utilities, changes the locks, does unnecessary construction or launches frivolous lawsuits in the hope of pushing them out in favor of a higher-paying tenant. The city had previously only provided these protections to residential renters.

Cornegy pioneered another tool to assist small business that the city has employed for residential tenants: land use. In August the council—with Cornegy's imprimatur—signed off on a project by BFC Partners and SMJ Development spanning several parcels of publicly- and privately-owned land.

Part of the deal was the creation of four 1,000-square-foot commercial spaces at below-market rents, with a preference for local owners. Cornegy suggested the council in the future could ply developers with tax incentives and looser height and density restrictions in exchange for providing smaller, discounted units.

But these proposals would help only businesses moving into a new development. Manhattan Councilman Daniel Garodnick is pushing another way to assist existing shops and eateries in New York's priciest neighborhoods: a tax cut.

Since 1963 the city has collected a commercial rent tax. In the 1990s the council eliminated it for businesses in the outer boroughs and in Manhattan north of 96th Street. The levy is now imposed in most of Manhattan on businesses paying \$250,000 or more a year in rent, a threshold set in 2001 that

does not rise with inflation.

Garodnick noted that the cost of commercial space has since shot up—along with the number of retailers subject to the excise. "The city with this tax is effectively stepping on the necks of small businesses, and we have the ability to give them relief, and we should," the councilman said.

He has introduced legislation that would raise the cutoff to \$500,000 a year, and 41 of the council's 51 members have signed on. Yet it remains bottled up in committee, despite receiving a hearing in February, because the mayor was hesitant to give up tens of millions of dollars in annual revenue while the Trump administration was considering changes that could hurt New York. (Nevertheless, these concerns did not stop the city from expanding spending by more than \$1 billion this spring.) Using figures from fiscal year 2016, Garodnick's office calculated that his bill would have exempted 36% of businesses that paid the tax while forsaking only 7% of the \$754 million it raised.

The councilman said he hopes the measure passes before term limits take him out of office at the end of this year. All eight candidates for council speaker support the tax cut.

"It's real money for a small business, and it's the sort of thing that could result in hiring more people, doing small repair projects," he said. "On the other end, it could also keep them alive."

The mayor's office told *Crain's* that it continues to be open to the proposal, but is still keeping a wary eye on Washington.

Another concern is that landlords would raise rents by the same amount that the tax is lowered, effectively capturing the cut for themselves. Garodnick could not say what might stop them from doing this.

Commercial rent control

Despite kicking around the idea for nearly 30 years, the city has never adopted commercial rent control. The latest iteration of that notion, called the Small Business Jobs Survival Act, would give retail tenants of good standing a "right of renewal" on their leases and establish an independent arbitration process if a deal cannot be reached with the property owner. The arbitrator would decide the rent based on a set of criteria. Should the tenant reject the determination, the landlord could not increase the rent by more than 10% while looking for a new tenant. The original tenant would have a right of first refusal.

Both the Real Estate Board of New York and the mayor's office say the legislation would violate the U.S. Constitution's contracts clause, which bars government interference in lawful business arrangements. Opponents of the bill have long pointed to a federal court's 1987 decision in *Ross v. City of Berkeley* that struck down a similar provision in that California city.

But a legal panel convened by Bronx Borough President Rubén Díaz Jr. in 2010 concluded that the Small Business Jobs Survival Act would not meet the same fate. The New York bill, the panel noted, allows landlords to refuse renewal to tenants who violated the terms of their lease, and permits property owners to use their premises themselves to open their own business. The California law lacked those provisions.

"The proposed New York law does not even raise the issues that were addressed in the Ross case," the panel wrote in its report.

Cornegy, for his part, said his committee was still exploring its legality.

"Some people in past administrations have just said, 'This is untenable and unenforceable,' and left it at that," he said. "We've done the exact opposite. We've recognized that legally there could be issues, and while we work those out, we try to do what we can to help small business." ■



COMMUNAL RETAIL: Gotham Organization's Jaskiewicz believes food halls encourage neighborhood residents to renew their leases.

STRENGTH IN NUMBERS

Real estate developers and artisanal food vendors carve out a mutually beneficial relationship

BY CARA EISENPRESS

Two years before Downtown Brooklyn's City Point mall was expected to open, but after construction had already begun, the developer decided to rethink the 70,000-square-foot lower level. The plan had been to lease out large-format spaces to three or four big-box stores. The new tack was lunch. Switching up the design and the construction plan, one of the developers, Acadia Realty Trust, decided to dedicate the floor to food—a 20,000-square-foot Trader Joe's and a 36,000-square-foot space featuring homegrown but little-known food vendors.

"It's a giant kitchen," said Christopher Conlon, executive vice president for leasing at Acadia. The project, renamed the DeKalb Market Hall, opened this year and has been more successful than anticipated, with sales volume double what the team expected in year one. A plan to expand the hall by 7,500 square feet, with a bar and music venue, is in the works. Conlon concedes that the sales volume for the big-box plan might have been similar. "But not similar foot traffic or excitement," he said.

For the real estate industry, a ground-floor food hall can seem like a cure-all for retail, because while even national chains may not be able to afford New

York City prices, dozens of small, sometimes rotating food vendors collectively can.

"Retail is suffering," said Eldon Scott, president of Urbanspace NYC, which runs Urbanspace Vanderbilt, a soon-to-open Lexington Avenue location and a handful of temporary outdoor markets. "Everyone is turning to food and beverage, and food and beverage can't make up all the difference."

"IN THE PAST DEVELOPERS DIDN'T WANT THE BRAIN DAMAGE OF DEALING WITH 30 DIFFERENT TENANTS. NOW IT GIVES THEM AN EDGE"

A food hall is a mall-style food court but with local, usually independent vendors instead of national chains. Chelsea Market, which opened in 1997, was the first. But it wasn't until Eataly landed near Madison Square Park that others followed suit. Since 2011 the number of food halls has gone from two to 30, with more on the way.

At its core, the business is simple. A management company that leases or owns a large space recruits

vendors, who sign subleases for individual counters and their own or shared kitchen and storage spaces. Sometimes a single operator produces all the food at various themed counters. Typically the price per square foot for kiosks is double what a restaurateur might pay for a freestanding location, but the spaces can be so small—80 square feet even, at around \$150 per square foot—that the monthly payment remains affordable. Leases can be for terms as short as three months, and some agreements include revenue sharing, sometimes above a certain sales threshold. Managers can minimize vacancies, sometimes setting up a new vendor within weeks.

Developers have varying goals for the halls. For Urbanspace, a food hall is a business that earns money on the margin between the rent it pays out and the amount the restaurants pay it. As competition heats up, Urbanspace's product—call it the thoughtful curation of cool, local food makers—could be diluted. But Gotham Organization considers its halls amenities for residents who live in the 1,800 apartments above its developments Gotham West in Hell's Kitchen and Ashland in Downtown Brooklyn. It evaluates its halls in part by the retention rate of residents, not

CONTINUED ON PAGE 16

profit, said Chris Jaskiewicz, president of Gotham Properties and Hospitality.

In the past real estate developers “didn’t want the brain damage of dealing with a food hall and 30 different tenants,” said Garrick Brown, vice president of retail research at Cushman & Wakefield. “Now they’ll take it on. It gives them an edge.”

The case for vendors

Tyler Kord, chef and partner at the No. 7 Sub sandwich shop at The Ace Hotel, got a message in 2012 that The Plaza had called. He assumed it was a prank. The Plaza wanted to talk about its planned food hall. Kord and his partners went to look at the space and decided to open a second sandwich shop there. It serves the business crowd at lunch and tourists the rest of the day. As an anchor vendor in the rapidly expanding scene, Kord now gets lots of calls. “It’s like being in The Plaza has brought us to the attention of anyone opening a food hall anywhere,” he said.

For Adam Sobel, who had popular vegan food truck The Cinnamon Snail, opening stalls at The Pennsy above Penn Station and City Acres Market in the Financial District has been a boost to his business too. He was able to get into Pennsy for under \$10,000, instead of the \$200,000 he estimated he would have needed for his own shop. It has become the highest-grossing vendor there, he said.

He was relieved he did not need to become an expert in marketing, linen services and permitting. And he pays a percentage of his sales back to the markets, so he is not on the hook for too much if a market is not busy one day. The visibility has led to offers for additional locations, but he is discerning. “I don’t think the volume is significant enough to go into as a promotional thing.”

Not to mention that expanding into too many locations might disqualify him from the artisan designation that food hall managers seek or prevent him from putting in enough time at his stalls to be successful. There are only so many artisanal purveyors for whom the economics of a food hall stand also make sense with their business strategy. Meanwhile, total square footage in the halls is increasing, but so too are asking rents and often the share of sales percentages and maintenance costs vendors have to pay to operators, leading to cracks in the opportunity both for vendors and for operators.

Brandon Hoy, a partner at Roberta’s, a regular at Urbanspace’s temporary outdoor markets, says the business equation is the same as signing a brick-and-mortar lease. Labor costs can add up even in small spaces, and without a commissary—which Roberta’s has—having multiple locations can mean multiples of work. And unless the food hall offers a build-out, opening expenses can range from \$100,000 to \$350,000. For Hoy, revenue would have to be at least \$1.5 million to make opening a single kiosk worth it.

Other than The Plaza, Kord has not opened for more than a three-month pop-up in other halls. “The deals have been so expensive lately that I haven’t been intrigued,” he said. “I don’t want No. 7 Sub to be something people associate with food halls necessarily.”

In the end successful entrepreneurs say they value the communal feeling and the built-in marketing that comes from operating in such close proximity to their peers. The vendors have access to a shared dining room, marketing, foot traffic, reduced build-out costs and maintenance to clean the bathrooms and mop the floor. “A lot of us have been together for years,” said Hoy of his fellow food makers.

Restaurateurs have found that they have strength in numbers, because food businesses are on better footing when their mutual customers can eat fried chicken sandwiches one day, wood-fired pizza the next and vegan doughnuts in the midafternoon.

“If we see carnage, it’s in standalone restaurants,” said Brown. ■



HEALTH CARE AS COMMODITY: Shami of CityMD says urgent care is meeting consumer demand.

URGENT CARE IS LATEST RETAIL RX

Walk-in health clinics are welcome tenants for landlords in a sluggish retail market

BY JONATHAN LAMANTIA

Once an upstart with its self-service, low-priced footwear retail concept, Payless ShoeSource has struggled of late. But even before the retailer filed for bankruptcy protection earlier this year and announced the closure of up to 22 stores in New York City, an unlikely savior had swooped in: urgent care.

As landlords face rising vacancy rates across the city, urgent-care centers are eagerly snapping up space abandoned by foundering retailers. The largest local player is CityMD, with 21 walk-in health clinics in Manhattan and 25 more throughout the city. CityMD has signed leases at six former Payless stores in the city.

“With the depressed market we’re in, CityMD is taking a lot of space that a bank would have taken in 2006,” said Benjamin Birnbaum, executive managing director at Newmark Knight Frank, who represents CityMD in all its leasing deals.

Since its inception in 2010, CityMD has grown to 82 clinics in three states, attracting customers with the promise of quick and convenient care from emergency room-trained physicians.

“It’s a function of meeting consumer demand,” said Dr. Nedal Shami, chief strategy officer. “Ten years ago you had the emergency department as option one and primary care as option two.” Urgent care, he said, is answering the need for a middle option.

Private-equity firm Warburg Pincus bought a majority stake in the company in April in a deal Reuters said valued the urgent-care chain at \$600 million.

There are about 500 urgent-care centers statewide, with more than 190 in the city as of April, according to the Urgent Care Association of America. “These clinics’ demand for space is welcome in a sluggish retail market. In Manhattan asking rents have declined in three-quarters of the areas tracked by CBRE, according to its third-quarter market report, released in October.

“When I started working with them, medical as a retail use wasn’t at the front of a landlord’s mind,” Birnbaum said. “My job of finding landlords and convincing them of the CityMD story has only become easier each year.”

While they will not help landlords fill up a shuttered department store, urgent-care chains have showed a voracious appetite for storefronts in highly visible spaces.

CityMD is looking to add space in commercial districts near transportation hubs. A new location is slated to open at 5 Penn Plaza early next month. And the company shows no signs of slowing its pace of expansion. It prizes storefronts where potential patients will pass by its neon red sign twice a day as they go to and from work, school or the gym. The chain looks for about 30 feet of frontage and corner locations, but it often settles for midblock sites in Manhattan, Birnbaum said.

Shami declined to discuss leasing details, and the company doesn’t disclose revenue. But he said most of its clinics occupy about 3,000 square feet on average and see 50 to 100 patients a day.

CityMD’s competitors have also scooped up retail locations. GoHealth has 15 outposts in the city, while ProHealth Care has 17.

Retail broker Michael Stone, executive director in Colliers International’s New York retail group, has been working with GoHealth, a private-equity-backed chain based in Atlanta, since 2014. That year the company started its joint venture with Northwell Health, New York’s largest health system, to open clinics throughout the region.

At GoHealth’s first location, in Forest Hills, Queens, the company took more than 2,500 square feet from Apple Bank, which was cutting its square footage in half. And when Apple Bank downsized at First Avenue and 81st Street in Manhattan, GoHealth took over that space too.

“We’ve replaced Payless stores, RadioShacks, local and general retail,” Stone said. “Those are tenants replaced by the next generation.”

While equating health care with retail may seem odd, he said that GoHealth looks for a lot of the same qualities in prospective locations as other clients do. The chain likes to locate its centers near supermarkets, subway stations and drugstores.

“Urgent care is trying to bring health care accessibility to customers where they live their lives,” he said. “It’s not that dissimilar from a Starbucks.” ■

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Notice of formation of WILLIAMS, BAI-LEY & ASSOCIATES, LLC . Arts. of Org. filed with Secy. of State of NY (SSNY) on 9/14/2016. Office location: NY County. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to The LLC 244 5th Ave Suite W-235 NY, NY 10001. Purpose: Any lawful activity.

NOTICE OF FORMATION OF LE CHIEN BLEU NY LLC. ARTICLES OF ORGANIZATION FILED WITH THE SECRETARY OF STATE OF NEW YORK (SSNY) ON 7/7/2017. OFFICE LOCATION: NEW YORK COUNTY. SSNY IS DESIGNATED AS AGENT UPON WHOM PROCESS AGAINST IT MAY BE SERVED. SSNY SHALL MAIL A COPY OF ANY PROCESS AGAINST THE LLC SERVED UPON HIM/HER TO: MR. YUON LEE JOUNG, 214 W. 16TH STREET APT 1S NEW YORK, NY 10011. PURPOSE: ANY LAWFUL ACT OR ACTIVITY.

Notice of Qualification of CLARITY SOLUTION GROUP, LLC Appl. for Auth. filed with Secy. of State of NY (SSNY) on 10/16/17. Office location: NY County. LLC formed in Delaware (DE) on 05/01/14. NYS fictitious name: CLARITY INSIGHTS, LLC. 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 19808-1674. Cert. of Form. filed with Secy. of State DE, 401 Federal, Ste. #4, Dover, DE 19901. Purpose: Data analytics consulting firm.

Notice of Formation of 10 East Evergreen LLC. Arts. of Org. filed Secy. of State of NY (SSNY) on 10/3/17. 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 Kamber Management Company LLC, 551 Fifth Ave., Ste. 2200, NY, NY 10176. Purpose: any lawful activity.

Notice of formation of Samantha Cara, LLC. Arts of Org filed with Secy. of Stat of NY (SSNY) on 6/13/17. Office location: NY County. SSNY designated agent upon whom process may be served and shall mail copy of process against LLC to US Corp. Agents INC, 7014 13th Ave. #202, Brooklyn, NY 11228. Purpose: any lawful act.

Joseph A. Racanelli MD PLLC Filed 10/19/17 Office: New York Co. SSNY designated as agent for process & shall mail to: 1107 Park Avenue, New York, NY 10128. Purpose: Medicine

Notice of Qualification of WELD CAPITAL MANAGEMENT LLC Appl. for Auth. filed with Secy. of State of NY (SSNY) on 10/05/17. Office location: NY County. LLC formed in Delaware (DE) on 10/03/17. Princ. office of LLC: 450 Lexington Ave., 4th Fl., NY, NY 10017. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to the LLC, Attn: Minhua Zhang at the princ. office of the LLC. DE addr. of LLC: c/o Corporation Service Co., 251 Little Falls Dr., Wilmington, DE 19808. Cert. of Form. filed with Harriet Smith Windsor, Secy. of State of the State of DE, Div. of Corps., John G. Townsend Bldg., Federal & Duke of York Sts., Dover, DE 19901. Purpose: Any lawful activity.

Notice of Qualification of RJME HOLDINGS LLC Appl. for Auth. filed with Secy. of State of NY (SSNY) on 10/06/17. Office location: NY County. LLC formed in Delaware (DE) on 02/22/17. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to the LLC, 725 Fifth Ave., 23rd Fl., NY, NY 10022. DE addr. of LLC: c/o Corporation Service Co., 251 Little Falls Dr., Wilmington, DE 19808. Cert. of Form. filed with Secy. of State, Div. of Corps., John J. Townsend Bldg., 401 Federal St., Ste. 4, Dover, DE 19901. Purpose: Any lawful activity.

Notice of Qualification of RGN-HAUPPAUGE I, LLC Appl. for Auth. filed with Secy. of State of NY (SSNY) on 10/25/17. Office location: NY County. LLC formed in Delaware (DE) on 10/23/17. Princ. office of LLC: 15305 Dallas Pkwy., Ste. 400, Addison, TX 75001. 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 Secy. of State, 401 Federal St., Ste. 4, Dover, DE 19901. Purpose: Any lawful activity.

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Notice of Formation of MATRIX HIGHLINE GP LLC Arts. of Org. filed with Secy. of State of NY (SSNY) on 09/21/17. Office location: NY County. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to Baker Hostetler LLP, 45 Rockefeller Plaza, NY, NY 10111. Purpose: Any lawful activity.

NOTICE OF FORMATION OF INSPACE NY LLC . Organization filed with the SS of NY on 08/17/17. NEW YORK County. The address to which the SSNY shall mail a copy of process against the LLC, is: 400 E 54th St. NY, NY 10022.

Notice is hereby given that a license, number 1306224 for on-premise wine, beer & cider has been applied for by the undersigned to sell wine, beer & cider at retail in a restaurant under the Alcoholic Beverage Control Law at 407 Smith Street, Brooklyn, N.Y. 11231 for on premise consumption. Fluke Som LLC t/a Ugly Baby

Primero New York LLC. Art. Of Org. filed with the SSNY on 9/18/17. Office: NY 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, 228 E. 45th Street #1800 New York, NY 10017. Purpose: Any lawful act.

Notice of Formation of FORT-ROYAL USA, LLC Arts. of Org. filed with Secy. of State of NY (SSNY) on 10/06/17. Office location: NY County. Princ. office of LLC: 455 Central Park West, Ste. 3L, NY, NY 10025. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to Davidoff Hatcher & Citron LLP, Attn: Steve Spanolios, 605 Third Ave., NY, NY 10158. Purpose: Any lawful activity.

Notice of Qualification of Danskammer HoldCo LLC Appl. for Auth. filed with Secy. of State of NY (SSNY) on 10/12/17. Office location: NY County. LLC formed in Delaware (DE) on 09/07/17. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to c/o Corporation Service Co. (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 Secy. of State of DE, 401 Federal St., Dover, DE 19901. Purpose: Any lawful activity.

Notice of Qualification of NOELLE ART PARTNERS, L.L.C. Appl. for Auth. filed with Secy. of State of NY (SSNY) on 10/19/17. Office location: NY County. LLC formed in Delaware (DE) on 10/17/17. 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 19808-1674. Cert. of Form. filed with DE Secy. of State, Div. of Corps., 401 Federal St., Dover, DE 19901. Purpose: Any lawful activity.

NOTICE OF FORMATION OF The Yoga and I LLC. Articles of Organization filed with the Secretary of State of NY (SSNY) on 08/22/2017. Office location: NEW YORK County. SSNY is designated as agent upon whom process against it may be served, SSNY shall mail a copy of any process against the LLC served upon him/her is: Legalinc Corporate Services Inc. 1967 Wehrle Drive, Suite 1 #086, Buffalo, NY 14221. The principal business address of the LLC is: PO Box No. 3021, NEW YORK, NY 10163-3021. Purpose: any lawful act or activity.

Notice of formation of Honeybee Grateful. Art. of org. filed with the SSNY on 9/17/17. Office location: NY County. SSNY has been designated as agent upon whom process against it may be served. The P.O. address to which the SSNY shall mail a copy of any process against the LLC served upon him/her, and principal biz. add. of the LLC, is 2 Gold St #603 NY, NY 10038. Purpose: any lawful act or activity

Notice of Qualification of SBM EAST 54TH LLC Appl. for Auth. filed with Secy. of State of NY (SSNY) on 11/09/17. Office location: NY County. LLC formed in Delaware (DE) on 06/03/16. 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. DE addr. of LLC: CSC, 251 Little Falls Dr., Wilmington, DE 19808. Cert. of Form. filed with Secy. of State, Div. of Corps., 489 Fifth Ave., NY, NY 10017. Purpose: Real estate.

Notice of Formation of Simpli Digital LLC. Arts of Org filed with Secy of State of NY (SSNY) on 9/13/17. Office location: NY Co. SSNY designated agent upon whom process may be served and shall mail copy of process against LLC to principal bus. address: 45 Tudor City Place, #907, NY, NY 10017. Purpose: any lawful act.

Notice of Formation of SHF TANYA TOWERS LLC. Arts. of Org. filed with Secy. of State of NY (SSNY) on 10/31/17. 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 Settlement Housing Fund, Inc., 247 W. 37th St., 4th Fl., NY, NY 10018. Purpose: any lawful activity.

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PUBLIC & LEGAL NOTICES

Notice of Qualification of SUGAR HILL OFFSHORE ONE PPW HOLDINGS, LLC Appl. for Auth. filed with Secy. of State of NY (SSNY) on 10/20/17. Office location: NY County. LLC formed in Delaware (DE) on 10/18/17. Princ. office of LLC: 256 W. 116th St., 2nd Fl., NY, NY 10026. NYS fictitious name: SUGAR HILL OFFSHORE ONE PPW HOLDINGS I. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to Attn: Margaret B. Grossman at the princ. office of the LLC. DE addr. of LLC: c/o Corporation Service Co., 251 Little Falls Dr., Wilmington, DE 19808. Cert. of Form. filed with Secy. of State of the State of DE, Div. of Corps., John G. Townsend Bldg., Federal & Duke of York Sts., Dover, DE 19901. As amended by Cert. of Amendment filed with SSNY on 11/08/17, the entity will no longer be using fictitious name. Purpose: Any lawful activity.

Notice is hereby given that a license, 1302755 for wine/beer has been applied for by Dhaulagiri Kitchen Inc. to sell wine/beer at retail in a restaurant under the Alcoholic Beverage Control Law at 124 Lexington Avenue New York, NY 10016 for on premises consumption.

NOTICE OF FORMATION OF New York Medical Surgeons PLLC. Articles of Organization filed with the Secretary of State of NY (SSNY) on 10-24-2017. 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 PLLC served upon him/her is: National Registered Agents, INC., 1118th Ave New York New York 10011. The principal business address of the PLLC is: 128 E. 62nd St A, New York New York 10065. Purpose: any lawful act or activity.

Notice of Qualification of RIDGEVIEW PROPERTY OWNER, LLC Appl. for Auth. filed with Secy. of State of NY (SSNY) on 11/10/17. Office location: NY County. LLC formed in Delaware (DE) on 09/29/17. Princ. office of LLC: 667 Madison Ave., 19th Fl., NY, NY 10065. 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 Secy. of State of DE, 401 Federal St., Ste. 4, Dover, DE 19901. Purpose: Any lawful activity.

Vinum LLC Art. Of Org. Filed Sec. of State of NY 2/15/2017. Off. Loc.: Richmond Co. SSNY designated as agent upon whom process against it may be served. SSNY to mail copy of process to The LLC, 338 Graham Ave, Staten Island, ny 10314. Purpose: Any lawful act or activity

Notice of Qualification of DANSKAMMER HOLDINGS LLC Appl. for Auth. filed with Secy. of State of NY (SSNY) on 10/12/17. Office location: NY County. LLC formed in Delaware (DE) on 09/07/17. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to c/o Corporation Service Co. (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 Secy. of State of DE, 401 Federal St., Dover, DE 19901. Purpose: Any lawful activity.

1133 ST. JAMES LLC, Arts. of Org. filed with the SSNY on 08/24/2017. Office loc: NY County. SSNY has been designated as agent upon whom process against the LLC may be served. SSNY shall mail process to: Kew Management Corporation, 1123 Broadway, Ste 407, NY, NY 10010. Purpose: Any Lawful Purpose.

CRAIN'S EXECUTIVE MOVES



Jennifer Smith
Chief Technology Officer
ABC Company

Jennifer Smith has been promoted to Chief Technology Officer. She previously held the position of Vice President, Technology



ANNOUNCE CAREER MILESTONES WITH CRAIN'S EXECUTIVE MOVES

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CRAIN'S
NEW YORK BUSINESS



DYNAMIC DUET: Zachary and Jacob Smith credit music for their success in business.

In tune

Twins, both former professional musicians, join forces to **run a tech startup**

For Zachary Smith, CEO of Packet, the best way to focus on competing against the likes of Amazon, Google and Microsoft is to put on earphones and listen to Berlin Philharmonic recordings of Beethoven's symphonies.

"They force you to think about what's not immediate," he said, to see the bigger picture. His twin brother, Jacob, Packet's head of sales, prefers Beethoven's 14th String Quartet, Opus 131.

In a city full of tech startups, three-year-old Packet is the only one run by a Juilliard-trained double-bass player (Zachary) and a former bassoonist for the Philadelphia Orchestra (Jacob, younger by one hour and 20 minutes). Packet provides computing services for software developers and during the past year generated \$12 million in revenue, with sales rising by 30% a month. Softbank and Michael Dell are investors.

The brothers agree they never would have succeeded in tech without being musicians first. The best musicians, they say, are driven, self-critical and creative—all positive attributes in business. "I can teach anyone how to use a server," Jacob said. "I want people who can anticipate problems."

Their father was a trucker and their mother a school district employee. Zachary embraced music at an early

age, and Jacob followed suit. Their first business venture was at age 10, mowing lawns to pay for their instruments. As teens they began teaching music, which paid better.

While in college, Zachary burnished his minimal musician's income by installing software and Windows at Juilliard patrons' homes. After graduation he bought into a company that charged artists and doctors \$20 a month to get online and quickly attracted 400 customers. It sold for \$35 million in 2011. "I learned early that the key to any successful business was to come up with a recurring revenue stream," he said.

Jacob was a finalist for a job with the Metropolitan Opera orchestra, but when he did not get it, he decided he was tired of making \$12,000 a year as a musician. He used the tech skills he learned at Carnegie-Mellon to start a search-engine optimization firm whose clients were rare-book dealers and luxury brands. He left it to his business partner, and in 2014 he and Zachary, who had long thought they would work together, launched Packet.

Jacob recently took 19 staffers to see *La Boheme* at the Met. "I wanted them to understand there were 400 people involved onstage and behind the scenes," he said. "I wanted them to see what a team can do." —AARON ELSTEIN

"I learned early that the key is to come up with a recurring revenue stream"

ZACHARY AND JACOB SMITH

AGE 38

BORN Yorba Linda, Calif.

RESIDE Zachary in Battery Park City; Jacob in Marlboro, Vt.

EDUCATION Zachary has a bachelor's in music from Juilliard School; Jacob has a B.F.A. in music, business and English literature from Carnegie-Mellon University.

MICKEY MOUSE CLUB Zachary was recruited to join the Disney Young Musicians Symphony Orchestra, where he got to play the double bass under conductor John Williams and perform "The Pink Panther Theme" with composer Henry Mancini.

COMMUTER BENEFITS Jacob mostly works remotely and serves as a consultant to the Marlboro Music Festival in Vermont. "The truth is, most people who go to music school don't go on to careers in music," he said.

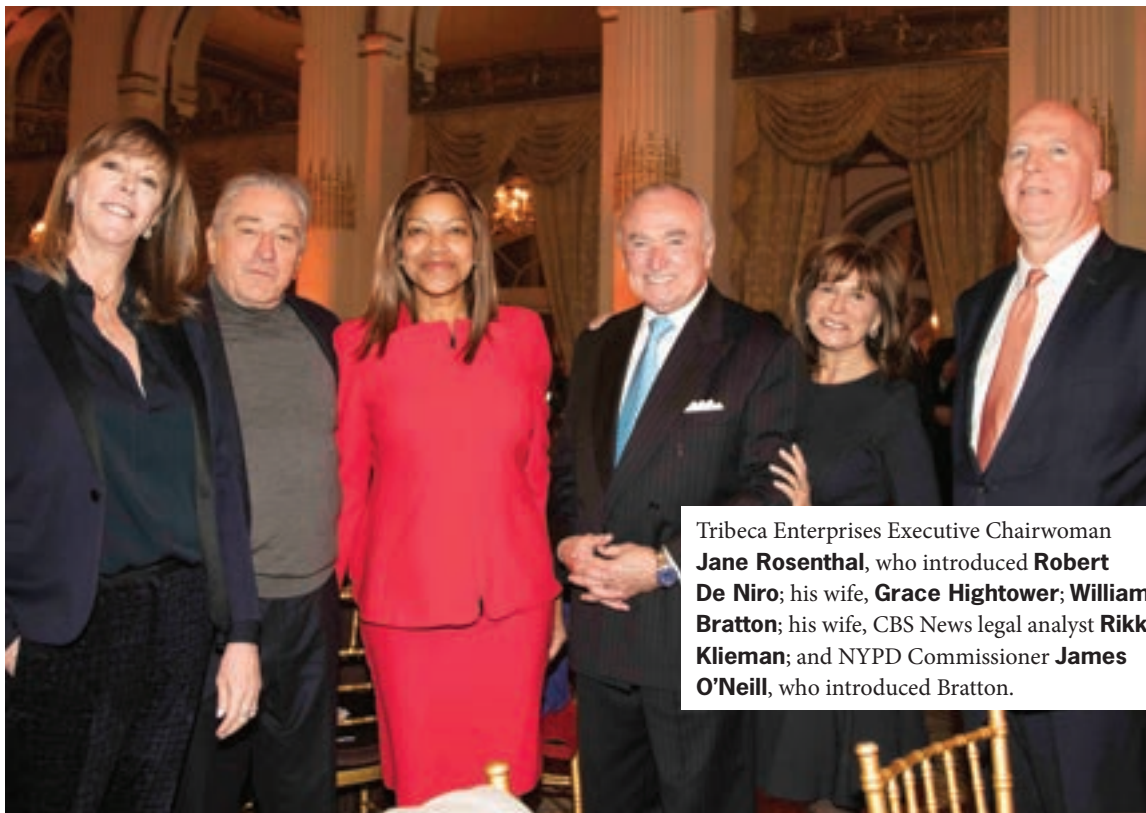


Crain's bold-faced names

Family, friends and colleagues gathered Nov. 13 as *Crain's* inducted six new members into its Hall of Fame: former NYPD Commissioner William Bratton; actor Robert De Niro; Judith Jamison, artistic director emerita of the Alvin Ailey American Dance Theater; Martin Lipton, a founding partner of Wachtell Lipton Rosen & Katz; Silverstein Properties Chairman Larry Silverstein; and Merryl Tisch, former chancellor of the New York State Board of Regents.



Merryl Tisch was introduced by her daughter **Jessica Tisch**, deputy commissioner for information technology at the NYPD.



Tribeca Enterprises Executive Chairwoman **Jane Rosenthal**, who introduced **Robert De Niro**; his wife, **Grace Hightower**; **William Bratton**; his wife, CBS News legal analyst **Rikki Klieman**; and NYPD Commissioner **James O'Neill**, who introduced Bratton.



Klara and **Larry Silverstein** have been married for more than 60 years.



Robert Battle, Alvin Ailey American Dance Theater artistic director, gave an introduction and accepted the honor on behalf of Judith Jamison, who was unable to attend.



Lobbyist **Suri Kasirer** and attorney **Arthur Aidala** attended the luncheon at The Plaza Hotel.



Attending the event with **Martin Lipton** were **Kenneth Langone**, chair of Invemed Associates and a 2016 Hall of Fame inductee; Lipton's daughter, **Samantha**, vice president at MacAndrews & Forbes; **Robert Grossman**, CEO of NYU Langone Health; and **J. Ira Harris**, chairman of J.I. Harris & Associates.

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

NEW IN TOWN

■ **Charc**
316 E. 84th St.
The owner of Queens’ first Michelin-starred restaurant, the now-shuttered Danny Brown Wine Bar & Kitchen, opened an Upper East Side outpost focused on charcuterie.

■ **The Lobster Club**
375 Park Ave.
The final room in the Major Food Group’s transfor-mation of the Seagram Building has been imagined as a Japanese restaurant with a club atmosphere.

■ **TechHub**
158 W. 27th St.
The London-based startup incubator opened its first city-based office, in Chelsea. Members have access to networking events, support staff and office amenities.

MOVES AND EXPANSIONS

■ **John Fluevog**
37 Main St., Brooklyn
The Vancouver, British Columbia–based shoemaker known for his funky style opened his first Brooklyn shop, in Dumbo. It will sell limited-edition styles for men and women that are available only at this store.

■ **Nordstrom Rack**
865 Sixth Ave.
Nordstrom opened its fifth city-based off-price store, in Herald Square. The 47,000-square-foot space carries 48 of Nordstrom’s top 50 brands.

■ **Tango**
145 Montague St., Brooklyn
The family-run Brooklyn Heights women’s boutique reopened after a revamp.

■ **The Arrivals**
42 Crosby St.
The fashion label known for its puffer and leather jackets opened a pop-up shop in SoHo. The web-based brand will operate at this location through Jan. 28.

STOCK TRANSACTIONS

■ **American Express (AXP-N)**
Anré Williams, president of global merchant services and loyalty, sold 30,761 shares of common stock for \$93.41 per share Oct. 25 in a transaction worth

\$2,873,385. He now holds 28,730 shares.

■ **Shake Shack (SHAK-N)**
CEO Randall Garutti sold 8,000 shares of common stock for \$35.62 per share Oct. 25 in a transaction worth \$284,936. He now holds 10,961 shares.

■ **JPMorgan Chase & Co. (JPM-N)**
Stacey Friedman, general counsel, sold 2,099 shares of common stock for \$101.96 per share Oct. 26 in a trans-action worth \$214,019. She now holds 19,527 shares.

BANKRUPTCIES

■ **A Taste of Mao Inc. 136-40 39th Ave., Suite 508, Queens**
The restaurant filed for Chapter 11 bankruptcy protection Oct. 23. The filing cited estimated assets and liabilities of \$0 to \$50,000. There were no creditors with unsecured claims listed.

■ **Greene Avenue Restoration Corp. 689 Greene Ave., Brooklyn**
The owner of the single-family home filed for Chapter 11 bankruptcy protection Oct. 19. The filing cited estimated assets and liabilities of \$500,001 to \$1 million. There were no creditors with unsecured claims listed.

■ **Junction Elmhurst 27 Corp. 1461 First Ave., Queens**
The garage filed for Chapter 11 bankruptcy protection Oct. 26. The filing cited es-timated assets and liabilities of \$0 to \$50,000. There were no creditors with unsecured claims listed.

REAL ESTATE

RETAIL
■ CJ CGV signed a lease for 34,000 square feet at **133-15 39th Ave., Queens**. The South Korean cinema chain plans to open a 4-D multiplex at Tangram in Flushing. The theater will be its third location to open in the U.S. The asking rent was \$65 per square foot. SCG Retail brokered the deal for the tenant and the land-lords, F&T Group and SCG America.

■ Old Navy signed a 15-year lease for 18,500 square feet

at **147 E. 86th St.** The clothing brand plans to occupy the ground and sec-ond floors of the building. The asking rent was not disclosed. The developers, Ceruzzi Properties and Kuafu Properties, were represented by Ripco Real Estate. RKF brokered the deal for the tenant.

■ Gucci agreed to take 10,700 square feet at **375 W. Broadway**. The luxury label plans to move into the space previously occupied by Anthropologie. The asking rent for the two-year deal was \$400 per square foot. The landlord, Pearlmark Real Estate Partners, was represented by RKF.

■ Blick Art Materials inked a lease for 7,700 square feet at **41 Flatbush Ave., Brook-lyn**. The retailer of arts and crafts supplies has six loca-tions in the city and plans to open its second Brooklyn store. The asking rent for the 10-year deal was \$125 per square foot. CPEX Real Estate represented the land-lords, Building and Land Technology and Quinlan Development Group. Win-ick Realty Group represent-ed the tenant.

■ ClassPass signed a 7,000-square-foot lease at **34 34th St.** in Sunset Park, Brooklyn. The company, which gives clients monthly membership access to fit-ness studios, plans to move from 80 39th St., Brooklyn, into the sixth floor of the Industry City building and live-stream fitness classes. The asking rent for the five-year deal was \$30 per square foot. The landlord, Industry City developers Jamestown and Belvedere Capital, were represented by an in-house team. Lee & Associates NYC represented the tenant.

COMMERCIAL
■ The NYC Department of Youth and Community Development agreed to take 40,610 square feet at **123 William St.** The asking rent for the 20-year lease was \$2.1 million annually for the first five years and \$2.6 million a year in the 16th through 20th years. CBRE represented the landlord, AR Global. Cushman & Wakefield represented the tenant.

■ WeWork signed an expansion lease for an

additional 27,000 square feet at **135 E. 57th St.** Now its Midtown East location, between Lexington and Park avenues, spans 125,000 square feet. The asking rent was \$80 per square foot. The landlord, Cohen Broth-ers Realty, was represented in-house. Savitt Partners represented the tenant.

■ KCD Worldwide inked a 10-year deal for 13,346 square feet at **475 10th Ave.** The fashion public relations agency plans to move from 450 W. 15th St. The asking

rent was \$68 per square foot. CBRE represented the tenant. Avison Young bro-kered the deal for the owner, Adler Group.

■ Grapeshot signed a 10-and-a-half-year lease for 9,311 square feet at **111 Broadway**. The Cambridge, England–based ad-technol-ogy company plans to move from 30 Wall St. during the first quarter of next year. CBRE represented the land-lord, Capital Properties. The tenant was represented by Cushman & Wakefield.

■ Kaiser Saurborn & Mair inked a deal for 5,851 square feet at **30 Broad St.** The boutique firm that spe-cializes in employment law and litigation plans to occu-py the entire 37th floor for the next eight years. It will move from 111 Broadway in December. The asking rent for the eight-year deal was in the \$60s per square foot. The landlord, Tribeca Associates, was represented by Newmark Knight Frank. The tenant was represent-ed by Prime Manhattan Realty. ■

DEALS ROUNDUP

TARGET/SELLERS	TRANSACTION SIZE [IN MILLIONS]	BUYERS/ INVESTORS	TRANSACTION TYPE
AmTrust Financial Services Inc., certain U.S. fee-based businesses/ AmTrust Financial Services Inc. (Manhattan)	\$949.0	Madison Dearborn Partners LLC (50%)	FB M&A
Zodiac Pool Solutions SAS/ Rhone Capital LLC (Manhattan)	\$838.3	Fluidra S.A.	SB M&A
euNetworks Holdings Ltd.	\$500.0	Stonepeak Infrastructure Partners (Manhattan)	GCI
Infrastructure & Energy Alternatives LLC/Oaktree Capital Management LP	\$341.9	M III Acquisition Corp. (Manhattan); management of Infrastructure & Energy Alternatives LLC; Oaktree Capital Management LP	SB M&A
Glass Mountain Pipeline LLC/ NGL Crude Terminals LLC; SemGroup Corp.	\$300.0	BlackRock Inc. (Manhattan); Navigator Energy Services LLC	SB M&A
AuRico Metals Inc./Alamos Gold Inc.; Van Eck Associates Corp. (Manhattan)	\$238.9	Centerra Gold Inc.	SB M&A
229 W. 36th St. and 256 W. 38th St. properties in New York/New York REIT Inc.	\$156.0	Brickman Associates (Manhattan); Investcorp Bank B.S.C.	FB M&A
MagicJack VocalTec Ltd./ Adams Street Partners LLC; Carnegie Technologies LLC; Hoak & Co.; Kanen Wealth Management LLC; Renaissance Technologies Corp. (Manhattan); Twinleaf Management LLC	\$153.3	B. Riley Principal Investments LLC	FB M&A
Avendus Capital Private Ltd.	\$151.6	Gaja Capital Partners; individual investors; KKR & Co. LP (Manhattan)	GCI
Intersection Co. (Manhattan)	\$150.0	ArrowMark Colorado Holdings LLC; Graham Holdings Co., investment arm; NewSpring Capital	GCI
Talon Innovations Corp./ Graycliff Partners (Manhattan)	\$130.0	Ichor Holdings LLC	SB M&A
Compass (Manhattan)	\$100.0	Fidelity Investments; Institutional Venture Partners; Wellington Management Co. LLP	GCI
Beaumont Apartment Complex in Woodinville, WA/The Guardian Life Insurance Co. of America (Manhattan)	\$99.0	MG Properties Group	SB M&A

Selected deals announced for the week ended Nov. 9 involving companies in metro New York. “SB M&A”: Strategic buyer M&A represents a minority or majority acquisition of exist-ing 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.

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To submit company openings, moves or real estate deals, or to receive further information, email FTR@crainsnewyork.com.

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.

Blue in the face

You can travel to Grand Central any time you like, but you may have a hard time leaving. That is what commuters have found recently, with several exits from the subway walled off. The disruption is the pain before the reward of a \$210 million Metropolitan Transportation Authority plan to ease congestion throughout the transportation hub. Real estate firm SL Green agreed to foot the bill and partner with the authority in exchange for the green light to construct a 1,400-foot office building, 1 Vanderbilt, just west of the terminal.

Complicating every rush-hour crush, however, is a project by developer Tishman Speyer to repair water damage. The firm owns the Chrysler Building and blocked off a passage leading to the iconic tower just as the station improvements began. Tishman expects to be done by the end of the month, a spokeswoman said.

The job is unrelated to the 1 Vanderbilt improvements, but commuters might not be able to tell. The worker seen slipping behind this partition is helping to replace an MTA stairwell to Lexington Avenue. Mere feet away, Tishman's work is being done behind nearly identical blue walls.

After inquiries from *Crain's*, however, the MTA—no doubt mindful of commuters' enmity for it—affixed a sign to the Tishman wall clarifying who erected it. MTA Chairman Joseph Lhota seemed to be letting straphangers know: It ain't me. — JOE ANUTA

Contractor:
Halmar Internat
Contract # R-50
R-50147 / R-501
24 Hr Phone #
845-422-1712
Padlock Key Loc
At Token Booth#



NOMINATION
DEADLINE IS
APPROACHING!



Daniela Soto-Innes
Chef de Cuisine, Cosme
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