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TAPPING PROFITS

New York's water is a hot commodity.
Paul Errigo is among a growing number
of entrepreneurs riding the wave
PAGE 15

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NEWSPAPER

A TOWER
GROWS IN
BROOKLYN
P. 8

THE LIST
Top real estate
financing
deals
P. 14

MAKING
DIAMONDS
THAT RIVAL
NATURE'S
P. 27

Afford everyone a smoke-free start

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

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

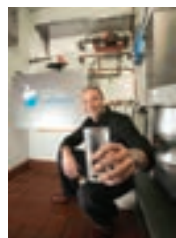
To learn more about implementing smoke-free protections, visit nycsmokefree.org

NYC SMOKE-FREE



Public Health Solutions





ON THE COVER

PHOTO: BUCK ENNIS

FROM THE NEWSROOM | AARON ELSTEIN | SENIOR REPORTER

Pride of place



FRANK SINATRA'S live album *The Main Event*, recorded at Madison Square Garden in October 1974, kicks off with an ode to the city courtesy of Howard Cosell: "Live from New York, the city whose landmarks are familiar all over the world. The world's center for shipping, transportation, communications, finance, fashion and,

above all, entertainment. A city that pulsates always because of the millions of people who live here, work here, visit here."

He didn't mention the drinking water, but as this week's cover story explains, most New Yorkers are certain they have the best of that too. Confidence is part of the local DNA.

"It's a wonderful and expected arrogance of New Yorkers that we think everything we have is the best," said Debbie Millman, chair of the master's in branding program at the School of Visual Arts, "even when it isn't true."

Certainly anyone who rides the subway regularly knows the world's largest system is often far from stellar. The Yankees dominated baseball in the 20th century, but in the past 14 years, the dreaded Boston Red Sox have won three times as many World Series.

Much of the self-aggrandizement reflects pride in our city, where the population is growing fast—we hit a record high of 8.6 million last year—and the number of visitors has doubled in the past 20 years. But there's also something to be said of the surroundings. If you eat a slice of "New York-style" pizza—the most ubiquitous branding tool in all of pizzadom—somewhere else, you might not enjoy it as much.

That's true wherever you are. Neil Kraft, founder of design firm KraftWorks, recalled bringing home some wonderful \$5 wines he'd enjoyed in France. "Here," he said, "they didn't taste so good."



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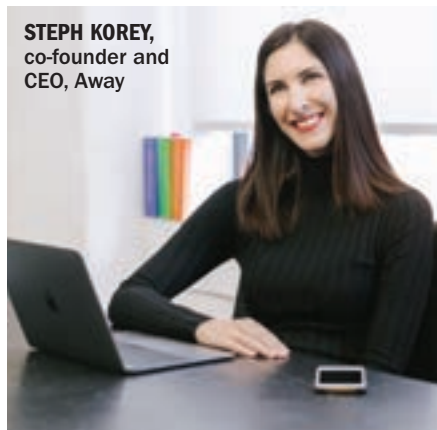
Gov. Andrew Cuomo insisted that tax-abated, mixed-income apartment towers in New York City be built at a wage scale acceptable to construction unions. He did not require the use of union labor. This was misstated in the editorial "Union slight offers Working Families a lesson in politics," published April 23.

FEATURES

- 15 LIQUID ASSET**
New York's tap water provides a stream of opportunity for area entrepreneurs

MIDDLE-MARKET BREAKFAST

STEPH KOREY,
co-founder and
CEO, Away



MAY 15

REACHING THE TIPPING POINT

Join *Crain's* as we bring together the founders of some of New York's fastest-growing midmarket companies to discuss growth, innovation, risk and capitalizing on trends.

**NEW YORK
ATHLETIC CLUB**

8:30 to 10:30 a.m.

CrainsEvents@CrainsNewYork.com

AGENDA

APRIL 30, 2018

Plastic-bag fee makes more ‘cents’ than Cuomo’s loophole-ridden ban

Just as engineers mold plastic for nearly any purpose, politicians use plastic-bag bills to portray themselves as just about anything: champions of the environment, protectors of the poor, guardians of individual rights—even all of the above. Some are disingenuous, while others are taking a position without fully researching the issue.

When Gov. Andrew Cuomo last week proposed a statewide ban on plastic shopping bags, it initially appeared he was standing up for the environment. But his proposal came on the same day that his Democratic primary opponent, Cynthia Nixon, was protesting his environmental record. Critics suggested Cuomo was covering his political rear after having signed legislation that blocked New York City’s 5-cent fee on single-use bags—a measure supported by his favorite enemy, Mayor Bill de Blasio.

On closer view, the governor’s proposal has significant weaknesses. Retailers are evading such bans elsewhere by handing out thicker plastic bags that meet a statutory definition of reusable but are generally in use for less than 20 minutes, then litter the earth for 200 years. Thicker bags take even longer to break down. And recycling plastic film is impractical and consumes energy—a point lost on people who claim that theoretical recyclability makes any product “green.”

Also, unlike the city’s bill, Cuomo’s would exempt paper bags. Although those decompose faster, are less damaging to the environment and are easier to recycle than plastic ones, they cost several times more and are still typically used once and dumped in a landfill. The whole point here is to get people to shop with reusable bags—as they did for centuries before the fairly recent advent of disposable ones. Cuomo’s loophole-ridden ban would not accomplish that, but a fee would while also keeping plastic bags available for those

The whole point is to get people to shop with reusable bags—as they did for centuries



who are willing to pay up to offset the cost they impose on society.

Lawmakers who see themselves as defenders of individual rights should embrace fees as a way to preserve choice. We are thinking here of Senate Majority Leader John Flanagan, who last year criticized the city’s bill for not earmarking its fees for environmental protection—then acknowledged that he hates bag fees, period. Last week Assembly Speaker Carl Heastie said he prefers a ban to a fee, but we hope that was a gut reaction and subject to change upon careful study.

The governor and the Legislature should not pass a law that undermines more effective local measures such as Suffolk County’s new 5-cent bag fee, which is working well. Fair fees on all single-use bags protect consumer choice, boost retailers’ revenue and help the environment without wiping out the bag industry. Cuomo must pass a law that looks good in practice, not just on paper. — THE EDITORS

FINE PRINT New York is the most expensive U.S. city for drivers, according to a new report from Inrix, a transportation company in Seattle that tracks vehicle movement. Between the costs of car ownership, parking and congestion, drivers in the five boroughs footed an estimated bill of \$18,926 last year—nearly twice the national average and 28% greater than the cost for drivers in second-ranked Los Angeles.

25 WORDS OR LESS

“Doing something again and again and expecting a different result is the definition of insanity. In New York we call it economic development”

—Brandon Muir of Reclaim New York on Gov. Andrew Cuomo’s competitions for state grants

BUCK ENNIS

BY GERALD SCHIFMAN

CITY TECH IS HUMMING

NEW YORK’S TECHNOLOGY SCENE is thriving, creating a jobs boom for software developers and IT specialists, while subsectors including health care and 3-D printing prosper as well.

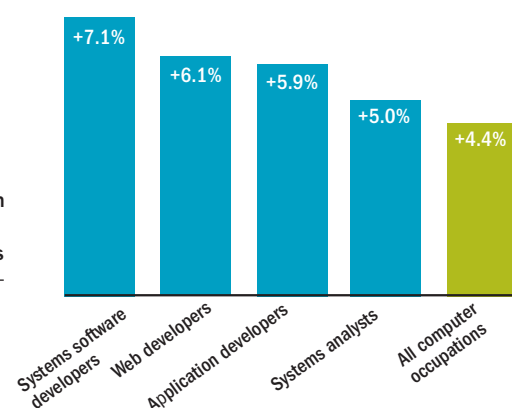
\$71B Value of the city’s tech ecosystem, second only to Silicon Valley’s

\$13B Amount invested in city tech startups last year, nearly six times 2012’s figure

9.2% Portion of venture capital invested in the local tech ecosystem from 2012 to 2017 that went to health startups

1 City’s rank in worldwide market share of 3-D printing business (2.7%)

FASTEST-GROWING TECH JOBS IN NYC, 2016–2018



SOURCES: Startup Genome, Global Entrepreneurship Network, New York State Department of Labor

STATS AND THE CITY

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THE ALLIANCE
OF AREA BUSINESS PUBLICATIONS

IN CASE YOU MISSED IT

In these best of times, a tale of two budgets

CONSIDERING all the good news in Mayor Bill de Blasio's updated budget, there sure was a lot of griping. Even from the mayor himself.

De Blasio sought to forestall any credit being given to President Donald Trump or congressional Republicans for the unexpected bump in city revenue triggered by the federal tax overhaul. New treatment of U.S. corporations' overseas profits and other changes made in Washington inflated the city's projected haul by about \$600 million since the last estimate, in February. But that money—the lion's share of an overall \$1 billion revenue increase—was a one-shot deal, the mayor made clear. And he quickly pivoted to the \$1.5 trillion in U.S. debt the GOP plan is likely to add—which he said obliterated any hope of significant federal infrastructure funding for New York.

To be sure, de Blasio devoted the bulk of his budget presentation to its bright side, beaming that the city is humming, with no end to the good times in sight. The population has surged to 8.6 million, the job count and tourism are at record highs, and crime and unemployment rates are at record lows—thanks in part to his progressive policies, he claimed. In reality, mayors have little to do with economic booms. That's why city budget watchdogs focus on what mayors do with the proceeds. On that count, the hawks are unhappy. Fiscal conservatives at the Citizens Budget Commission and Manhattan Institute lamented what they called bad choices and missed opportunities in the mayor's plan, notably its rising spending and failure to sock away enough money to cushion the blow when things go south, as they eventually will. De Blasio said the city's reserves are robust by historical standards, but the naysayers noted that in the context of the city's \$89 billion budget, they are not. He played up a partial hiring freeze; they emphasized his 11.3% increase in head count. He cheered his infrastructure investments; they warned of the debt those projects have incurred. On and on it went, with no end in sight. — ERIK ENGQUIST



DE BLASIO PLAYED UP gains, but critics saw missed opportunities.

The routes of their problem

To address declining bus ridership, NYC Transit plans to—for the first time in decades—review every route and alter some according to demographics and demand. The agency also is set to upgrade its equipment and technology.

Mic'd Francesa

Mike Francesa, who retired from sports radio station WFAN four months ago, is returning to his old 3 to 7 p.m. time slot there. A start date was not announced, but sources said it will be soon.

Labor of loathe

Columbia teaching assistants went on a one-week strike over the university's refusal to negotiate with the United Automobile Workers union, which they voted to join in 2016. The 500 graduate students teach classes and grade papers.

Ahoy!

Old Navy came on board Staten Island's Empire Outlets for 13,382 square feet. The shopping center, being developed by BFC Partners near the St. George ferry terminal, has filled nearly 72% of its 340,000 square feet.

A site for sore eyes

WNYC relaunched hyperlocal news website Gothamist. The public radio station bought the site in February from billionaire Joe Ricketts, who had pulled the plug on it and sister site DNAinfo in November after employees voted to unionize.

DATA POINT

THE INDEPENDENT BUDGET OFFICE
FOUND THAT 30% OF CITY PENSION
CHECKS LAST YEAR WERE SENT OUT
OF STATE. FLORIDA WAS THE NO. 1
DESTINATION, FOLLOWED BY NEW
JERSEY AND NORTH CAROLINA.

Ceding the floors

Condé Nast said it will sublease more than a third of its 1 million square feet at 1 World Trade Center. The publisher's planned consolidation is freeing up seven of the 23 floors it has at the tower.

Parallel parking bills

To deter commuters from using neighborhoods as park-and-rides, the City Council introduced two bills requiring the Department of Transportation to create residential parking permits. One measure would implement a system in certain parts of the city; the second would make it citywide.

Nothing to see here

Tech billionaire Peter Thiel has agreed not to buy what's left of gossip website Gawker, which—to avenge its publication of items about him—he bankrupted in 2016 by funding wrestler Hulk Hogan's lawsuit against the site. In return, Gawker agreed to stop investigating Thiel's backing the suit and not make any legal claims against him.

Cheese, Louise

Media company Nameless Network of Brooklyn plans to open MoPi, a pop-up museum of pizza, from Oct. 13 to 28. It will include a "cheese cave" and a "pizza beach" with a digital projection of a "huge wave of cheese," the network said. A location has not been determined.

Fresh start

Some 570 area McDonald's began serving quarter-pounders made with fresh, preservative-free beef. The chain's roll-out of its new take on meat is due to reach all its locations in the 48 contiguous states in May. — CHRIS KOBIELLA



Mets market

Some of the 12 investors who bought 4% shares of the Mets when ownership needed cash to settle a Bernie Madoff-related lawsuit are said to be selling them. *Forbes* estimates those stakes are worth more than \$80 million each.

MICHEL COHEN TRIBECA PEDIATRICS

When Dr. Michel Cohen founded his pediatrics practice in 1994, he distinguished himself from competitors by making home visits to newborn patients—by bicycle—and working from an art-filled loft. Now his business employs 50 doctors, who have 50,000 patients at 21 offices, including in Jersey City and Los Angeles. Tribeca Pediatrics remains independent from the city's large health systems even as Cohen looks to expand beyond Manhattan and brownstone Brooklyn.

Why did you decide to be a solo practitioner?

On breaks from my job at New York Downtown Hospital, I would eat in TriBeCa. At the time TriBeCa was almost a little village. It was a bunch of really cool people from the movie industry and lots of artists. I just said, "This is cool. I should open a practice here." I had no market research. I just rented a loft and opened.

How did you successfully turn it into a large group practice?

A lot of the big practices are just a bunch of doctors together. My practice is different because I've been trying to maintain a conservative philosophy of not overtreating kids. Twenty years ago if your kid had an ear infection, you got your pink medicine. But research from Europe showed that those antibiotics were not so necessary. You could give the kid a chance to get better. I adopted that—against the medical community. Nowadays everyone agrees.

At one point you were \$400,000 in debt.

My billing system was very inefficient. To be honest, I really didn't care. I thought I had money in the bank. I had a lot of press. I was in GQ. But it was a big slap in the face—the whole image of the big doctor who was very successful was not resting on anything tangible, just some media hype. I said, "I'm going to change that."

What was your strategy?

The most important thing is to watch every single claim. The whole game of the insurance company is to reject claims. It's so easy to be overwhelmed. We chase every claim relentlessly.

Will you continue to expand?

I will probably open 10 offices in the next 18 months. I'm looking at underserved markets where there are really no hipsters. I just bought land in East New York, on Vermont Avenue, to open a kick-ass place and test the market. It's a pretty bland row house on a corner and I plan to keep it and add a very modern structure around that would hug it, so to speak. It will be a very challenging design. But demolishing it and building a new structure would send the opposite message, of gentrification.

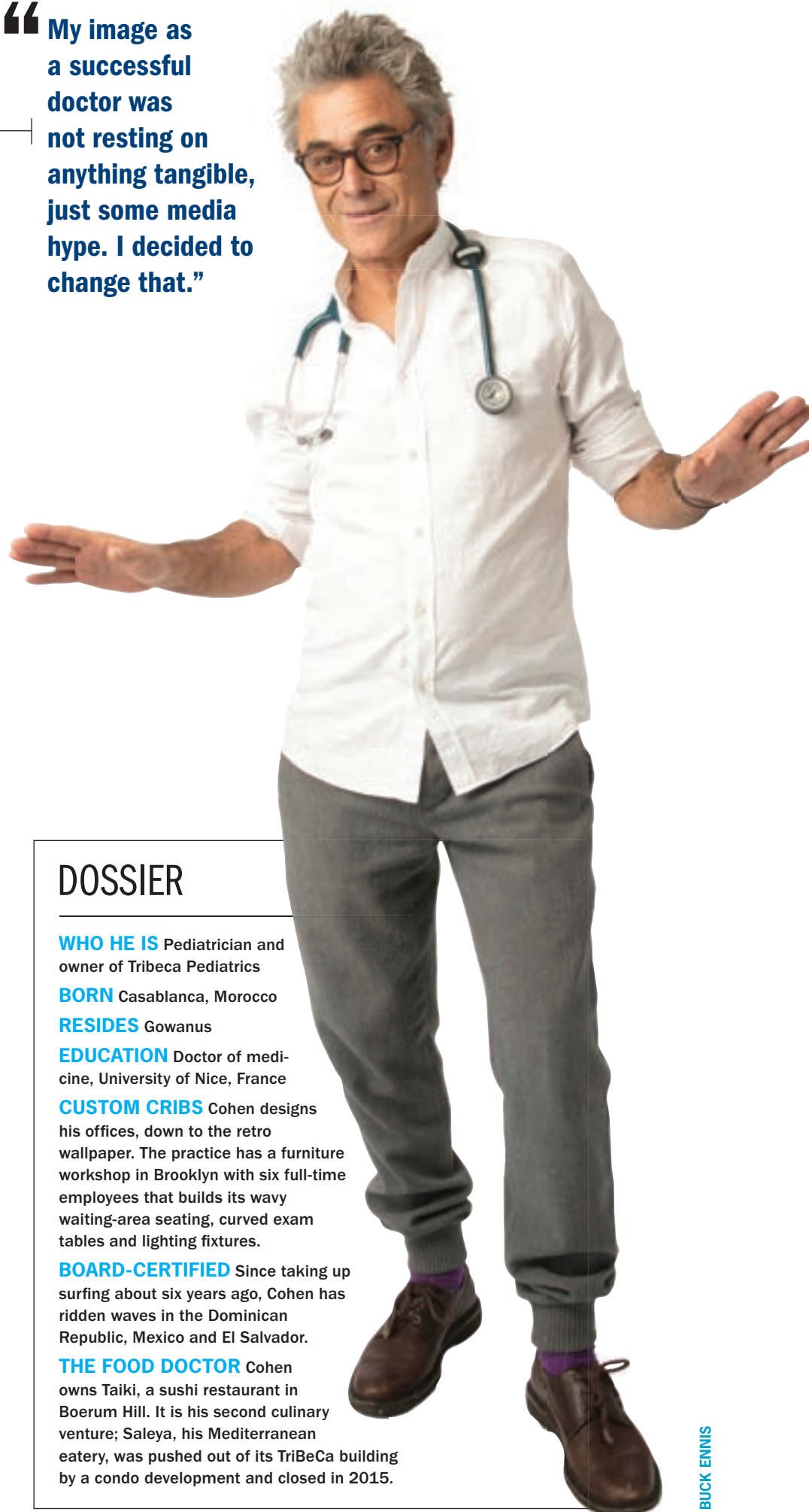
How will you make money in those neighborhoods when others can't?

Straight Medicaid is tough. We accept Medicaid through managed-care plans only. It makes a big difference. If I can make these underserved offices profitable, I want to reinvest the profit in schools. I want a major part of it to go to the community.

Why have you stayed independent all this time?

In New York, the three- or four-doctor groups will go away except for the concierge model, which limits services. But that model does not attract me. And I'm too big to be bought by a hospital. At one point I was negotiating with NYU and Cornell. Hospitals bank on doctors being tired. They say, "You will make the same money, but we'll do your billing. You'll have vacation and a great retirement plan." But I'm not tired. I'm actually very energetic. ■

“My image as a successful doctor was not resting on anything tangible, just some media hype. I decided to change that.”



DOSSIER

WHO HE IS Pediatrician and owner of Tribeca Pediatrics

BORN Casablanca, Morocco

RESIDES Gowanus

EDUCATION Doctor of medicine, University of Nice, France

CUSTOM CRIBS Cohen designs his offices, down to the retro wallpaper. The practice has a furniture workshop in Brooklyn with six full-time employees that builds its wavy waiting-area seating, curved exam tables and lighting fixtures.

BOARD-CERTIFIED Since taking up surfing about six years ago, Cohen has ridden waves in the Dominican Republic, Mexico and El Salvador.

THE FOOD DOCTOR Cohen owns Taiki, a sushi restaurant in Boerum Hill. It is his second culinary venture; Saleya, his Mediterranean eatery, was pushed out of its TriBeCa building by a condo development and closed in 2015.

Another billion down the tubes

Critics pounce on MTA's latest cost overrun **BY WILL BREDDERMAN**

The Metropolitan Transportation Authority's East Side Access project is over budget—again—reigniting concerns that the agency will never get its construction work under control.

Bringing the Long Island Rail Road to Grand Central Terminal will cost \$1 billion more than the previous estimate, the agency said last week, raising the cost to \$11.2 billion from a projected \$2.2 billion when Alphonse D'Amato, then senator, first championed the initiative in the 1990s.

Completion is now expected in the early 2020s, more than a decade past its initial deadline.

The beleaguered authority had the Partnership for New York City reach out on its behalf. Partnership President Kathryn Wylde defended the

merits of East Side Access and cited causes for optimism. The authority has partnered with the group, which represents the city's largest businesses, to study and incorporate best practices from the private sector and mass-transit operators worldwide. And a new team is overseeing the capital program.

"You now have people in there who really understand the discipline associated with a good capital program. And you didn't have that before," Wylde said. "We've said we're not going to support putting more money into a broken structure. And I believe they're fixing it."

But others see more of the same from the MTA.

"Every few years you have a new team of people, and they all seem like smart, competent people," said Nicole Gelinas, a senior fellow at the Manhattan

Institute, a free-market think tank. "The real problem is the lack of board accountability. This should never have been allowed to go on so long."

The blame game

The MTA blamed the latest woes on Amtrak not providing assistance at a crucial juncture of the project in Queens. It also promised internal reforms to expedite contractors' work.

But Gelinas likened the MTA's fingering of Amtrak to its dubious attempts to blame subway breakdowns on Con Edison and the city's refusal to fork over emergency funds. She noted that few inside or outside the authority notice when small projects, like stairway repairs, take months longer than scheduled.

Until the entity overhauls its contracting, which requires the



bureaucracy to approve even minor adjustments, cynicism is likely to grow.

But the business community and public have little influence on policy. Gov. Andrew Cuomo controls the MTA. The bigger problem, Gelinas offered, is that project debacles provide a pretext for Washington conservatives to oppose Empire State infrastructure funding.

"It makes it much easier for national politicians to demagogue against New York [and say], 'Look at this ridiculous project that triples in budget and takes 15 years more than it's supposed to,'" Gelinas said.

Mayor Bill de Blasio used the East Side Access news to blast the MTA. It doesn't know "how to spend its money properly," he said in a radio interview. He complained that Cuomo forced the city to kick in \$418 million toward the MTA's "subway action plan" to address system failures stemming from the state's neglect.

The MTA professed that it is putting its foot down on East Side Access. "We will no longer accept delays on this critical project," a spokesman said, "and we are looking forward to the region finally reaping the benefits it will provide." ■

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Look NorthSM

Dense discussions

A developer attempts to push the limits of what can be built along the border of brownstone Brooklyn **BY JOE ANUTA**

Neighborhood character is emerging as a central issue in a fight over Alloy Development's 986-foot-tall apartment and office tower proposed at the border between the skyscrapers of Downtown Brooklyn and the low-rise row houses of Boerum Hill.

But arguments in favor of respecting the low-rise environment are colliding into a central tenet of the city's planning strategy: build housing near public transit. In this case, there are few mass-transit hubs in the city more vital and connected than the Atlantic Avenue-Barclays Center station a block away.

Placing dense housing near subways and commuter rail is one of the basic ways to serve a growing city beset by rising housing costs. Residents who live close to train stops have easier commutes and do not require as many cars or parking spaces. With the N, Q, R, W, B, D, 1, 2, 3, 4 and 5 lines and the Long Island Rail Road all stopping at Atlantic Avenue-Barclays Center, the station provides easy access to Queens, the Bronx, Nassau and Suffolk counties, and every part of Manhattan.

Opponents of Alloy's project have said that the site—a trapezoidal block between Flatbush and Third avenues and State and Schermerhorn streets—was mapped within the footprint of the Boerum Hill Association and envisioned as a medium-density buffer around the skyscrapers farther north. Boosting the permitted square footage to allow for 900 apartments, office space, a new school and a cultural center, they argue, would negatively affect transit, open space and the amount of light and air that penetrate to the street.

"We find this to be manifestly bad planning," the Municipal Art Society wrote in testimony submitted to the community board.

Pick your poison

But prioritizing character over density comes with its own unwanted consequences. In something he dubbed the "land-use trilemma," economist Issi Romem argued in a 2016 paper that it is impossible for growing cities to prevent sprawl, preserve affordability and maintain physical characteristics. No matter the planning strategy, one of the three must be sacrificed.

Expanding housing production outward—an impossible task in built-out New York City—produces sprawl. Building more dense development sacrifices physical character.

But a failure to do either one—the prevailing dynamic in the city in recent decades—sacrifices affordability.

It is hard to get a full sense of the consequences of each choice at the community meetings and hearings that are part of the public review process, which will put the 80 Flatbush Ave. proposal in front of stakeholders at an April 30 public hearing hosted by the borough president and before Community Board 2 in mid-May.

"Decisions made at a more local level tend to reject development," Romem argued in his paper, "because negatively impacted stakeholders are usually concentrated nearby, whereas

the beneficiaries are not."

In other words, households that might move into the future units or those facing development pressures elsewhere in the city are unlikely to weigh in on a project.

How the new City Council handles those competing objectives will be a test for Speaker Corey Johnson. His predecessor helped trim back a 2016 proposal a few blocks north that sought the exact same density as Alloy. The reason? Neighborhood character. ■



THE BUILDING AT 80 FLATBUSH AVE. would take a section of Downtown Brooklyn to new heights.

FAA's the limit for Manhattan residential buildings

Federal law trumps new proposal in Albany to lift density cap

CRITICS OF AN ALBANY proposal to allow unlimited density in residential buildings are stoking fears that building heights would soar unfettered. But the Federal Aviation Administration already imposes a ceiling on how tall New York City buildings can be, according to experts who said new projects will soon reach those caps regardless of what happens in the state Legislature.

Stakeholders including Mayor Bill de Blasio, the Regional Plan Association and the Real Estate Board of New York are pushing Albany to nix a longstanding rule that limits the square footage of residential buildings at 12 times their lot area. Doing so would give the city more leeway to rezone parcels for greater density to address the housing crunch.

The bill was floated during recent budget negotiations and could reappear at the end of the legislative session in June. Its opponents have warned that lifting the cap would allow for apartment buildings of untold height that serve the überwealthy and degrade the character of the city. But according to Stephen DeSimone, head of DeSimone Consulting Engineers, the measure

actually would do little to change the potential stature of supertall towers, which will soon be capable of bumping up against the FAA's 2,000-foot height limit in Manhattan.

"We will get there in this cycle," DeSimone said, adding that he believes developers are eyeing a new wave in real estate construction activity.

The appetite to build taller residential towers, which currently reach heights of around 1,400 feet, has waned as demand for the luxury apartments needed to justify such expensive construction has softened. Those seeking to lift the cap have argued that the city needs the ability to concentrate large numbers of market-rate and affordable apartments in transit-rich areas, especially among already-tall commercial buildings.

Because of the metro area's three airports, the FAA cap is unlikely to be lifted. Aircraft have accidentally collided with city skyscrapers. In 1945 a B-25 bomber hit the Empire State Building. And in 2006 Yankees pitcher Cory Lidle died when a single-engine plane he was flying crashed into an Upper East Side condo building. — J.A.

Court affirms landlords had right to convert regulated units to market rate

Owners breathe a sigh of relief over lawsuit filed in 2014

THE STATE'S HIGHEST court delivered a victory last week to landlords who had converted an estimated tens of thousands of rent-regulated apartments to market-rate units between 1997 and 2011.

The decision from the Court of Appeals affirmed that the owner of 285 W. Fourth St. legally deregulated a unit in 2005 occupied by Richard Altman, who sued in 2014 to get his rent lowered and sought damages of \$165,000.

"Just take Mr. Altman, multiply him by 10,000, and you'll see why this is important," attorney Jeffrey Turkel of Rosenberg & Estis said, referring to the number of other units he estimated went through the same process. He represented the owner in the case.

State law gives landlords several ways

to slowly push their apartments out of the rent-regulation system and into the open market. Each time a unit is renovated, improved or becomes vacant, for example, an owner can goose the rent a specified amount beyond whatever the Rent Guidelines Board determines is the baseline increase for a given year.

At issue in the 2014 case was whether the landlord had to arrive at a rent of \$2,000 per month—the threshold for deregulation in place when the dispute began—before or after applying the vacancy bonus. Thursday the Court of Appeals delivered its answer.

"We conclude that the vacancy increase must be included in that calculation," the judges wrote in their decision.

"This was a major challenge to the residential real estate industry," Turkel said, "and the industry won." — J.A.

“This was a major challenge to the residential real estate industry, and the industry won”

New Jersey industrial property market continues to tighten, but remains active

Driven by the surge in e-commerce tenants, the booming property market for warehouse space in New Jersey has grown even tighter since last year, when major U.S. retailers Amazon, Wayfair and Jet took over massive amounts of real estate located close to the consumer-dense New York market. These prime locations for so called last-mile logistics enable online companies to make good on promises of one-day, same-day or even two-hour deliveries that are the wave of the future.

In less than a year, e-commerce tenants have gone from having an almost zero presence in the Garden State to occupying 20 million square feet of warehouse and distribution centers, according to Stan Danzig, vice chairman, Cushman & Wakefield.

As a result, the vacancy rate statewide has plummeted below 5% to around 3.5%, said Blake Chroman, principal of the Englewood-based Sitex Group, an active buyer and developer of warehouse space. "That's what I'm hearing, and if it's right, it's a staggering number," he said.

Property prices are being pushed up dramatically as a result, although they fluctuate from submarket to submarket. In the submarket surrounding Turnpike exit 8A, near Cranbury, Monroe and South Brunswick, the price of a new, modern facility before the 2008 meltdown was in the \$4 per square foot range, with new buildings poised to come onto the market. Post 2008, prices there slumped to \$2.75 per square foot with landlords doing everything they could to cover expenses, said Danzig. While economic recovery started in late 2009, it wasn't until 2011-2012 that the e-commerce effect began to take hold. This year, prices in the Exit 8A submarket will get close to \$7 per square foot. In the most expensive submarket, Exit 16 in the Meadowlands, prices might hit \$10 per square foot but usually go down by submarket as you head south on the turnpike. According to Danzig, the decrease is roughly \$1 per square foot per highway interchange.

"Pricing up North since the recession has doubled to \$10 from \$5, and we keep hearing

new market highs," said Sitex Group's Chroman. "Not exactly overnight, but the market went from good to great very quickly."

Upward pressure is likewise being put on prices for buildable land, which is at a premium. Since 2006-2007, prices in the Exit 8A submarket have skyrocketed to \$57 per square foot from \$20, with prices of \$70 per square foot in areas of the Newark submarket not unheard of.

While there is a flood of newcomers entering the market, such as Jet and the outdoor tool company Snow Joe + Sun Joe, and food purveyors like Blue Apron, traditional brick-and-mortar retailers like Best Buy and TJX's three brands are taking new space to develop their businesses. Companies that are constrained by price are heading south and west on Interstate 287 near Edison, or much further down Interstate-95 to Turnpike exit 7A in Robbinsville. Some observers are predicting price-driven development as far north as Orange and Rockland Counties in New York State.

There is a great deal of new industrial space under construction, and according to Cushman & Wakefield's Danzig, the demand is even greater. "Almost everything that is built is leased before or during construction and more than half the buildings are rented before they are finished," he said.



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Morristown, NJ 07960
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New Jersey Market Leader
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Cuomo making taxpayers fund his war with de Blasio

The political feud is hurting the city in overlooked ways



GREG DAVID

EARLIER THIS MONTH City Council Speaker Corey Johnson lamented to *The New York Times* about being caught in the middle of the epic feud between Gov. Andrew Cuomo and Mayor Bill de Blasio.

"I would just say that it's a little overwhelming," Johnson said. "I didn't expect to be drawn into this."

Johnson's predicament is the least of the bad outcomes from the war between the state's two leading Democrats, which is hurting the city in ways that are not often explained in the many media reports about it. Here are two important ramifications.

Cuomo is commandeering city resources to make it look like he's solving problems. There are so many examples of this, but the best one came this month. The governor's emergency order on the New York City Housing Au-

thority requires the city to pick up the tab for any work mandated by Cuomo's monitor—in complete disregard of any other demands on those funds.

The "make the city pay" strategy is a key feature of almost everything the governor does. It's not just that he forced the mayor to cough up \$2.7 billion more for the Metropolitan Transportation Authority capital plan and then saddled the city with half the cost of the \$436 million emergency effort to fix problems created by his own neglect of the MTA. Cuomo also tried to divert the city's real estate taxes to pay for transit projects, though that gained little traction in Albany and has been shelved for the moment.

The governor is also wasting state money. For example, he has detailed scores of state troopers to the city so he can claim a role in fighting terrorism, as if the NYPD's 36,000 cops aren't

sufficient. It isn't clear whether he has done that by leaving upstate less protected or by hiring more troopers than are needed, but the superintendent of the state police quit over the diversion.

Big and needed changes simply can't be made. The best solution to the MTA problem is congestion pricing, which can raise a lot of money and also deal with the increasingly paralyzing congestion in Manhattan. But it is a heavy lift in the Legislature, and it died for lack of a united front from the governor and the mayor to push it through.

Just think of what could be accomplished if Cuomo and de Blasio worked together. The mayor got that right in a recent television interview, when he said, "I never get that call [from the governor] that says, 'How can we help you get the job done? What would make your life, as the city, work better?'"

Nothing seems likely to change. The

\$3.1B
CITY CASH added to MTA budgets

The governor is also wasting state money, such as by diverting state troopers to the city to claim a role in fighting terrorism

mayor's perceived role in persuading Cynthia Nixon to challenge Cuomo in the Democratic primary has spurred a new level of fighting. Johnson and other city politicians deserve their problems because they are making it worse by cozying up to the governor against what they view as a weakened, lame-duck mayor. No independent group, such as business leaders, has the power anymore to make them stop.

It's a pretty depressing outlook. ■

GREG DAVID writes a regular column for CrainsNewYork.com.

These ex-cons are keeping New York safe

Former inmates reach crime-prone youth who won't listen to anyone else BY ANA BERMÚDEZ, RUBÉN AUSTRIA AND KEITH POWERS

Major crime in New York City continues to fall in nearly every category, with record lows in homicides and shootings last year. Social scientists have cited a wide range of possible explanations, but no one can prove why New York has become one of the safest big cities in America.

We do know, however, that violent crime is concentrated in select neighborhoods and disconnected young people are disproportionately responsible for it. We also know that certain interventions are remarkably effective in reducing offending behavior.

In 2012 the city launched an ambitious effort. With grants from Bloomberg Philanthropies and oversight from the Mayor's Office for Economic Opportunity, the Department of Probation funded 19 community-based organizations to hire mentors for people ages 16 to 24. These weren't just any mentors but formerly criminal justice-involved men and women from the same neighborhood as the youth they served. They ran group mentoring sessions, facilitated a cognitive-behavioral curriculum that challenged antisocial thinking patterns and were available 24/7 for one-on-one support and crisis



intervention in the neighborhood.

The mentors served young people designated as "high risk" by the Department of Probation. Most of them had already committed at least one felony, were disconnected from school and work, and were not complying with the terms of their probation. They were generally unresponsive to probation officers and social-services professionals. Yet they would listen to certain adults who had been through the same pain, trauma and stigmatization that they were experiencing. We called these adults credible messengers because they were able to engage young people who were unwilling to listen to anyone else.

What seemed like a radical idea has proved a wise investment. An independent, multiyear evaluation by the Urban Institute showed that credible messengers are remarkably effective in steering young people away from further crime. Youth on probation who had these mentors were 69% less likely to have another felony conviction after 12 months and 57% less likely after 24 months than those who didn't. Furthermore, they demonstrated significant changes in attitude, self-concept and behavior. The mentoring groups created positive peer networks and connected young people to a community of caring adults in their neighborhood.

The program, Arches Transforma-

tive Mentoring Intervention, has been replicated in cities from Washington, D.C., to San Diego. With 600,000 men and women returning home from prison each year, there is an abundant supply of credible messengers who, with training and support, can mentor youth and improve community safety.

Arches also changed the relationship between the Department of Probation and the community, as probation officers developed trusting partnerships with formerly incarcerated people serving as mentors. Young people on probation, following the example of mentors who invested in them, are now seeking to become credible messengers themselves. They are even more effective at helping peers avoid crime and violence. Once considered the problem, they are now seen as the solution. ■

Ana M. Bermúdez is commissioner of the New York City Department of Probation. The Rev. Rubén Austria is executive director of Community Connections for Youth, a Bronx-based nonprofit that provides training and assistance for the department's Transformative Mentoring Interventions. Councilman Keith Powers chairs the council's Committee on Criminal Justice.



Team building and team bonding: getting the mix right!

By Katie Vinson, Director of Sales, Hornblower New York

With the weather warming up, it's the perfect time to think about re-energizing your staff with a team-building event. There's no doubt the long winter has taken a toll on enthusiasm but getting your crew back on track is easy.

Team-building events can elicit mixed feelings, not just from employers and HR managers but also from employees.

However, if you get the mix right it can have a significant impact on your business.

There are endless studies that show that keeping employees happy adds massive value to one of your largest financial investments and most important assets—your staff.

But you've heard all this before.

There's no reason why large corporations should be the only enterprises to give employees all the perks that go hand in hand with improved harmony and staff retention. It doesn't have to be complicated, or costly.

Keeping costs down is wise, and we all know that startups and small to medium businesses—un-

like tech giants such as Google—don't have the budgets for largesse, such as three gourmet meals a day, ball pits and ping-pong tables. However, the challenge isn't simply to provide employees with the occasional event where they can drink and socialize, but to have an impact on the way teams work together.

It's important to get the mix right, combining team building along with team bonding to improve social relationships, as well as a healthy dose of fun, which is the glue that makes it all stick.

Everyone knows how much time, effort, and most importantly, money, goes into the hiring process to ensure that you're not just employing the best candidate for a position but a new team member who will work well with colleagues and the organization as a whole.

If you spend all of these resources just on new recruits, without paying any attention to what comes after, then it's money wasted.

Having a few off-site drinks isn't enough these days. Effective team bonding needs to be part of a well-rounded mix, geared toward reducing

staff turnover and creating the right environment that keeps your team happy, motivated and productive.

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Presented by Richard Merkin, MD, President and CEO, Heritage Provider Network

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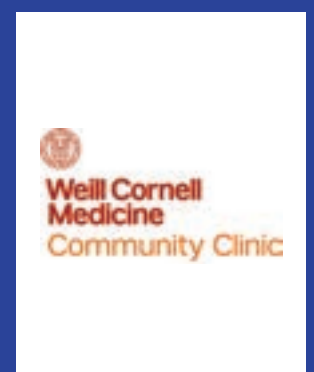
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thology, Warren Alpert Center
for Digital and Computational
Pathology, Memorial Sloan
Kettering Cancer Center; Pro-
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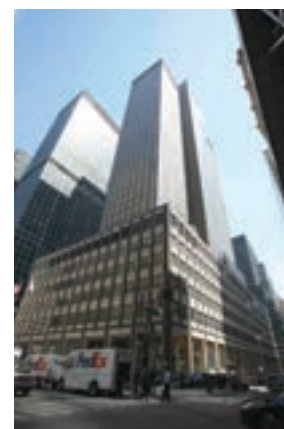
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Ranked by loan amount from January 2017 through April 2018

RANK	ADDRESS/ PROPERTY LOCATION	LOAN AMOUNT (IN MILLIONS)	TRANSACTION TYPE	DATE	BUYER(S)	LENDER
1	767 Fifth Ave. (General Motors Building) Midtown	\$2,300.0	Refinance	6/7/17	Boston Properties/ Sungate Asset Management	Commercial mortgage-backed security ¹
2	245 Park Ave. Midtown East	\$1,200.0	Sale	3/31/17	HNA Group	Commercial mortgage-backed security ²
2	280 Park Ave. Midtown East	\$1,200.0	Refinance	7/28/17	SL Green/Vornado Realty Trust	Commercial mortgage-backed security ³
4	450 W. 33rd St. (5 Manhattan West) Far West Side	\$1,150.0	Refinance	3/28/18	Qatar Investment Authority/ Brookfield Asset Management	Bank of China
5	825 Eighth Ave. (Worldwide Plaza) Theater District	\$975.0	Sale	10/18/17	RXR Realty/SL Green	Commercial mortgage-backed security ⁴
6	165 Broadway (1 Liberty Plaza) Financial District	\$783.9	Refinance	7/27/17	Brookfield Asset Management	Morgan Stanley
7	5 Times Square Times Square	\$782.0	Refinance	3/9/17	RXR Realty	Morgan Stanley
8	237 Park Ave. Midtown East	\$693.2	Refinance	6/15/17	RXR Realty/ Walton Street Capital	Commercial mortgage-backed security ⁵
9	60 Wall St. (Deutsche Bank HQ) Financial District	\$575.0	Sale	1/13/17	Government of Singapore Investment Corp.	Aareal Bank
10	200 Liberty St. Battery Park City	\$550.0	Refinance	1/31/17	Brookfield Asset Management	Nonghyup Bank
10	563 11th Ave. (Sky Residences) Far West Side	\$550.0	Refinance	8/1/17	Moinian Group/SL Green	Commercial mortgage-backed security ⁶
12	28 Liberty St. (1 Chase Manhattan Plaza) Financial District	\$500.0	Refinance	11/24/17	Fosun International Ltd.	Deutsche Bank
12	330 Madison Ave. Midtown East	\$500.0	Refinance	7/24/17	Vornado Realty Trust/Abu Dhabi Investment Council	Commercial mortgage-backed security ⁷
12	731 Lexington Ave. (Bloomberg HQ) Midtown East	\$500.0	Refinance	6/1/17	Alexander's	Commercial mortgage-backed security ⁸
15	340 West St. (St. John's Center) Hudson Square	\$429.4	Sale	1/31/18	Ontario Municipal Employees Retirement System/Canada Pension Plan Investment Board	Deutsche Bank
16	375 Hudson St. Hudson Square	\$400.0	Sale	8/15/17	Trinity Real Estate/Norges Bank Investment Management	Commercial mortgage-backed security ⁹
17	1440 Broadway Times Square	\$360.0	Sale	12/19/17	CIM Group	Blackstone
17	85 Broad St. Financial District	\$360.0	Sale	5/24/17	Caisse de dépôt et placement du Quebec/ Callahan Capital Partners	Commercial mortgage-backed security ¹⁰
19	485 Lexington Ave. Midtown East	\$350.0	Refinance	1/31/17	SL Green	Commercial mortgage-backed security ⁹
20	1745 Broadway (Random House HQ) Midtown West	\$345.0	Refinance	1/11/17	SL Green/Caisse de dépôt et placement du Quebec	Bank of China
21	152 W. 57th St. (Carnegie Hall Tower) Midtown West	\$325.0	Refinance	4/12/17	TF Cornerstone	MetLife
22	180 Water St. Financial District	\$315.0	Sale	10/10/17	Metro Loft Management	Natixis
23	42-09 28th St. (2 Gotham Center) Long Island City	\$305.0	Refinance	2/7/17	H&R REIT	Northwestern Mutual
24	405 Lexington Ave. (Chrysler Building) Midtown East	\$300.0	Refinance	3/23/17	Abu Dhabi Investment Council/Sorgente Group	National Bank Abu Dhabi
24	712 Fifth Ave. Midtown	\$300.0	Refinance	5/19/17	Paramount Group/ Wilhelm von Finck family	Commercial mortgage-backed security ¹¹
26	111 E. 48th St. (InterContinental Barclay) Midtown East	\$290.0	Refinance	4/20/17	Qatar Investment Authority/ Intercontinental Hotels Group	Deutsche Bank
27	1330 Sixth Ave. Midtown West	\$285.0	Refinance	1/9/18	RXR Realty/Blackstone	DekaBank
28	50 Central Park South (Ritz-Carlton Central Park) Midtown West	\$280.0	Refinance	4/12/18	Westbrook Partners/ Millennium Partners	Delaware Life
29	885 Third Ave. (Lipstick Building) Midtown East	\$272.0	Refinance	4/10/17	Shanghai Municipal/ Ceruzzi Properties	Commercial mortgage-backed security ¹²
30	441 Eighth Ave. (Farley Post Office) Penn Plaza	\$271.0	Sale	6/15/17	Vornado Realty Trust/ Related Cos.	Deutsche Bank
31	20 Exchange Place Financial District	\$268.7	Refinance	1/9/17	Metro Loft Management/ Eastbridge	Commercial mortgage-backed security ¹³
32	2100 Bartow Ave. (Bay Plaza Community Center) Baychester, Bronx	\$265.0	Refinance	9/27/17	Prestige Properties and Development Co.	MetLife
33	485 Seventh Ave. (Moxy NYC Times Square) Garment District	\$262.2	Refinance	11/1/17	Lightstone Group	Goldman Sachs
34	140 E. 45th St. (2 Grand Central Tower) Midtown East	\$260.0	Refinance	2/21/18	Rockwood Capital	MetLife
35	50 Murray St. (Tribeca House) TriBeCa	\$257.0	Refinance	2/21/18	Clipper Realty	Deutsche Bank

THE TOP
FOUR767 Fifth Ave.
LOAN AMOUNT \$2.3 billion245 Park Ave.
LOAN AMOUNT \$1.2 billion280 Park Ave.
LOAN AMOUNT \$1.2 billion450 W. 33rd St.
LOAN AMOUNT \$1.15 billion

Data are based on publicly reported lending activity from Jan. 1, 2017 through April 16, 2018. Includes first mortgages made for acquisitions and refinancings on properties of \$2.5 million and greater; excludes seller financing, mezzanine financing and leased-fee/land-only transactions. In case of tied figures, deals are listed in alphanumeric order of address. 1-Originated by Citigroup, Deutsche Bank, Morgan Stanley and Wells Fargo. 2-Originated by Barclays, Deutsche Bank, JP Morgan, Natixis and Société Générale. 3-Originated by Deutsche Bank. 4-Originated by Deutsche Bank and Goldman Sachs. 5-Originated by Morgan Stanley and Société Générale. 6-Originated by Greystone. 7-Originated by Wells Fargo. 8-Originated by Citigroup. 9-Originated by Goldman Sachs. 10-Originated by Credit Suisse and Natixis. 11-Originated by Morgan Stanley. 12-Originated by Credit Suisse. 13-Originated by Berkadia. Source: Real Capital Analytics, with additional research by Gerald Schiffman.



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ERRIGO says his device can turn any town's water into the chemical twin of NYC's H₂O.

LIQUID ASSET

New York's water has long been touted as the key to great pizza and bagels. A growing number of entrepreneurs are taking that notion to the bank **BY AARON ELSTEIN**

In a city with 1,660 pizzerias, there's a solid argument that the best is Denino's on Staten Island. Its pies scored a 4.5 rating in the latest Zagat survey, the same as Coney Island's legendary Totono's and Lombardi's, the SoHo joint that claims to be America's first pizzeria. Denino's scored higher than Grimaldi's (4.1), the Brooklyn haunt that has opened 50 locations across the country in recent years and last month announced plans for five in the United Arab Emirates.

But Mike Burke, stepson of founder Carlo Denino, has stuck close to home. He opened a Denino's in Brick, N.J., in 2010 and another in the West Village 18 months ago. He hasn't branched out farther, he said, because he believes his pizza requires an essential ingredient: New York City water.

“When I used the water in Brick,” Burke said, “the crust didn’t come out right.”

For years, Burke, a retired city firefighter, trucked in blocks of city ice that he would melt to make his dough in New Jersey. But that all changed when he met Paul Errigo, a fellow Staten Islander and chief executive of a water-filtration company. Errigo, who is confident that the local water is what gives New York’s pizza and bagels that certain something, set out to build a machine that would turn any municipality’s H₂O into l’eau de Gotham.

“I thought he was joking,” said Emmanuel Moya, a water-filtration engineer with several patents to his name whom Errigo first approached with his idea. After nine months and \$1.1 million worth of research and development, Moya devised a machine that he says can filter, disinfect, descale, soften or harden any potable water until its molecular structure is identical to New York’s.

Since unveiling the New York WaterMaker last month at a Las Vegas trade show, Errigo has heard from big pizza chains, mom-and-pop pizzerias, microbreweries, bakeries and food manufacturers. He has orders for about 20 machines, which he licenses for \$3,000 per year. He and his invention were guest stars on the CNBC reality show *Staten Island Hustle*.

Errigo started working when he was 8 years old, making about \$400 a week delivering the *Staten Island Advance* and the *Daily News*. After graduating from St. John’s University with a bachelor’s degree in marketing, he became a sales manager for an environmental services company before shifting gears and becoming a debt collector. He helped launch a firm that tracked down people who defaulted on car payments or health-club memberships. He sold that enterprise to his partners in 2011 for a mid-seven-figure sum.

He then shifted back to environmental products. And after years of flying across the country weekly to close one water deal or another, he said he thinks he might have hit his home run with New York WaterMaker.

“It’s revolutionary,” he said. “Recipes of all kinds will taste better. Bread will be crispier, and pizza and bagels will be authentically New York because they will be made with water that is exactly the same as New Yorkers use.”

Errigo is riding some powerful consumer waves, starting with the fact that millions of Americans love Big Apple-style pizza. Nearly 800 pizzerias across the country have “New York” in their name, making it the most common brand identifier in the industry, according to *PMQ Pizza Magazine*.

New York water itself is held in high regard. Evangelists such as Errigo have helped spread that gospel, but so has City Hall. Mayor Bill de Blasio in December hailed the city’s H₂O as “some of the cleanest and best” in the world. Health Commissioner Mary Bassett dubbed it “the champagne of tap water.” More recently, the city spent \$81,000 on subway ads that display a bagel with the caption, “Yeah, it’s the water.”

A Department of Environmental Protection spokesman said the ads are meant to comply with a federal requirement that the city promote its water-quality report. But the campaign coincides with long-running efforts to persuade locals to stop drinking from environmentally harmful plastic bottles and turn on the tap instead.

Revenue stream

Several businesses have scored big success off the idea that New York water is a difference-maker. Brooklyn Water Bagel launched in Florida in 2010 using what it describes as a proprietary water-treatment system that enables the company to “replicate the natural composition” of the Catskill Mountains water enjoyed by Brooklynites. The chain



ARMED with his new water machine, Burke is ready to take Denino's national.

ALCHEMY 101

PAUL ERRIGO IS CAREFUL about revealing secrets behind his New York WaterMaker sauce. He will say that, unlike many of his fellow liquid alchemists, he doesn't rely on reverse osmosis, which involves removing all minerals and other chemical compounds from local water, then adding them back in just the right Big Apple proportions. Instead, Errigo's machine tweaks the existing supply's molecular makeup, such as by altering chlorine or calcium content, until it matches the New York vintage.

But Errigo's quest to patent his contraption, which he hopes will be approved by March, could be difficult. There are hundreds of existing water-filtration and manipulation technologies, and Errigo's team will have to demonstrate that the WaterMaker represents an “inventive leap,” said Christopher Buccafusco, director of the intellectual-property program at the Cardozo School of Law. “This is a hard thing to patent,” Buccafusco said. — A.E.

now has 25 eateries around the country and generates an estimated \$42 million in revenue, according to *Restaurant Business* magazine.

New York’s strength as a marketing mechanism dates back to at least the 1920s, when Saks Fifth Avenue first opened stores in Chicago and Palm Beach, Fla. Nowadays the city’s name is being used more than ever to sell bottled water. Original New York Seltzer, a popular brand in the 1980s, was revived three years ago by a Los Angeles entrepreneur. Sales of competitor Hal’s New York seltzer are doubling every year, said Chief Operating Officer Jerry Reda, and the Queens company is taking advantage of the momentum by broadening its product offerings beyond traditional lemon, lime and cherry with a

coffee-flavored seltzer that launched in January.

“It doesn’t yellow the teeth like coffee does,” Reda said, though with 174 milligrams of caffeine per bottle—more than a Starbucks doppio espresso or even a Red Bull—it might cause them to rattle around.

“New York is never on anyone’s list of the cleanest cities, yet its water is revered,” said Neil Kraft, founder of KraftWorks, a Manhattan design firm that helped make Norway’s Voss water a hit by putting it in what looks like a perfume bottle. “It’s absolutely insane.”

That said, the reputation of New York’s water doesn’t rest on marketing fluff alone. The city has spent \$2.7 billion during the past 25 years to protect its watershed, and it is committed to spending \$1 billion more in the next decade. As a result, the Catskill reservoirs and lakes that supply the city are considered so clean that New York is one of only five U.S. cities not required by regulators to filter the water supply. (The others are Boston; Portland, Ore.; San Francisco; and Seattle.)

In addition to being clean, the city’s water is low in calcium, chlorides and other minerals. It’s also flavored with some magnesium, iron and traces of other compounds picked up in pipes and aqueducts, plus a pinch of road-salt runoff. Overall, the low mineral content makes the water soft and thus ideal for stiffening dough—which helps explain why New York’s pizza crusts can handle a fistful of pepperoni without folding over and why its bagels are crispy outside and chewy inside.

Legend in the making

The idea that New York’s pristine water is the secret behind its legendary pizza and bagels is undeniably a great story. Trouble is, it isn’t true.

Luis Belozzerco, head of baking and food technical services at the American Institute of Baking, said there is simply no scientific basis to the claim that New York water makes food better. The taste of baked goods is affected by such variables as the type of flour and yeast used and the type and temperature

“NEW YORK IS NEVER ON ANYONE’S LIST OF CLEANEST CITIES, YET ITS WATER IS REVERED. IT’S ABSOLUTELY INSANE”

of the oven, as well as the consumer’s expectations and surroundings, Belozерco said.

“I can make bagels or pizza with water from Manhattan, N.Y., or Manhattan, Kan.,” he said. “Taste tests have shown people can’t tell the difference.”

Paul Giannone, owner of Paulie Gee’s, a Brooklyn pizzeria whose branches in Baltimore; Chicago; Columbus, Ohio; and Miami all use tap water, said, “The pizza there comes out the same as here. This thing about New York water is an urban legend.”

Melanie Frost, COO of Ess-a-Bagel, says her aunt, who founded the business in the 1970s, put New York’s water to the test by making bagels with London water. “She found no difference,” Frost said. “She said it wasn’t the water that was important; it was the recipe.”

Even so, Gotham’s water has such a stellar reputation that Frost said she was interested in examining Errigo’s machine, which might make it easier to open Ess-a-Bagel shops in Chicago and California.

“It would be interesting to give this device a shot,” she said. “What can we lose?”

The notion that New York’s water is somehow special dates back to the 1950s, which happens to correspond with when pizza crossed over from a food eaten mostly by Italians to the mass market.

At the time, the city’s population was rising fast. To meet growing water demand, planners contemplated drawing from the Hudson River. That was stopped by outraged citizens, who rose up against sullyng the Catskill and Croton supply networks, parts of which date to the 1840s.

“I don’t know if these opponents waxed rhapsodic about pizza or bagels,” said David Soll, a professor at the University of Wisconsin–Eau Claire and author of *Empire of Water*, a history of New York’s water system. “But that is when there was a lot of discussion about the city’s high-quality water.”

As that water fight simmered, Denino’s started selling pizza in 1951, 28 years after it opened as a confectionery and later a tavern. Other stand-bys soon followed. Ray’s Pizza opened in SoHo in 1959 and Ray’s Real Italian Pizza on the East Side in 1964, according to Peter Genovese’s book *Pizza City*. Quickly New York pizza—itsel an adaptation of working-folk fare that originated in Naples, Italy, in the 18th century—conquered the country.

Today 39% of all U.S. pizzerias think of themselves as making New York–style pizza, according to PMQ. The term has no strict definition, but broadly it’s described as a hand-tossed, thin-crust pie topped with a light layer of tomato sauce and grated, full-fat mozzarella.

Back in Brick, Burke said now that he can make New York water anywhere, he’s looking to open more Denino’s in New Jersey, Florida and maybe California. “We’ve got a whole lot of possibilities before us to reach new customers,” he said.

What awaits those customers is a classic New York pie with a superbly crunchy crust. But is it really as good in New Jersey as it is on Staten Island? Impossible to say. But nobody sitting around the table one recent afternoon in Brick was particularly concerned about that.

“Man, this is good,” Errigo said as he chomped on a slice topped with ricotta, mozzarella, olive oil and arugula. “In fact, it might even be better here than in New York.” ■

KeyBank

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 June 22, 2018. 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.

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Buffalo											
Lewiston Plaza Drive Up	190 South 7th St	Lewiston	NY	14092	6/1/2018	Own	N/A	Richard J Schechter; Tyler A Balantine	Cushman Wakefield Pyramid	716-852-7500	rschechter@pyramidbrokerage.com tbalantine@pyramidbrokerage.com
Youngstown	421 Second St	Youngstown	NY	14092	6/1/2018	Own	N/A	Richard J Schechter; Tyler A Balantine	Cushman Wakefield Pyramid	716-852-7500	rschechter@pyramidbrokerage.com tbalantine@pyramidbrokerage.com
South Park Abbott	1510 S Park Ave	Buffalo	NY	14022	6/22/2018	Own	N/A	Richard J Schechter; Tyler A Balantine	Cushman Wakefield Pyramid	716-852-7500	rschechter@pyramidbrokerage.com tbalantine@pyramidbrokerage.com
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As health care groups turn to offsite outposts, unused retail properties find new life

Border's Books has long since departed its former 40,000-square-foot space at Park Avenue and 57th Street, but now the space is destined for reinvention. A developer is now retrofitting the lower level and both the second and third floors of the historic Ritz Tower at 111 East 57th St. into medical space, which is slated to be available in the third quarter of 2018.

The retrofitting of unused retail space into medical facilities is a hot trend in New York City. "This is what we see happening everywhere," said Paul Wexler, head of Wexler Healthcare Properties at The Corcoran Group, the exclusive agent. "The entire health care community is looking to make their services much more accessible to the patient both near their workplace and their homes. That's the driving force in where health care providers are looking to locate today. We're turning from a provider-centric system to a patient-centric system. It's becoming more and more popular both in the five boroughs and throughout the country."

One key factor driving projects like this in New York City is a national trend toward greater use of outpatient care, as health care organizations anticipate declining reimbursements. In 1975, there were nearly 1.5 million hospital beds in the U.S., according to JLL Research, part of JLL, a professional services firm that specializes in real estate and investment management. By 2014, that count dipped to 900,000—a 40% decline, even though the U.S. population grew by 50%. Meanwhile, outpatient visits doubled during this time, JLL found.

"The real estate market is adjusting to the needs of the health care community, with many



111 East 57th Street

making the investment in retrofitting retail and office spaces, as they open ambulatory care centers, surgical centers, cardiac groups and a variety of other specialties setting up free-standing facilities. "This is not only proven to be more profitable for these healthcare providers," said Wexler. "It also is being well-received by their patients. That is why the trend is going in this direction."

What health care providers pay to lease property per square foot varies considerably by location, said Wexler. For instance, they may pay premium prices for spaces on and off of Park Avenue on the Upper East Side, with spac-

Northwell is playing an active role in the market. It has expanded into 13 different ambulatory surgery and kidney dialysis centers, with a variety of partners, notes Adam Boll, vice president of Northwell Ventures Operations for Northwell Health.

Northwell's ambulatory surgery center business has historically been focused on the acquisition of existing centers, but is looking ahead to the possibility of building them, said Boll. "With ambulatory surgery centers we're looking for larger footprint with adequate parking," said Boll. Northwell's ambulatory surgery centers range from 10,000 square feet to 15,000 to 20,000 square feet, he says.

Northwell hasn't historically been known as a developer in these areas, as it has become more active, that is changing, he noted. "We've become a known entity among these groups of landlords," he said. "It has made the selection process much easier. We now get a channel of solicitation from landlords who know what we're looking for."

Some in the industry are predicting that there will be a consolidation of offsite health care properties, as hospitals look to dominate their markets. But for the moment, there seems to be opportunity for multiple players, say observers—in part because many people who got access to health care under the Affordable Care Act still have it. Currently, Wexler, for instance, is working on a project in Sunnyside, Queens that is being developed to accommodate individuals in the community with 120,000 square feet of medical space.

"Many health care providers are taking space in locations which they previously had not ventured into," says Wexler. "As a result of the Affordable Care Act, there's significant interest by community health centers and other health care providers to provide healthcare services for these areas." ■

"The entire health care community is looking to make their services much more accessible to the patient both near their workplace and their homes. That's the driving force in where health care providers are looking to locate today. We're turning from a provider-centric system to a patient-centric system."

Paul Wexler, head of Wexler Healthcare Properties at The Corcoran Group

different developers taking advantage of a rapidly expanding industry," said Wexler. "They are repurposing existing properties and developing new properties to meet the growing needs of the healthcare community."

Certainly, these renovations can be pricey. New York City is the highest cost market in the country to renovate an outpatient facility, according to JLL. The cost per square foot is \$316.84, higher than even San Francisco.

In addition, developers must make sure any retail properties they are eyeing can be converted to medical facilities under zoning laws. However, most commercial spaces in the city fall into a category that can be converted, said Wexler. And many hospital groups see opportunity in

es averaging \$75 to \$100 per square foot, he said. "Those prices are different from what you may find in spaces on 2nd or 3rd Avenue," said Wexler. Meanwhile, in Midtown South, prices range from \$50 to \$60 per square foot, he said. And in the financial district, prices are averaging in the high \$40 range to the high \$50 range per square foot, he said.

Not all retail spaces can be converted for health care use—or are suitable for every health care specialty, he noted. "There are physical considerations for medical space you don't necessarily have with typical office space," he said. "The plumbing needs are more intense. Very often the electrical needs are more involved. For an imaging center, there are significant electrical consideration and structural ones, too."



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The race to find space for urgent care centers accelerates in New York

Dan Purugganan, the master developer for American Family Care clinics in New York and Connecticut, is in hot pursuit of space to open new urgent-care facilities in New York City.

The chain, which has about 200 urgent-care units nationwide, runs two clinics in the Bronx,

Very visible locations near drug stores, food stores, mass merchandisers and other popular retail outlets with pharmacies where patients can get their prescriptions filled are also important, said market research firm Kalorama Information. And centers located in freestanding buildings, strip malls or hospital campuses with

So does the existing setup of a building. “We like a lot of frontage, a lot of glass,” said Boll. “We only look for ground level and prefer locations that are configured in a way you can see from front to back of a particular location. Finding all of those attributes in combination with the location-based features I touched upon obviously narrows the search quite a bit.”

Zoning challenges can make selecting and leasing properties more complicated, he added. “Across the New York Area, with the abundance of municipalities comes a plethora of zoning regulations,” said Boll. “When we do find the ideal space, and that ideal space is not quite zoned exactly how we would like or it presents itself with parking challenges, the length of time to seek a parking variance and other zoning variances sometimes becomes a hindrance to us opening a location,” he said.

Even when developers find space, they often have to retrofit them to turn them into urgent-care centers. Unlike traditional physicians’ offices, urgent-care centers generally have procedure rooms for lacerations and fractures, a radiology department for X-ray services and a laboratory, according to Kalorama.

Investing the capital necessary to retrofit available retail or other space isn’t a deterrent for many. “We can retrofit from any type of store,” said Purugganan. “At the end of the day, it’s the location. We don’t care what it was before. We just care about the site itself and where it is, and whether there is good traffic volume that goes through that center.”

Despite the barriers to entering the marketplace, physicians, investor groups and hospitals see considerable opportunity in urgent-care cen-



with another two on the way. That’s in addition to 12 clinics in Connecticut, two in Westchester County and one on Long Island.

With a number of players competing for space to open urgent-care clinics in Manhattan, Purugganan has focused his attention on the Bronx—a less saturated market. While the price per square foot in Manhattan tends to range from \$90 to \$120 per square foot for the properties he is eyeing, in the Bronx it is \$55 to \$70 per square foot, he said. Still, he adds, “The Bronx is getting up there.” AFC’s clinics typically range from 2,800 to 5,000 square feet.

Purugganan is not alone among urgent-care clinic developers in New York City in finding that it takes time to find the right space. With more consumers heading to urgent-care centers across the country, a number of providers—such as CityMD, GoHealth and ProHEALTH Care—are vying for space in the five boroughs.

New York City, like other densely populated metropolitan areas, is a hot spot for urgent-care centers, as is the state as a whole. Among the 7,639 urgent-care centers in the U.S. as of mid-2017, 519 were in New York State, according to the Urgent Care Association of America, putting it in the top four with California, Florida and Texas.

Expanding in New York City can be challenging for many chains, because typically, urgent-care centers have very specific requirements for success. “You need a high-traffic area,” said Rishi Garg, co-founder of Clineeds, a platform that allows healthcare providers to find, lease and sell medical office space and entire practices.

adequate parking are also important, Kalorama information has found.

Adam Boll, vice president of Northwell Ventures Operations for Northwell Health, rattles off a substantial list of requirements when asked what Northwell looks for in the spaces it selects. Northwell Health partners with GoHealth Urgent Care Centers, which currently has 17

“At the end of the day, it’s the location. We don’t care what it was before. We just care about the site itself and where it is, and whether there is good traffic volume that goes through that center.”

Dan Purugganan, the master developer for American Family Care clinics in New York and Connecticut

locations in Brooklyn, Queens, Manhattan and Staten Island.

“Ideal urgent-care locations for us are those that are more retail-oriented and co-located with other everyday retail type of businesses, whether that be in the food and beverage or health or other commodity retail space,” said Boll. “They include well known and established food and beverage brands, retail pharmacy, health and beauty type products and groceries. We found that locating urgent care centers in close proximity to where people do daily or weekly shopping brings a great deal of convenience to our patients.”

Size matters, too. “It has to be the right footprint,” said Boll. “We’re not looking for large retail. Our typical footprint is between 2,000 and 2,500 square feet.”

ters. As patients gravitate toward physicians offering more convenient office hours than many traditional practices do and the physician shortage driving long wait times for appointments at traditional practices, Kalorama predicts strong and steady growth through 2021. The market research firm anticipates that with the average urgent care patient volume expected to grow on a national level, the average revenue per urgent care center will rise to \$1.7 million.

Against this backdrop, Garg believes that more hospitals will get in on the action.

“If I had to make a prediction, what’s going to happen is a lot of hospitals are going to be affiliates of or own a lot of these urgent-care centers,” said Garg. That could lead to ever more challenging searches for real estate to house them in the future. ■

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Developers of health care outposts turn to creative financing

When Adeeti Gupta, M.D., decided to expand from an office in Elmhurst, Queens, into two new locations for her practice, Walk In GYN Care—a pioneering walk-in facility for women’s health—she turned to creative financing. For her first outpost, a 1,200-square-foot office she opened in Manhattan in 2014, she completely self-financed renovations of the space. For the next one in Astoria, a 3,400-square-foot space for which she is working on getting the final sign-off, she relied on a combination of self-financing and a loan from JPMorgan Chase.

Gupta knew it was important to act quickly when she found the right spaces. “The inventory for medical centers in ideal locations is very limited,” she said

Many developers of medical real estate in New York City find it pays to be resourceful. With reimbursements declining, deploying the right financing options can be important to a project’s success, reducing overall costs.

For some tenants, especially larger ones with good credit, financing isn’t necessary. They are often able to persuade the landlord to pay for retrofitting. In other deals, they work out arrangements where they pay the costs of the retrofit over an extended period of time or finance leasehold improvement costs that go beyond the landlord’s allowance.

“Stronger medical tenants are really leveraging their credit,” said Leonard Zimmerman, executive managing director/principal at Lee & Associates NYC, a provider of commercial real estate services. “Not only is it for the real estate but it goes for the buildout of the space, as well.”

However, it depends on the deal, he says. “Strong landlords are in a position to do it, especially with the creditworthiness of a great tenant.”

Because many of the medical tenants are moving into unused retail space, financing options in these buildings are often similar to those for retail tenants, according to attorney Michael Zukerman, who is counsel at Warshaw Burstein.

Individual physicians, who typically have less leverage than a big hospital group, may find they have to finance projects themselves or take loans, especially in a medical office building, according to Zukerman. In some cases, the landlord may be willing to do the retrofits and charge more for rent.

“With most of these guys, what I’ve seen more in my neck of the woods is that the doctor makes a deal and then is retrofitting it himself,” said Zukerman, who lives on Long Island. “He’s either getting it from a bank or his own cash.”

American Family Care, a chain of urgent-care cen-

ters that is expanding within New York City, has used debt financing, such as conventional and SBA-backed loans, with a line of credit attached, for this expansion, according to Dan Purugganan, the master developer for American Family Care Clinics in New York and Connecticut. It has worked with Webster Bank and Orange County Trust Bank.

“We do mostly debt financing at this point,” said Purugganan. The cost of renovating a building in the area so it can be used for an urgent care center is generally between \$1 million and \$1.5 million, he said. Depending on the bank, the developer must come up with a down payment of 10% or 20%, he said.

That is not inexpensive, but he and other developers see making renovations as the cost of doing business. “There are opportunities out there for us,” he said. ■



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NOTICE OF FORMATION OF 8870 LINK, LLC. Articles of Organization filed with the Secretary of State of NY (SSNY) on February 26, 2018. Office location: NEW YORK County. SSNY has been designated as agent upon whom process against it may be served. The Post Office address to which the SSNY shall mail a copy of any process against the 8870 LINK, LLC served upon him/her is: 10091 Park Run Drive Ste 200 Las Vegas, Nevada 89145. The principal business address of the LLC is: 10091 Park Run Drive Ste 200 Las Vegas, Nevada 89145. Purpose: any lawful act or activity.

Notice of Qualification of LIBREMAX CAPITAL HOLDINGS, LP Appl. for Auth. filed with Secy. of State of NY (SSNY) on 03/19/18. Office location: NY County. LP formed in Delaware (DE) on 03/14/18. Princ. office of LP: 600 Lexington Ave., 19th Fl., NY, NY 10022. Duration of LP is Perpetual. SSNY designated as agent of LP upon whom process against it may be served. SSNY shall mail process to c/o LibreMax GP Holdings, LLC, Attn: Fred Brettschneider at the princ. office of the LP. Name and addr. of each general partner are available from SSNY. DE addr. of LP: c/o Corporation Service Co., 251 Little Falls Dr., Wilmington, DE 19808. Cert. of LP 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. Purpose: Any lawful activity.

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NOTICE OF FORMATION OF Little Lighthouse Licensed Behavior Analyst and Psychologist Support, PLLC. Articles of Organization filed with the Secretary of NY (SSNY) on 2/26/2018. Office location: New York County. SSNY has been designated as agent upon whom process against it may be served. The principal business address of the PLLC and the Post Office address to which the SSNY shall mail a copy of any process against the PLLC is Dr. Ivana Krstovska-Guerrero, 99 Hillside Ave, Apt 16 J, New York, NY 10040. Purpose: Any lawful act or activity

Notice of Qualification of 30 PARK PLACE UNIT 74A-1 LLC Appl. for Auth. filed with Secy. of State of NY (SSNY) on 02/28/18. Office location: NY County. LLC formed in Delaware (DE) on 11/01/17. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to c/o Corporation Service Co., 80 State St., Albany, NY 12207-2543. DE addr. of LLC: 251 Little Falls Dr., Wilmington, DE 19808. Cert. of Form. filed with DE Secy. of State, John G. Townsend Bldg., 401 Federal St., Dover, DE 19901. Purpose: Any lawful activity.

Notice of Qualification of LIBREMAX GP HOLDINGS, LLC Appl. for Auth. filed with Secy. of State of NY (SSNY) on 03/19/18. Office location: NY County. LLC formed in Delaware (DE) on 03/14/18. Princ. office of LLC: 600 Lexington Ave., 19th Fl., NY, NY 10022. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to the LLC, Attn: Fred Brettschneider 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. Purpose: Any lawful activity.

E. 8th St. Associates LLC-Arts. of Org. filed with Secy. of State of NY (SSNY) on 2/1/18. Office location: NY Co. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to: c/o Myles Horn, 152 W. 57th St., NY, NY 10019. Principal address: 152 W. 57th St., NY, NY 10019. Purpose: Any lawful activities.

Notice of Qualification of TG 29 HOSPITALITY, LLC Appl. for Auth. filed with Secy. of State of NY (SSNY) on 03/23/18. Office location: NY County. LLC formed in Delaware (DE) on 02/21/18. Princ. office of LLC: 2 Pennsylvania Plaza, 19th Fl., NY, NY 10121. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to c/o Corporation Service Co., 80 State St., Albany, NY 12207-2543. DE addr. of LLC: 251 Little Falls Dr., Wilmington, DE 19808. Cert. of Form. filed with DE Secy. of State, Div. of Corps., John G. Townsend Bldg., 401 Federal St., Ste. 4, Dover, DE 19901. Purpose: Any lawful activity.

Notice of Qualification of HARVEST EDGE GLOBAL RISK PREMIA EQUITY, LP Appl. for Auth. filed with Secy. of State of NY (SSNY) on 03/05/18. Office location: NY County. LP formed in Delaware (DE) on 02/28/18. Princ. office of LP: Harvest Volatility Management, LLC, The Graybar Bldg., 420 Lexington Ave., Ste. 2620, NY, NY 10170. Duration of LP is Perpetual. SSNY designated as agent of LP upon whom process against it may be served. SSNY shall mail process to the Partnership, Attn: Curtis F. Brockelman, Jr., 420 Lexington Ave., Ste. 2656, NY, NY 10170. Name and addr. of each general partner are available from SSNY. DE addr. of LP: c/o Corporation Service Co., 251 Little Falls Dr., Wilmington, DE 19808. Cert. of LP 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. Purpose: Any lawful activity.

Notice of Formation of Northern Manhattan Nanny LLC. Arts of Org filed with Secy. of State of NY (SSNY) on 8/10/17. Office location: NY County, SSNY designated agent upon whom process may be served and shall mail copy of process against LLC to 45 Wadsworth Ave, Fl. 8, NY NY 10033. Purpose: anv lawful act.

Notice of Formation of HBX 41 Division LLC. Arts. of Org. filed with SSNY on 1/11/18. Office location: NY County. SSNY designated as agent for process and shall mail to: 442 Broadway, Ste. 2F, NY NY 10013. Purpose: Any lawful activity.

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NOTICE OF FORMATION OF DANY & XANDER, LLC. Articles of Organization filed with the Secretary of State of NY (SSNY) on 02/13/18. Office: NEW YORK County. SSNY designated as agent upon whom process against it may be served. SSNY shall mail a copy of any process to the LLC, 1636 3rd Ave, STE 101 New York NY 10128. Purpose: any lawful act or activity

Notice of Formation of YU-KING WONG D. C., PLLC. Arts. of Org. filed with Secy. of State of NY (SSNY) on 3/13/18. Office location: NY County. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to: c/o Yu-King Wong, 1441 Broadway, Ste. 5052, NY, NY 10018. Purpose: to practice the profession of Chiropractic.

Notice of Formation of by robynblair LLC Arts. of Org. filed with Secy. of State of NY (SSNY) on 04/02/18. Office location: NY County. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to Corporation Service Co., 80 State St., Albany, NY 12207-2543. Purpose: Any lawful activity.

RD REAL ESTATE DEBT NEB II LLC. Arts. of Org. filed with the SSNY on 02/08/18. Office: New York County. SSNY designated as agent of the LLC upon whom process against it may be served. SSNY shall mail copy of process to the LLC, c/o RD Advisors LLC, 341 West 38th Street, Suite 800, New York, NY 10018. Purpose: Any lawful purpose.

Notice of Formation of 174-176 1st Avenue Investors LLC. Arts. of Org. filed with Secy. of State of NY (SSNY) on 03/14/18. Office location: NY County. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to: c/o Highpoint Property Group, 20 West 22nd St., Ste. 1601, NY, NY 10010, Attn: Drew Popkin. Purpose: any lawful activities.

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PUBLIC & LEGAL NOTICES

Notice of Qualification of HIPPOCRATES VENTURES, LLC Appl. for Auth. filed with Secy. of State of NY (SSNY) on 03/15/18. Office location: NY County. LLC formed in Delaware (DE) on 03/07/18. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to c/o Corporation Service Co., 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, Div. of Corps., 401 Federal St., Ste. 4, Dover, DE 19901. Purpose: Any lawful activity.

Notice of Qualification of 30 PARK PLACE UNIT 74A LLC Appl. for Auth. filed with Secy. of State of NY (SSNY) on 02/28/18. Office location: NY County. LLC formed in Delaware (DE) on 05/31/17. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to c/o Corporation Service Co., 80 State St., Albany, NY 12207-2543. DE addr. of LLC: 251 Little Falls Dr., Wilmington, DE 19808. Cert. of Form. filed with DE Secy. of State, John G. Townsend Bldg., 401 Federal St., Dover, DE 19901. Purpose: Any lawful activity.

Notice of Qualification of SAHARA PROPERTY MANAGEMENT, LLC Appl. for Auth. filed with Secy. of State of NY (SSNY) on 04/17/18. Office location: NY County. LLC formed in Delaware (DE) on 11/28/17. Princ. office of LLC: 350 Park Ave., 20th Fl., NY, NY 10022. 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 the State of DE, Div. of Corps., 401 Federal St., #4, Dover, DE 19901. Purpose: Any lawful activity.

Notice of formation of The Center for Integrative Therapies, LLC. Arts of Org filed with Secy. of State of NY (SSNY) on 10.12.17. Office location: NY County. SSNY designated agent upon whom process may be served and shall mail copy of process against LLC to 1201 Broadway, Suite 1003 NY, NY 10001.

Notice of Formation of Amenias AD 1, LLC. Arts of Org filed with Secy. of State of NY (SSNY) on 3/20/18. Office Location: NY County. SSNY designated agent Upon whom process May be served and Shall mail copy of Process against LLC To 10 East 40th Street, 10th FL, NY, NY 10016. Purpose: any lawful act.

Notice of Formation of TRIPLE D LENDER LLC Arts. of Org. filed with Secy. of State of NY (SSNY) on 03/23/18. 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, Attn: General Counsel, One Bryant Park, NY, NY 10036. Purpose: Any lawful activity.

Notice of Formation PETRO HOLDING LLC. Arts. of Org. filed with Secy. of State of NY (SSNY) 12/21/2017. Office location: New York County. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to: 551 WEST 181 ST #133, NEW YORK, N.Y 10033 Purpose: any lawful activity.

Notice of Formation of 10 EAST 28TH STREET, 5K LLC Arts. of Org. filed with Secy. of State of NY (SSNY) on 04/03/18. Office location: NY County. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to Corporation Service Co., 80 State St., Albany, NY 12207-2543. Purpose: Any lawful activity.

Notice of Qualification of EMERGING VARIANT PARTNERS A LP Appl. for Auth. filed with Secy. of State of NY (SSNY) on 02/16/18. Office location: NY County. LP formed in Delaware (DE) on 02/12/18. Princ. office of LP: 3 Columbus Circle, 15th Fl., NY, NY 10019. Duration of LP is Perpetual. SSNY designated as agent of LP upon whom process against it may be served. SSNY shall mail process to Attn: Santiago Jariton at the princ. office of the LP. Name and addr. of each general partner are available from SSNY. DE addr. of LP: c/o Corporation Service Co., 251 Little Falls Dr., Wilmington, DE 19808. Cert. of LP 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. Purpose: Any lawful activity.

Notice of Qualification of TRINITY NORTHEAST BROOKLYN DEVELOPMENT LLC Appl. for Auth. filed with Secy. of State of NY (SSNY) on 03/23/18. Office location: NY County. LLC formed in Massachusetts (MA) on 03/15/18. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to c/o Trinity Financial, Inc., 75 Federal St., 4th Fl., Boston, MA 02110. MA addr. of LLC: Corporation Service Co., 84 State St., 6th Fl., Boston, MA 02109. Cert. of Form. filed with Secy. Of the Commonwealth of MA, McCormack Bldg., One Ashburton Pl., 17th Fl., Boston, MA 02108. Purpose: Any lawful activity.

Notice of Formation of EGS CAPITAL, LLC Arts. of Org. filed with Secy. of State of NY (SSNY) on 03/05/18. Office location: NY County. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to c/o Timothy P. Terry, 667 Madison Ave., 24th Fl., NY, NY 10065. Purpose: Any lawful activity

Notice of Formation of AUBREY VENTURES 2 LLC Arts. of Org. filed with Secy. of State of NY (SSNY) on 03/07/18. Office location: NY County. Princ. office of LLC: P.O. Box 20366, 4 E. 27th St., NY, NY 10001-9998. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to the LLC, Greeley Square Station at the princ. office of the LLC. Purpose: Any lawful activity.

Notice of Qualification of NOMA PROPERTIES LLC Appl. for Auth. filed with Secy. of State of NY (SSNY) on 04/13/18. Office location: NY County. LLC formed in Delaware (DE) on 04/03/18. Princ. office of LLC: 244 Madison Ave., No. 539, NY, NY 10016. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to the LLC, Attn: Michael Graffagna at the princ. office of the LLC. DE addr. of LLC: 251 Little Falls Dr., Wilmington, DE 19808. Cert. of Form. filed with Secy. of State, DE Div. of Corps., John G. Townsend Bldg., 401 Federal St., Ste. 4, Dover, DE 19901. Purpose: Any lawful activity.

NOTICE OF FORMATION OF HUT CONSULTING LLC. Articles of Organization filed with the Secretary of State of NY (SSNY) on 1/26/18. Office location: NEW YORK County. SSNY has been designated as agent upon whom process against it may be served. The Post Office address to which the SSNY shall mail a copy of any process against the LLC served upon him/her is: C/O HARUMI URATA-THOMPSON 200 WEST 54TH ST., APT. 7 NEW YORK, NEW YORK 10019. The principal business address of the LLC is: C/O HARUMI URATA-THOMPSON 200 WEST 54TH ST., APT. 7 NEW YORK, NEW YORK 10019. Purpose: any lawful act or activity

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FAMILY BUSINESS AWARDS 2018

Does business run in your family?

We are taking nominations from trailblazing, entrepreneurial family-owned businesses for this inaugural awards program.

Finalists will be announced in late May and showcased in a custom section in the June 25 issue of Crain's New York Business. Crain's Custom will host a cocktail awards reception to honor the finalists and announce the winners on June 28.

Requirements:

- At least \$2 million in revenue per year
- At least two family members are employed at the business with the majority of ownership or control belonging to the family
- In business for at least 5 years
- Headquarters in the New York metro area (includes all 5 boroughs as well as Nassau, Suffolk, Westchester and Rockland counties)

Nominate a family business by May 18

crainsnewyork.com/FamilyBusinessAwards

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Finalists for this program are not selected or judged by Crain's New York Business news division.



Russell Granet, acting president of Lincoln Center; former Mayor **Michael Bloomberg**, founder of Bloomberg LP and Bloomberg Philanthropies; and **Katherine Farley**, chair of Lincoln Center for the Performing Arts.

Free arts for the 99%

Lincoln Center's annual Alternative Investment Industry Gala raised nearly \$1.5 million from private-equity firms, hedge funds and other so-called alternative capital companies. Gala chairs included Steven A. Cohen, chairman and CEO of Point72 Asset Management. Proceeds from the April 16 event at the Rainbow Room will subsidize free performances in the five boroughs as well as low-priced tickets to other shows for families in need.



Sarita Prakash, COO of the Stuyvesant High School Alumni Association, and **Adam Rosso**, director of IT support at Uncommon Schools, were among the 500 guests.

Honoring alumni

Supporting underserved communities

Creative Art Works held its annual benefit April 12, raising \$850,000 for art programs in underserved communities throughout the city. **Tom Bow** and **Ashley Gee**, executive vice president and director, respectively, of commercial leasing at the Durst Organization, with **Jonathan Bennis**, principal at Icon Interiors.



Jonathan Mechanic, partner and chairman of Fried Frank's real estate department, and **Arthur J. Mirante II**, principal and tristate president of Avison Young New York City, were among the 425 guests at the event, held at 1271 Sixth Ave.



NYU Tisch School of the Arts honored three alumni at its annual benefit April 16. Actor **Alec Baldwin** served as co-chair for the gala, which honored **Eleanore Columbus**, actor and producer, and her father, **Chris Columbus**, a producer, screenwriter and *Harry Potter* director. "NYU is responsible for everything that I've ever done," Columbus said in his speech.



Honoree **Eddy Moretti**, chief creative officer at Vice Media Worldwide, with Tisch dean **Allyson Green** during the party at Capitale. It raised nearly \$1 million.

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SHAH PRODUCES a rainbow of lab-created diamonds such as the 4-carat Asscher-cut pink diamond above.

The ice farmer

A technology whiz grows gem-quality diamonds in his lab

When the Indian Institute of Computer Science first introduced computers to grade-schoolers in the Gujarat town of Surat in the 1980s, 11-year-old Amish Shah kept standing up to ask questions. By age 12, he was teaching computer science at the institute part time. Shah didn't pursue a college degree in the subject, though, because his father and grandfather persuaded him to study business.

"When you are born into a family of jewelers," he said, "the attitude is that you do everything else for fun, but at some point, you have a factory to run."

The elder son in his family, Shah was 16 when he started at the diamond-trading and fine jewelry-making business his grandfather began in 1933. Eventually he found a way to have fun running the factory by applying his passion for technology to upend centuries-old jewelry-making traditions.

A pioneer in growing gem-quality diamonds in the lab, Shah debuted a line of jewelry set with them at a 2006 trade show in Las Vegas.

"We were the first in the world to put this out there," he said. Those diamonds, which had a pumpkin-orange hue, made a splash, though not necessarily the right kind. "Just

as with any change, people laughed," Shah recalled. "Some said I was crazy."

In 2011 Shah and his brother, Ritesh, formed R.A. Riam Group, a diamond and fine-jewelry manufacturer and distributor in New York that absorbed two other companies, including their 85-year-old family business in India. Seeking growth opportunities, they aimed to disrupt the \$80 billion diamond industry by manufacturing the perfect white diamond. "For me the question wasn't, Can this happen?" he said. "It was, Can we lead this innovation?"

After four years of R&D, Shah began selling man-made-diamond jewelry through retailers in 2016. The gems are grown by applying tremendous heat and pressure to a sliver of a natural diamond. The company then cuts, polishes and sets the stones in designs it makes from recycled gold. Sales for ALTR, the created-diamond division of Riam, have exceeded projections. This year, Shah said, ALTR's revenue will exceed Riam's natural-diamond sales.

The allure is simple, he said. Identical to mined diamonds but up to 30% cheaper, ALTR stones carry little environmental or human-rights baggage. "Science and innovation," he said, "change life for the better." — JEANHEE KIM

"The question wasn't, Can this happen? It was, Can we lead this innovation?"

AMISH SHAH

BORN Chennai, India

RESIDES Upper West Side

EDUCATION Bachelor's in accounting and economics, Lala Lajpatrai College, Mumbai

MOVING DATE Shah immigrated to Queens in 2001.

A HEAD FOR FIGURES Shah said he wrote a book on coding when he was 13. "I still have the floppy I saved it on." And when he was 16, he said, he earned the highest math grade in all of Gujarat.

FINE CUTS Riam owns almost two dozen diamond design patents.

A ROSE IS A ROSE Unlike cubic zirconia, which is synthesized from zirconium dioxide, ALTR diamonds are compositionally identical to mined diamonds. "How different are two babies in a household where one was conceived naturally and the other from a test-tube?"



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