

### **CRAIN'S**MAY 14 - 20, 2018



ON THE COVER

**PHOTO: BUCK ENNIS** 

FROM THE NEWSROOM | BRENDAN O'CONNOR | MANAGING EDITOR

### **Cinematic turn**



**ONE OF MY FIRST JOBS** was working as a production assistant on the 1994 Ron Howard movie *The Paper*. Despite the meager pay, lack of benefits and general drudgery of my duties, the job was arguably the best introduction I could have gotten to working in the city.

In addition to unjamming the copy machines, taking out the garbage and, yes, picking up the boss's dry cleaning, I got to work with folks representing the full gamut of industries that make up the local economy: actors, accountants, publicists, painters, electricians, carpenters, truck drivers, cooks and cameramen, to name a few.

Back then, New York's production scene was dominated by big Hollywood studios that would come to town for on-location shoots that could last from three days to three months. And the West Coasters would invariably comment about how much they loved filming here, in part because the New York crews were widely regarded as the best in the business. Even so, many of my contemporaries soon set out for Los Angeles, where the work was far steadier.

I bounced around for a year of two, eventually getting into location scouting, but despite the increasing wages, the fine line separating being "between jobs" and "out of work" was nerve-racking. Given my proclivity to write for a living, I quit the biz and launched a career in the seemingly more stable world of magazine journalism.

Twenty-odd years later, the positions of the two industries in the city's economic landscape have all but flipped. While once impregnable media behemoths like Time Inc. and Condé Nast continue to shed titles and talent, film and TV production is booming. Some \$3 billion was spent by the 230 productions that shot in New York in 2017, and in place of short-lived feature-film shoots, TV series providing regular work not for months but for years now dominate the scene.

It's a plot twist worthy of Hollywood.

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The final chapter in the TransPerfect saga

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### CONFERENCE CALLOUT



### JUNE 11

### Female entrepreneurs in New York

Leading female entrepreneurs representing several New York industries discuss their success, innovations and dedication to their business. Hear them speak about what it takes. A networking cocktail reception will follow the panel.

CONVENE

3 to 5:30 p.m. CrainsNewYork.com/Events-FemaleEntrep

### TIIDES CORRECTIONS

K2 Intelligence, not **Snežana Gebauer**, worked on the Madoff case and Moreland Commission. This fact was misstated in "Loot detective," published May 7.

Arta's fees average \$75 to \$150 on average shipping costs of \$1,500. The amounts were misstated in "The fine art of shipping fine art," published May 7.

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# MAY 14, 2018

### Bharara for attorney general—if only he would run

ourteen months after Preet Bharara was axed as U.S. attorney for the Southern District in a Trump administration purge of Obama-era prosecutors, a similar post has become available: attorney general of New York. The vacancy was created by the resignation of Eric Schneiderman just three hours after a *New Yorker* article offered convincing evidence that he abused four women. Bharara is not a candidate for the interim appointment to the seat by the Legislature. But last week he hinted he might run in the election this fall. He should. New York needs a nonpartisan attorney general with prosecutorial chops, strong moral fiber and no tolerance for unethical actions by public officials, no matter how powerful. Bharara demonstrated those qualities as the top federal prosecutor in Manhattan, notably when he called out a fellow Democrat, Gov. Andrew Cuomo, for shutting down the corruption-fighting Moreland Commission for doing its job too well.

For those who have forgotten, Cuomo had formed the commission to investigate Albany. His aim was to pressure the Legislature into passing ethics reforms, and it worked, to a degree. But the panel began probing

fishy dealings involving the Cuomo administration, prompting the governor's aides to interfere and Cuomo to eventually pull the plug. Stunning the political establishment, Bharara seized the panel's files and continued its probes. That and other gutsy moves elevated him to hero status among reform-

ers, and it seemed as though President Donald Trump would keep him on. But when the president saw Bharara would not be his lapdog, out he went.

As if scripted, a scandal soon hit the governor's economic development program and his top aide, demonstrating again the need for talented corruption fighters in New York's key investigative positions. The attorney



GOOD FIT: The state's top lawenforcement official should be like Bharara even better, Bharara himself.

general's post is tailor-made for someone like Bharara, who is passionate about justice but not politics, unlike the past three attorneys general: Schneiderman, Cuomo and Eliot Spitzer. Their ambitions affected decisions, perhaps not always for the better (see "Why the next attorney gen-

eral could be the next governor," page 11).

Good-government groups and editorial boards are calling for the Legislature to retain Schneiderman's interim replacement, Barbara Underwood, until voters elect someone for the four-year term that begins in January. We have no illusions that law-

makers will relinquish their power to fill a statewide post—a chance that last came in 2007, when they made Thomas DiNapoli comptroller. Bharara won't apply because he knows they won't pick someone who won't be a party to their self-dealing and as attorney general would be a threat to it. Which is exactly why he's perfect for the job. – THE EDITORS

### Legislators won't appoint Bharara because he has no favors to trade and won't tolerate their self-dealing

FINE PRINT The state Senate's Consumer Protection Committee will hold a hearing May 16 on a bill capping interest at 16% on loans to people expecting money from judgments or settlements. Critics say "lawsuit loans" gouge desperate and naive plaintiffs, while lenders say they provide a better chance for justice and a financial lifeline in protracted litigation. Another bill, backed by lenders, adds regulations but lacks a usury clause.

### **25 WORDS OR LESS**

If you have two of those incidents, I've seen people forced into retirement. I'm not playing with my job"

—Train operator Kimberly McLaurin on why subways go unnecessarily slowly past signal timers, which can trigger the emergency brakes erroneously

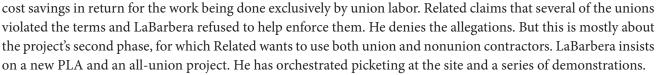
### STATS AND THE CITY FOUR YEARS AGO the city's economic growth regularly topped 4% and outpaced the nation's. But as both rates have ebbed, so has New York's edge. NYC = U.S. City's job growth rate from Q4 2017 to Q1 2018, versus the nation's 0.4% Number of quarters out of the past 16 in which the rate of national job growth has outpaced that of NYC City personal income tax revenue in the first quarter, up 33% from a vear agoone-time boost from federal tax reform 0% —— Q2 2014 Q1 2018

SOURCE: City comptroller's office

### As fight over Hudson Yards heats up, Cuomo wades in

HE STRUGGLE BETWEEN The Related Cos. and construction unions over who works on the Hudson Yards project is escalating. Last week Related filed a second lawsuit against the Buildings and Construction Trades Council and its president, Gary LaBarbera, alleging more interference in the raising of an office building at the West Side site. Gov. Andrew Cuomo, meanwhile, accepted the endorsement of the Building Trades and LaBarbera at a raucous and profanity-laden rally against Related. And Real Estate Board of New York President John Banks threw his organization's weight behind the developer in an op-ed on the City Limits website.

The confrontation stems from a project labor agreement Related signed with LaBarbera's group for the first phase of the \$25 billion project. It promised changes to work rules and



Related alleges the unions prevented a union concrete supplier from delivering to a Hudson Yards high-rise under construction, in part by slashing tires. Ironically, the concrete was then supplied by a nonunion company.

The trade council's position has never been weaker. Most residential and hotel projects in the city are now entirely nonunion. Problems on public-sector projects have started a call to end the exclusive use of union labor. La-Barbera's only hope is political protection from Cuomo and others. Speaking at the anti-Related rally, the governor did not mention the controversy but pledged that all state projects would be built by union workers and he would do all he could to keep New York a union town. The key question is, how will he go about it? – GREG DAVID



The New York Times is producing a weekly documentary series based on its popular podcast *The Daily. The Weekly* will debut later this year on FX and Hulu. The former has committed to air at least 30 episodes.

### **Making a withdrawal**

Deutsche Bank will leave the canyons of Wall Street for the open space of Central Park. In the third quarter of 2021, the company will head for Columbus Circle, where it will set up its headquarters in 1.1 million square feet at the Time Warner Center.

### Not adding up

JCDecaux, which manages the city's bus shelters, says it is losing \$10 million to \$20 million a year and won't make a profit if New York continues to install free Wi-Fi kiosks within 50 feet of bus stops. The company claims the kiosks obscure the visibility of its bus-shelter advertising.

### **Higher-power tools**

For the next two years, the main portion of Trinity Church, built in 1846, will be closed to visitors while it undergoes a \$98.6 million upgrade. The All Saints' Chapel and the graveyard will remain open to the public.

### **Home cooking**

Chef Gabrielle Hamilton, owner of Prune in the East Village, won the James Beard national award for outstanding

### **DATA POINT**

AVERAGE WEEKDAY SUBWAY
RIDERSHIP DECREASED BY 40,000
PEOPLE FROM JANUARY 2013 TO
JANUARY 2018. MEANWHILE TRAINS
WENT FROM BEING ON TIME 84% OF
THE TIME TO 58%.

chef. This year's awards were lauded for diversity, as 11 of the 15 winning chefs were female or minorities.

### **Complex deal**

Spring Creek Towers, once called Starrett City, was sold to a joint venture of Brooksville Co. and Rockpoint for \$905 million. Starrett City Associates had owned the affordable-housing complex in East New York, Brooklyn, since it opened in 1974. President Donald Trump held a 4% stake in the seller.

### Discredited

Municipal Credit Union CEO Kam Wong was arrested for fraud and embezzlement. Among the allegations by federal authorities: billing MCU for \$280,000 of phantom dental work, "testing" ATMs to the tune of \$8,000 in withdrawals and spending \$3.6 million on lottery tickets.

### **Capitol expenditures**

The Partnership for New York City, a civic group representing the city's

largest private employers, created a federal political action committee to push for important local infrastructure projects, such as the Gateway program. The PAC will make donations to congressional candidates.

CUOMO has

union town

pledged to keep New York a

### A streetcar yet desired

The BQX, Mayor Bill de Blasio's coveted but controversial streetcar project along the Brooklyn–Queens waterfront, was left out of the city budget. The administration said a lengthy feasibility study, which is close to ending, will inform City Hall whether to move forward. — CHRIS KOBIELLA



### Films for foodies

The 11th annual Films on the Green will run from June 1 to Sept. 6. The free French film festival, held at various parks throughout the city, this year focuses on gastronomy. Among the offerings are *Le Grand Restaurant* and *The Grocer's Son*.

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THE ALLIANCE ()
OF AREA BUSINESS PUBLICATIONS

### Final chapter in TransPerfect saga has been written—at last

After four years, 20 lawsuits and \$250 million in legal fees, ex-lovers' feud is over by AARON ELSTEIN

lengthy legal war between the two former lovers atop the nation's largest translation company has finally come to an end after the Delaware Supreme Court upheld a lower-court decision that TransPerfect co-CEO Phil Shawe could buy out founding partner Liz Elting.

"We find it evident that the final judgment of the Court of Chancery should be affirmed," wrote Justice Collins Seitz Jr. in a May 3 ruling. "The chancellor rose above the unjustified personal attacks on his integrity, and patiently and thoroughly addressed each issue raised in this bitter dispute."

That court order only hinted at the ferocity of the brawl between Shawe and Elting that slogged on for four years, as long as the American Civil War. Their feud unleashed a tsunami of litigation ensnaring the ex-couple, their advisers and longtime colleagues, and even Shawe's mother, who sued Elting's husband. All told, there were at least 20 lawsuits involving 30 law firms and \$250 million worth of combined legal fees for all the parties involved, people close to the matter said.

Although Elting lost her company, she walked away with a \$385 million consolation prize. That's the amount she was paid last week for her 50% stake in Manhattan-based TransPerfect, which has more than \$600 million in annual revenue and 4,000 employees, who provide translation services, such as localizing websites for global companies.

### 'The storm has now passed'

Elting and Shawe launched TransPerfect in 1992 out of their New York University dorm room and were briefly engaged to be married before Elting called it off in 1997. They both married others but continued working together and built a highly successful business

Years of internal bickering blew open in 2014, when they sued each other for mismanagement and malfeasance. One reason the ensuing legal fight was so long and bitter, experts said, is they never made plans for how one might acquire the other's shares in the event of a falling-out.

Despite the fury at the top, TransPerfect's business was apparently unaffected, giving its founders ample resources to hammer each other in court.

In 2015 a Delaware judge ordered the deadlocked partners to sell their firm. Elting teamed up with Blackstone Group to make a bid, and the private-equity owner of TransPerfect's top rival offered the most money. But a court-appointed referee awarded the company to Shawe, reasoning that he would preserve more jobs. Elting sued to block the sale, but last week she threw in the towel after the Delaware Supreme Court ruling. Phil Kaufman, an attorney for Elting, declined to comment publicly.

In a May 10 email to employees, Shawe wrote, "I am beyond ecstatic, humbled, inspired and grateful to announce that this past week, the greatest storm of challenge and adversity that TransPerfect has ever known has now passed." He said in an interview that he looks forward to rebuilding business halted by the legal dispute.

The first shots in the long war were fired in May 2014, when Elting sued Shawe, alleging, among other charges, that he drank too much at office parties—an accusation she later withdrew. Shawe fired back with a suit claiming Elting had kicked him with her stiletto-heeled shoe during an office argument, resulting in injuries.

The fight soon spread to family members. In 2016 Shawe's mother, who had been granted a 1% stake so TransPerfect could qualify as a womenowned business, sued Elting's husband. Shirley Shawe alleged Michael Burlant, a Cushman & Wakefield real estate broker, steered Trans-Perfect into inferior office space in London by scuttling better lease opportunities to help Elting gain an advantage in the battle.

Even lawyers for the feuding partners were drawn into the fight. Shawe sued Elting's

lawyers at Kramer Levin Naftalis & Frankel twice, while attorneys at Gusrae Kaplan Nusbaum last year sued Shawe, alleging he failed to pay about \$200,000 worth of bills. Shawe described the latter matter as a fee dispute and said it's been resolved.

Harvard Law professor Alan Dershowitz jumped into the spectacle last year to counsel the Shawes. The TV pundit appeared during the summer at a mock court where panelists picked by Shawe agreed he should prevail in his fight. Shawe threw a party for TransPerfect employees after the hearing at a hotel



overlooking the Brooklyn Bridge, and Snoop Dogg performed in the wee hours of the morning.

Judges who tried to sort out the mess repeatedly threw up their hands in frustration. In the summer an exasperated New York state judge declared, "It is time for this saga to end," and scolded the adversaries for "further depleting the court's time and resources." After a Delaware chancery judge decreed Shawe would win the war for TransPerfect, he said his "fervent hope" was that both sides would accept his decision "so that all concerned can move on with their lives."



INTERVIEW BY THERESA AGOVINO

### RAJIV SHAH ROCKEFELLER FOUNDATION

n his 14 months as president, Dr. Rajiv Shah has rededicated the Rockefeller Foundation to eliminating worldwide poverty while also focusing more energy on its U.S. efforts. Ten programs were closed to concentrate on five: food, health, power, resilience and U.S. job growth. Shah has held leadership roles at the Bill & Melinda Gates Foundation, and he was the administrator for the U.S. Agency for International Development from 2009 to 2015. He also founded private-equity firm Latitude Capital.

### What is the Rockefeller Foundation's impact in New York City?

In the past decade we've granted tens of millions of dollars to city-based entities. Every month kids from across the U.S. get to see *Hamilton* thanks to our support. In New York alone, 30,000 kids have participated in the program, and at least 90% of the students participating in the program we sponsor for low-income students have never been to a Broadway show. After Hurricane Sandy, we worked with the city and others to support building a more resilient New York—and that inspired our 100 Resilient Cities initiative around the world.

### Is your approach here different from how you look at any other city?

Yes, for sure. We're part of New York. We have deep relationships with civic and cultural institutions, with business leaders. Our work to found the field of impact investing, for instance, may not have been possible without our presence in the world's financial capital.

### What are some of the programs you eliminated?

We had initiatives for digital jobs and fresh water in Africa. It isn't that we don't think they are important. We want to focus our limited resources on fewer things and deliver truly dramatic results.

### Why the focus on U.S. programs?

Studies show that today 50% or fewer Americans will do better than their parents. My grandfather emptied his retirement account for my dad to come here. There was an abiding faith that in America, if you worked hard and played by the rules, you could succeed. This last election laid bare that so many people, from inner-city New Orleans to rural Ohio, didn't feel like they had access to the American dream.

### What are you doing to change that?

We got commitments last year from 75 employers to extend their impact hiring practices for youths in at-risk communities. We launched a \$10 million partnership with the Chan Zuckerberg Initiative to identify the most promising, practical, data-driven solutions to expand jobs and opportunities in communities left behind. We are also launching a pilot with gig-economy companies to provide collective benefits to help improve outcomes for gig workers.

### What kinds of benefits?

The ones families rely on to provide stability—health care, paid leave, pensions, planned retirement savings—are becoming harder to come by. Today 47% of Americans say they couldn't cover an unplanned \$400 expense, such as a medical bill. So we're focused on modernizing benefits. It may be that something equivalent to an emergency fund works well; it ensures independent workers can access resources when money is tight. Or it could be retirement and health care accounts that can travel with an employee from job to job without penalties. We're working closely with the Workers Lab accelerator to pilot portable benefits that increase financial stability for workers in the U.S.  $\blacksquare$ 

This last election laid bare that so many people didn't feel like they had access to the American dream"



WHO HE IS President of the Rockefeller Foundation

ENDOWMENT \$4.4 billion last year—as of 2016, it has been the 18th-largest among U.S. foundations

ANNUAL BUDGET \$215 million

**EMPLOYEES** 172 worldwide

**BORN** Ann Arbor, Mich.

**RESIDES** Midtown

EDUCATION Bachelor's in economics, University of Michigan at Ann Arbor; M.D., University of Pennsylvania school of medicine; master's in health economics, Wharton School of the University of Pennsylvania

CAREER DETOUR Shah never practiced pediatric medicine, his chosen specialty. His interest in politics and economics led him to volunteer on Al Gore's presidential campaign, which set him on a career path in nonprofits and government.

AT EASE During his first town hall meeting with the Rockefeller staff, he instructed everyone to call him Rai.

### **LEADERSHIP MODEL** An

earthquake struck Haiti the first week Shah was in his job at USAID. "President Barack Obama called and laid out an extraordinarily specific rationale for why we should do everything possible to support our neighbors through this tragedy and how to do it. His logic helped guide me through the next months. He said, 'This is a way to show the best of American values,' and I keep that with me in this role. Rockefeller is the best way to show and deliver American values around the world."



## COURTESY OF MOUNT SINA

### Mount Sinai's Icahn medical school launches \$10M investment fund

The i3 Asset Accelerator will help biotech startups cross "valley of death" by Jonathan Lamantia

LIUM says Mount Sinai's accelerator will quickly evaluate projects.



he Icahn School of Medicine at Mount Sinai has created a \$10 million accelerator fund to speed up the commercialization of research at the school. It's starting with two investments in drugdevelopment ventures.

The i3 Asset Accelerator will provide capital and business development support to its researchers. Icahn joins a growing group of local medical schools—including NYU Langone, Weill Cornell, Columbia and SUNY Downstate—that have dedicated funds to commercialize their research.

"This is a really great way to seed the companies," said Nicole McKnight, managing director at BioLabs New York, which runs a co-working space with NYU Langone for early stage biotech companies in Manhattan. "As funding for basic science kind of shrinks, it's also a key way for the institutions to raise money through royalties."

The state and the city have committed nearly \$1.2 billion combined to develop New York's biotech industry, a source of middle-class jobs, through tax credits, real estate development and some seed funding. Several local drug-development companies have raised investment rounds of \$50 million or more this year.

### **Expediting investments**

The goal of the accelerator—i3 refers to innovation, inflection and impact—is to help Mount Sinai's researchers traverse the "valley of death" in biotech, where startups may perish if they don't get the funding needed to pay for clinical trials. Those results are vital to attracting investment capital from pharmaceutical companies or venture capital firms.

"It was important for the institution to have a fund that could provide funding in a rapid format for a high-potential program," said Erik Lium, senior vice president of Mount Sinai Innovation Partners. "The kind of research we will be funding may not be the type of research that falls within the National Institutes of Health."

Lium said the medical school expects to evaluate potential investments within two to three months. By contrast, it can take years to get funding through other methods.

The money initially will support two research projects. Geneticist Ross Cagan, senior associate dean at Icahn's Graduate School of Biomedical Sciences, and chemist Arvin Dar, an assistant professor of oncological sciences and pharmacological sciences at Icahn, are collaborating on research on colorectal and liver cancer. They have developed a platform to identify potential drugs that has so far yielded several promising candidates, Cagan said.

But pharma companies and venture capital firms aren't quite ready to invest in the venture. "Their message is, 'Come back when you're much further along,'" Cagan said.

Mount Sinai is funding the research before a company has been formed. If the work

yields intellectual property and a company is later created, the medical school will take an equity stake in the venture. "The next step forward is getting data so people want to invest," Cagan said.

The second project the accelerator will fund is research on new therapies for influenza B viral infections, which is being conducted by Florian Krammer, an associate professor of microbiology at Icahn.

Mount Sinai Innovation Partners, which has 36 employees, filed 226 patents last year. The medical school has received \$29.2 million from outside sources to fund research.

Lium said he hopes to expand his team to ensure Mount Sinai can capitalize on opportunities that could ultimately translate into treatments.

100% devoted to world-class heart care.100% devoted to safer healing.100% devoted to faster healing.

Offered only at Northwell Health, the "Follow Your Heart" program monitors our post-surgery heart patients in the comfort of their own homes.

Northwell.edu/followyourheart



### BMW dumps Brooklyn car share on scrap heap, citing high costs

ReachNow, launched with 250 cars, will go on with just six by MATTHEW FLAMM

ar-sharing services that let users locate and unlock a vehicle with just an app and park it within a designated area when done have been growing in New York since Car2go's 2014 launch in Brooklyn. But the business has also been difficult to run.

Last week BMW showed just how difficult.

The German automaker ended its two-year-old ReachNow operation in Brooklyn, emailing members that the service will cease operations June 5. As part of a "pivot" of its business model, the notice read, ReachNow will focus exclusively on its residential fleet service, which consists of exactly six cars serving residents of the Solaire, an apartment tower in Battery Park City.

"The challenging operating environment in Brooklyn—including high damage to vehicles and maintenance costs—means that it's not practical to offer free-floating car sharing at this time," the company wrote.

ReachNow will expand its residential service to 565 Broome SoHo when the Renzo Piano-designed tower opens early next year. It will also continue its operations in Portland, Ore., and Seattle.

Free-floating car sharing contrasts with Zipcar's round-trip model, in

which users pick up a vehicle from a garage or parking lot and return it to the same place.

Researchers have linked both types of car sharing to reductions in personal vehicle ownership, which is one reason the de Blasio administration is helping. The Department of Transportation will launch a two-year pilot program later this spring that sets aside 600 parking spaces for the companies. Half will be inside municipal parking facilities, and the rest will be on the street in neighborhoods across most of the city.

### **Risky business**

Parking is but one issue, though. ReachNow's scale-back did not surprise experts in the urban-mobility sector.

"Car sharing has long been a business that has been tantalizing in its promise but frustrating in delivery," said Michael Ramsey, an automotive research analyst at Gartner. "There are a lot of challenges related to maintenance, allocation and uptake. Finding just the right spot for it is another challenge. Dense urban areas with other transit options haven't worked. The ideal spot seems to be dense suburbs with limited parking and spotty transit."

For some ReachNow users, Brooklyn worked out nicely.

"Each service has its pros and cons,



SATISFIED CUSTOMER: Gardner used shared BMWs for trips.

but I definitely liked ReachNow the best," said Jonathan Gardner, a Crown Heights resident who added that he enjoyed taking his wife and dog on trips outside the city using the service's Mini Clubman sedan. The Manhattan marketing executive does not own a car, in part because he found car and ride sharing more economical.

ReachNow's Minis "were a pleasure to drive and much cheaper than Zipcar," he said. By contrast, Car2go's two-seater Smart cars make him nervous, and he seldom found its Mercedes-Benz CLAs available nearby. "Perhaps the Smart cars are safe, but they're so low to the

ground, you feel you don't have any buffer," he said.

But Daimler-owned Car2go, which has exited a number of markets as well over the years, has apparently been thriving in New York. It has 550 cars in Brooklyn and Queens, up from 400 when it launched in 2014. A spokeswoman said membership was about to surpass 100,000, or double the number it had in 2016.

Daimler and BMW won't be individual competitors much longer. The luxury-car giants announced in March that they plan to merge their mobility services into a joint venture.

### A piece of work

Sheldon Solow could be using Miró paintings from his private, tax-exempt collection to sell condos

**THREE PAINTINGS** that will grace the lobby of a soon-to-open condo and rental project in Midtown East come from developer Sheldon Solow's personal foundation, which receives federal tax benefits.

The Solow Art & Architecture Foundation, at the base of Solow's office building at 9 W. 57th St., has held tax-exempt status since 1991 and claims to exhibit artwork to the public as its mission. But as *Crain's* reported last month, a small gallery housing the works is never open.

Instead, the foundation appears to have benefited from the tax breaks while keeping the collection largely private, a practice that has attracted attention from federal officials elsewhere in the country.

### **Center of attention**

Last week, Solow began using works by Spanish artist Joan Miró as a selling point for 685 First Ave., which is nearing completion between East 39th and East 40th streets. Part of the trip-

tych can be seen in renderings of the building's lobby, which was described last week in a press release:

"The true centerpiece of the space ...is a three-paneled Joan Miró masterpiece from Sheldon Solow's personal collection," the release read. "Once hung in the National Gallery, the stunning artwork will be installed on the back wall of the lobby."

If the work was purchased by Solow personally and then donated to his art foundation, at least part of its value could have been deducted from the developer's federal income taxes.

Back in 2009, the Miró triptych had a fair market value of \$54 million, according to the earliest public disclosure forms available. Five years later, the most recent form to mention it indicated it had a fair market value of \$40 million.

Solow did not comment by press time. It is unclear whether the public will be allowed to view the paintings once they are installed in the new building.

- JOE ANUTA

### Etsy CEO earns \$20M in 12-month turnaround

Joshua Silverman reaps big reward as stock price surges

**ONCE THE CLOUDS** parted, Etsy's CEO, Joshua Silverman, found a pot of gold at the end of the rainbow.

Silverman is looking at a \$20 million gain, thanks to the Brooklyn e-tailer's stock price, which has soared since he took over 12 months ago. Further gains may lie ahead for him because the company reported strong first-quarter results after the stock market closed May 7.

### **Incentives that worked**

Etsy was ailing, and its stock price lagging, when Silverman, a former executive at eBay and Skype, took the CEO job last year. In the following months about a quarter of the workforce was let go, and the company let lapse its status as a B corporation, which recognized its commitment to social and environmental responsibility.

"We did a lot of hard things," Silver-

Now comes the payoff. To help lure him to the CEO post, Etsy's board last year granted Silverman options to buy nearly 4 million shares for \$10.62 each, the market price at the time of the grant. Options on about 1 million of those shares vested in early May, and they're quite valuable because Etsy's stock is now worth more than \$31 a share. Subtract the difference between the exercise price for Silverman's options and Etsy's market value and you get \$20 million. His remaining options on around 3 million additional shares vest in the next three years.

Silverman observed that his compensation package was similar to those offered to executives at like-size companies. His package contained a lot of options so that much of his pay was linked with the company's stock price.

"It so happens that the stock price tripled," he said.

Silverman said Etsy has started hiring staff again and sharing the wealth:
All full-time employees are now eligible for bonuses. Previously only 9% were eligible.

- AARON ELSTEIN

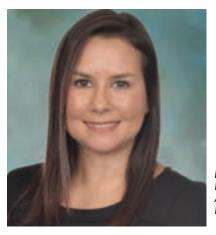


### The evolving landscape of the sports and entertainment business

### An industry insider identifies trends and opportunities

he sports and entertainment business is incorporating new ideas to expand its audience, drive revenues and increase fan engagement. As more business-oriented owners tap into previously unrealized value, technology is changing the way players are acquired and evaluated. Meanwhile, American sports teams and leagues are making an effort to develop a more global perspective.

To get a handle on the latest trends and what to expect from the industry going forward, Crain's Custom recently spoke to Lauren Tomlinson, a partner in the Audit and Assurance Services Practice at EisnerAmper. Tomlinson provides audit services to public and private companies of all sizes. Sports and entertainment is one of her primary focus areas, and she leads the engagements for two of EisnerAmper's major sports clients. Tomlinson is also the founder and chairperson of EisnerAmper Cares, the firm's community volunteer organization.



**Lauren Tomlinson**Partner, Audit and
Assurance Services
Practice

Orain's: What are the major trends in the sports and entertainment business in 2018?

A Tomlinson: One of the biggest is the increased role of legalized wagering in sports. We now see professional football and hockey teams based in Las Vegas, which at one time was unthinkable. Perhaps even more important are the potential revenue streams to teams participating in organized wagering. Witness the popularity of wagering sites such as FanDuel and DraftKings, along with the explosion of fantasy sports leagues.

Another trend is the continued enhancement of sports venues. On the players' side, investment is going into practice and training facilities. From the fans' standpoint, there will be continued investment in ancillary activities, particularly those that appeal to members of Gen Y and Gen Z, as well as those that are family-friendly, such as food options and mobile and interactive technologies, including virtual reality.

*Crain's:* What are a few key ways technology will impact sports and entertainment in the short and long term?

A Tomlinson: One of largest is the application of statistical analysis to sports information. Several years ago,

few teams had an analytics consultant. Today, many teams have an analytics department in-house. This group leverages big data to influence decision-making as it relates to the acquisition of players, in-game strategy and so forth.

Another burgeoning tech area is team-spending on mobile applications. It's no secret that most people live on their phones. Fans can use their smartphones to gain entry to the arena, order food, purchase merchandise and more. For those watching at home, we've seen very lucrative deals where Amazon and Twitter have streamed NFL games, and Facebook is doing the same with MLB games. This portable viewing experience dovetails with the need to attract younger fans.

*Crain's:* Which global markets are potential targets for U.S. sports viewership, and what is the potential impact of that interest on both international sports and investment in U.S. sports?

A Tomlinson: The NBA has done a good job of promoting its sport in Asia; the NFL has had much success in Mexico and the United Kingdom; and MLB has made major inroads into Latin America and the Pacific Rim. Time will tell if these initiatives will result in a major U.S. sport being based outside of North America.

We're also seeing investment and ownership from abroad, particularly in the NBA, with Russian and Indian nationals. Perhaps the best example of the global outlook in sports is Shahid Khan, who was born in Pakistan and moved to the U.S. at age 16. He became a billionaire and now owns the Jacksonville Jaguars of the NFL.

*Crain's:* Sports teams' valuations have shot up recently. What's behind that increase, and do you expect it to continue?

A Tomlinson: Valuations continue to increase for several reasons. First, the broadcast rights are several times higher with each renewal. And because people prefer to watch sports live, there is less of an impact on ad revenue. Another reason is that stadiums today provide more opportunities for monetization, including sponsorships, suite configurations, seat licenses and so forth. Teams continue to come up with new revenue streams, such as iersev patches, which debuted this past season for the NBA. What's more, today's athletes—courtesy of social media—have more opportunities to brand themselves as personalities, thus enhancing team value.

Ultimately, values should increase thanks to supply and demand.

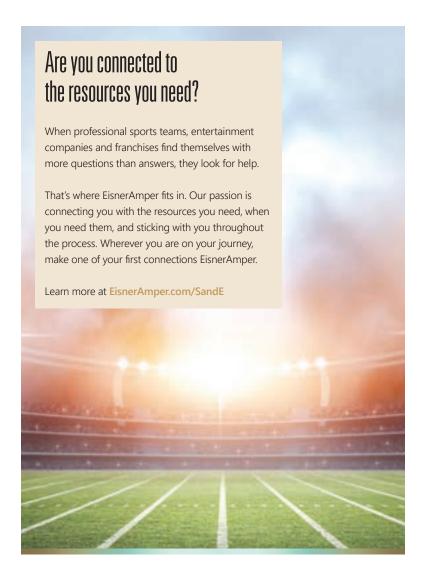
There are only approximately 150 Major League sports teams in the U.S., and they change hands very infrequently.

*Crain's:* Major sports leagues have differing expectations about financial parity. What are the business and accounting considerations that affect their attempts to maintain parity?

A Tomlinson: Each league has its own mechanisms to maintain financial parity among teams, which gives smaller-market teams the opportunity to acquire players and remain competitive. Parity systems could be based on a share of net revenue numbers, an equal share of national revenue or a luxury tax system where a team pays a penalty for spending over a certain dollar amount. The NFL's parity system is based on national contracts over just 16 games, whereas the MLB contracts are very local and spread out over 162 games.

Crain's: Are private equity investors and sports teams a good match for each other?

A Tomlinson: We've seen a big increase in private equity investment in sports over the past decade. These groups have brought a more business-oriented mindset and recognized the unrealized value in sports leagues, as evidenced by skyrocketing valuations. Traditionally, family owners of sports teams pass down the team from generation to generation—a form of stability generally favored by the leagues. But what if one of the succeeding generations doesn't possess the desire, business acumen or financial capital to perpetuate the team? On the other hand, while private equity investors may have the deep pockets and business skills to successfully run a team, they may be less committed to long-term ownership and the community. Going forward, however, it appears that private equity investment in sports and entertainment will be a win for all involved.



**EISNER AMPER** 



### 'Vacancies are rampant' and other myths of city retail

Misunderstanding the market will lead to remedies that backfire by JOHN BANKS

ew York is unbeatable when it comes to our diverse restaurants, shops and boutiques. To those who say the sky is falling in the retail sector, bear in mind that it has been in a perpetual state of flux since the early days of brick-and-mortar commerce.

Unfortunately a number of false narratives have taken hold during the rise of online shopping. Here are **10 common myths** about city retail and why they are not true.

ere are retail

DECLINE IN Manhattan asking rent in the past year

**1** Retail vacancies are rampant. Actually, vibrant retail corridors exist throughout the city, and data

from business improvement districts indicate vacancy rates are stable. In fact, retail square footage has grown 20% since 2004 in Manhattan alone. Since 1998 the city has added 90,400 retail jobs.

**2** Businesses are closing only because of high rents. Nationally, the retail sector is in the midst of a monumental transformation. Locally, businesses face increasing costs from wage and benefit regulations, constant and arbitrary fines from city agencies, and anti-business sentiment in the form of community board denials of liquor licenses and onerous rounds of public review for routine Landmarks Preservation Commission approvals. The failure rate of retail busi-

nesses is the same as it was 20 years ago: 20% of businesses close within a year, and 50% within five years.

**3** Rents keep going up with no end in sight. According to CBRE, the average asking rent in Manhattan has declined 18% in the past year, including 25% in the West Village.

4 Property owners benefit from empty storefronts. Even when storefronts are vacant, landlords have to pay property taxes—which have doubled in the past decade—and operating expenses such as utilities. There are no tax benefits for keeping space empty. The growth of new retail corridors means property owners need to adapt to compete. As rents have fallen, popups with short-term leases have been on the rise to fill space.

**5** A vacancy tax will fill retail cavities. In a retail market in transition, another tax would only add to the burden faced by landlords, a majority of whom are small owners. Co-ops that own their retail spaces need them filled to keep down maintenance costs. A vacancy tax also does nothing about regulatory hurdles, permit delays and community board denials.

**6** The Small Business Jobs Survival Act is a silver bullet. Beyond questions of its legality, the City Council's proposed legislation mandating 10-year leases won't



change small-business failure rates, which have been consistent for 20 years across all categories. This commercial rent-control bill ignores the growth in popups and short-term leases as creative responses to the rise of e-commerce and would further restrict market flexibility.

**7** Chain stores are too big to fail. National chains are not immune to retail failure, as witnessed by the demise of RadioShack, Toys R Us and others. Franchises such as Dunkin' Donuts—with 612 stores, the city's largest retailer—are independently owned, and many chain retailers began as small, independent businesses. Magnolia Bakery, Two Boots and Dig Inn all grew from single locations in New York City.

Restrictive zoning can reduce retail vacancies. To the contrary, limiting potential tenants makes it more difficult to keep stores occupied. A survey of retail on Broadway showed the highest concentration of vacant storefronts were in SoHo and on the Upper West Side, which have more restrictions on retail than the rest of Broadway.

**9** Landmarking helps small businesses. Areas of the city with the most notable vacancy rates are in landmarked districts such as the West Village and SoHo and on Madison Avenue. Complying with their regulations is time-consuming and expensive; on average it takes more than three months to receive a storefront approval from the landmarks commission. In the West Village, it takes twice as long. Landmarked areas are also losing population and foot traffic, hurting small businesses.

10 The city itself is vanishing. New York is a dynamic city that is constantly evolving. While it is true that e-commerce is disrupting traditional retail, a growing number of internet sellers are opening brick-and-mortar stores. Successful retailers are also adapting with creative new uses focused on experiential retail.

If policymakers, advocates and the general public do not separate these myths from reality, we are liable to end up with responses to the problems that only make things worse for retail businesses and property owners.

John Banks is the president of the Real Estate Board of New York.



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.

KeyBank Branch Name	Address	City	State	Zip	Branch Close Date	Interest	Lease Expiration Date	Local Broker Name	Company Name	Contact Phone Number	Email Address	
ENY - Syracuse												
Adams Center	Main Street, Route 11	Adams Center	NY	13606	5/25/2018	Own	N/A	Alison Burnside	The Dartmouth Company	518-785-8200 x3	aburnside@dartco.com	
Tully	1 Clinton St., PO Box 630	Tully	NY	13159	5/25/2018	Own	N/A	Alison Burnside	The Dartmouth Company	518-785-8200 x3	aburnside@dartco.com	
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 tbalentine@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 tbalentine@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 tbalentine@pyramidbrokerage.com	
ENY - Albany												
Hillsdale Supermarket	2628 State Hwy 23	Hillsdale	NY	12529	6/8/2017	Lease	5/31/2020	Alison Burnside	The Dartmouth Company	518-785-8200 x3	aburnside@dartco.com	

### Why the next attorney general could be the next governor

Spitzer and Cuomo showed how the post can make a career



**GREG DAVID** 

THE LIST OF PEOPLE thinking about running for attorney general is growing by the day, and the reason is clear: It has become the best steppingstone to higher office. The position offers a platform to make a name

for oneself. The question in this year's campaign is what playbook the next attorney general will embrace and what that will mean for the rest of us.

Eliot Spitzer pioneered the strategy by earning the "Sheriff of Wall Street" title for exposing and prosecuting Wall Street practices that took advantage of small investors during the tech boom of the 1990s. He also tackled abuses in college-savings and retirement accounts. Taking on Wall Street, the state's most important industry, was a godsend for Spitzer, given the anger that followed the tech collapse—never mind that it encroached on the territory of federal

regulators. His crusades made him the most popular politician in the state by 2006, when he coasted to a landslide victory in the governor's race.

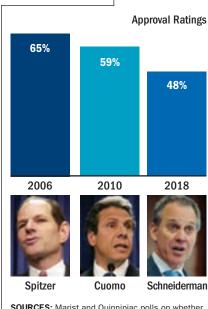
Spitzer's successor as attorney general, Andrew Cuomo, took the same approach and applied it to unscrupulous debt collectors, health insurers who were shortchanging cancer patients and providers of student loans that cost college students and their parents dearly. The strategy rehabilitated his tattered image and allowed him to walk into the governor's office with a resounding victory in 2010.

The now-disgraced Eric Schneiderman sought to emulate those two men because he wanted to be governor too, but he floundered for a while trying to find the right issues. Then along came Donald Trump, whom he had already sued over Trump University. Schneiderman filed lawsuit after lawsuit to block Trump's agenda on immigration, climate change and any other issue where he could score points.

Schneiderman elbowed his way into the headlines and onto cable TV, but he had not yet turned that into the kind of momentum Spitzer and Cuomo achieved when they ran for governor. Only 48% of New Yorkers approved of the job Schneiderman was doing in the most recent poll, which showed a sizable 30% had no opinion of him.

It's worth noting that none of Spitzer's reforms prevented the even worse Wall Street abuses that led to the financial crisis of 2008. By rejecting lawsuits filed by Schneiderman and others over the travel ban, the Supreme Court showed it is likely to thwart legal efforts to hamstring Trump. With the exception of Preet Bharara, who has proved he would be a substantive attorney general, all the potential candidates would seek to be the aggressive, swashbuckling attorneys general that Spitzer and Cuomo were. Whoever campaigns best on that message will win election in November. Less certain is whether that is good for New Yorkers. ■

### MAKING A NAME AS AG



**SOURCES:** Marist and Quinnipiac polls on whether voters approved of attorney general's performance

GREG DAVID writes a regular column for CrainsNewYork.com.

### Uber won't give up on congestion pricing

Transit funding and traffic challenges need a comprehensive fix BY SARFRAZ MAREDIA

traphangers know that the subway system, one of the city's crown jewels, is in dire need of an upgrade, and anyone who has traveled in Manhattan by car knows how crowded the streets can be.

In April the Legislature took a step toward solving these problems, but the task is far from complete. Uber is committed to helping get the job done.

During the summer, decades of underinvestment in transit bubbled over into the "summer of hell," with subway nightmares and headache-inducing street congestion. Gov. Andrew

Cuomo took a leadership position by supporting congestion pricing, which is the best way to fully fund mass transit and reduce gridlock in Manhattan.

As a New Yorker who rides the subway, I was hopeful about transit funding and congestion when the Statehouse tackled these issues during the recent budget season. While it imposed fees on taxi and for-hire rides (including Uber's), the Legislature failed to address transit funding and congestion in a comprehensive way.

Many factors have contributed to New York's position as the nation's second-most-congested city. The addition of pedestrian plazas, bike lanes and dedicated bus lanes—all of which have

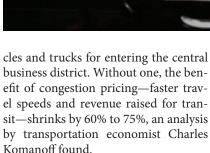
their merits—have reduced available roadways. E-commerce has increased truck deliveries. Every day more than 2.7 million cars take bridges into New York without paying for the privilege. The number of Ubers and taxis on city streets pales in comparison.



### **Gaping exemption**

The fee on for-hire vehicles and taxis was a good start. It's a financial incentive for people to share rides using options like UberPool. But for-hire vehicles are a small portion of cars in Manhattan. Uber and the other apps account for about 25% of vehicle mileage in the central business district and even less during peak congestion periods.

Transit advocates who have studied this issue emphasize the importance of a cordon that charges personal vehi-



Meanwhile, many residents outside of Manhattan have a different problem: limited mass transit. Some live a mile from the subway, while others take two buses to get to work. We need more funding to improve that. The surcharge on for-hire rides will raise \$400 million annually, but that's not enough to fund the necessary transit improvements. A fee applied to all vehicles could raise \$1 billion a year. This money could be used to improve the subway system and add service in communities that need it.

The only way to solve both of these problems is by addressing all sources of

congestion and raising sufficient funds to keep the city's greatest asset, its transit network, in good repair.

Polls show a pricing cordon is unpopular, but those polls don't offer the full story. Only a tiny portion of New Yorkers drive into Manhattan's congested corridor. Polls should measure public support for improving subway and bus service outside of Manhattan.

Uber has long supported comprehensive congestion pricing, and we've been working for the past several months to raise awareness among New Yorkers. We will continue supporting congestion pricing to get it over the finish line. Every day is a chance to show our leaders that New York City desperately needs a real solution.

Sarfraz Maredia is the regional general manager of Uber in New York City.



Ranked by state tax credits earned in 2017

### **EARLY RETURNS**

BS was the biggest beneficiary of the state's film and TV tax incentive in 2017. Four of the network's series topped *Crain's* list of productions that received the largest rebates. Altogether, CBS earned a combined \$160 million in state subsidies.

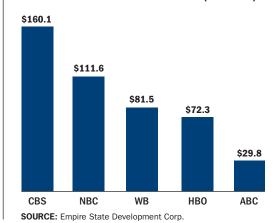
The tax credits are based on a project's total cost and aren't calculated until after production wraps. That's why our 2017 list includes some longgone shows, such as HBO's period drama *Vinyl*, which was canceled in 2016 after an expensive but uneven first season.

After applying to pre-qualify, producers must submit receipts to the Empire State Development Corp. The agency then tabulates which of a production's costs are eligible. All must be "below the line" expenses, which leave out salaries for producers, directors, actors and writers. Incidental costs such as hotel stays aren't included either. For qualifying expenses paid in the five boroughs, the state reimburses 30% of the total outlay, while upstate shoots are eligible for an additional 10% rebate. Last year 230 productions spent more than \$3 billion in the state and earned back \$681 million through the tax-credit program. — GERALD SCHIFMAN

### **FUNDING CHANNELS**

Two of TV's Big Three networks—CBS and NBC earned the largest subsidies in 2017 after spending a combined \$1.3 billion in the state.

■ Total credits (in millions)



**201K** 

**TOTAL NUMBER** of hires across all 230 productions that received state credits last year

\$43.36

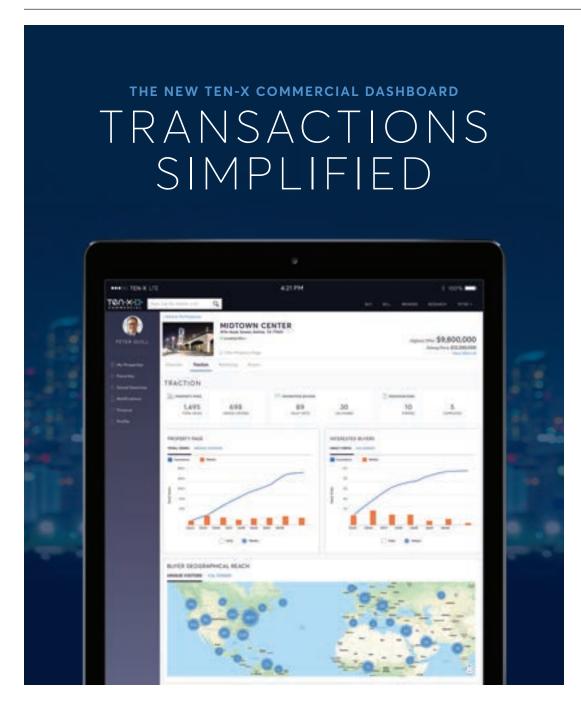
**AVERAGE HOURLY WAGE** for under-theline film and TV employees

PORTION OF state tax credits earned through postproduction expenditures

RANK	PRODUCTION	NETWORK/ PRODUCTION COMPANY	SEASON(S)	2017 Total Tax Credit (In Millions) <sup>1</sup>	2017 QUALIFIED COSTS (IN MILLIONS) <sup>2</sup>	2017 TOTAL STATE SPENDING (IN MILLIONS) <sup>3</sup>	2017 Total Hires <sup>4</sup>
1	<b>Elementary</b> TV series	CBS Eye Productions Inc.	3 & 4	\$41.2	\$137.2	\$184.1	10,323
2	Blue Bloods TV series	CBS Eye Productions Inc.	5 & 6	\$39.5	\$131.8	\$198.5	10,864
3	Madam Secretary TV series	CBS Eye Productions Inc.	1 & 2	\$39.5	\$131.5	\$167.5	10,623
4	The Good Wife TV series	CBS Eye Productions Inc.	6 & 7	\$31.0	\$103.3	\$152.0	8,425
5	Gotham TV series	Fox Warner Bros. Television	2	\$24.5	\$81.5	\$111.5	4,743
6	<b>Vinyl</b> TV series	HBO Broken Record Productions	1	\$23.4	\$77.9	\$104.8	5,391
7	Royal Pains TV series	USA Network Universal Television/ Open 4 Business	6, 7 & 8	\$22.7	\$75.6	\$100.4	5,282
8	The Tonight Show Starring Jimmy Fallon Late-night talk show	NBC NBC Studios	1	\$20.9	\$69.5	\$93.5	1,904
9	Person of Interest TV series	CBS Bonanza Productions	4	\$19.7	\$65.6	\$95.4	5,048
10	<b>Blindspot</b> TV series	NBC Warner Bros. Television	1	\$18.7	\$62.4	\$78.6	4,304
11	The Knick TV series	Cinemax Shadow Infirmary Productions	2	\$17.2	\$57.4	\$73.8	2,948
12	Luke Cage TV series	Netflix ABC Studios	1	\$15.5	\$51.6	\$59.9	3,919
13	<b>Billions</b> <i>TV</i> series	Showtime Possible Productions Inc.	1	\$14.5	\$48.4	\$62.4	4,337
14	Iron Fist TV series	Netflix ABC Studios	1	\$14.3	\$47.6	\$61.6	3,700
15	<b>Power</b> TV series	Starz Starz Power Productions	3	\$13.6	\$45.3	\$55.9	3,949
16	<b>Law and Order: SVU</b> TV series	NBC Universal Network	16	\$13.6	\$45.2	\$77.2	5,501
17	The Affair TV series	Showtime Possible Productions Inc.	2	\$12.7	\$42.4	\$55.6	3,417

RANK	PRODUCTION	STUDIO/ PRODUCTION COMPANY	SEASON(S)	2017 Total Tax Credit (In Millions) <sup>1</sup>	2017 QUALIFIED COSTS (IN MILLIONS) <sup>2</sup>	2017 TOTAL STATE SPENDING (IN MILLIONS) <sup>3</sup>	2017 Total Hires <sup>4</sup>
18	The Night Of TV series	HBO The Night Of Productions	_	\$12.4	\$41.5	\$51.9	3,604
19	The Americans TV series	FX TVM Productions Inc.	4	\$11.9	\$39.8	\$53.8	2,605
20	<b>The Girl on the Train</b> Film	_ DWS New York	-	\$11.7	\$39.0	\$50.2	2,439
21	<b>Mysteries of Laura</b> <i>TV series</i>	NBC Warner Bros. Television	2	\$11.5	\$38.5	\$49.6	4,291
22	<b>America's Got Talent</b> Reality television	NBC Marathon Productions Inc.	8	\$11.0	\$36.7	\$55.7	895
23	The OA TV series	Netflix Lunar Mining	1	\$10.9	\$36.4	\$43.1	2,134
24	<b>Younger</b> TV series	TV Land Viacom International Inc.	2 & 3	\$10.5	\$35.2	\$51.3	5,594
25	<b>Divorce</b> TV series	HBO Across the Pond Productions	1	\$8.2	\$27.3	\$41.2	2,450

Dollar figures reflect tax credits approved during calendar year 2017 and are based on spending receipts submitted to New York state. n/a-Not available. 1-Taken as a percentage of the qualified costs. 2-Total expenses incurred that qualify for the state tax credit. Salaries of actors, writers and directors are not qualified. 3-Total spending by the production in New York state. This field includes the salaries of actors, writers and directors. 4-All hires for a project, including actors. Source: Empire State Development Corp., with additional research by Gerald Schifman





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# THE PRICE OF BINGE FILMING

Netflix is helping fuel the city's production boom, but a close look at its financials reveals a company burning cash fast

**BY SARA SILVER** 

etflix has given a big boost to movie and TV productions in New York. *Maniac*, a highly anticipated comedy series starring Jonah Hill and Emma Stone, was shot locally during the summer, while bingeworthy superhero shows *The Defenders* and *Jessica Jones* are filmed—and set—in the city. The streaming service is a big reason why a record 56 TV series were shot on the streets of Gotham last year, the mayor's office said.

But even as Netflix plays a starring role in the local production scene, the new-media giant carries some financial risk that could force it to curtail its filming boom.

With a stock market value of \$143 billion—as much as Time Warner and Rupert Murdoch's 21st Century Fox combined—plus a production budget of \$8 billion for shows this year alone, Netflix looks bulletproof. Indeed, it's the N in FAANG, the market's acronym for Facebook, Amazon, Apple, Netflix and Google, a group of companies that investors think will further dominate media and retail even if the economy cools. Together, these five stocks account for a record 27% of the value in the Nasdaq Composite Index, according to Bloomberg News. Shares of Netflix are trading at 209 times its trailing 12-month earnings. By comparison, Apple shares are trading at 18 times those earnings.

But a look behind the scenes reveals a company burning cash and financing its production binge with junk bonds. Its ballooning liabilities and offbalance-sheet obligations for future productions now exceed \$28 billion, \$18 billion of which is to be repaid by 2021. While media companies often have large obligations for shows they plan to buy or make, many are more diversified and have positive cash flow. In some respects, Netflix's current financial picture recalls the dot-com era, when fast-growing firms raced to change the world using someone else's cash. Netflix has become a major force in the city's TV- and film-production industry by borrowing to pay its bills.

The company's biggest challenge is that it's spending more to acquire, license and produce original shows than it earns from subscriptions. That isn't expected to change anytime soon, in part because Amazon, Apple and other showbiz interlopers are also shelling out top dollar to make shows and acquire talent. Netflix expects to burn through \$3 billion to \$4 billion in cash on productions this year, roughly double what it used up in 2017.

"The question is whether the investment in new content assets will generate enough cash to pay off the liabilities," said Dennis Caplan, head of the accounting department at the University at Albany.

### **Boom times**

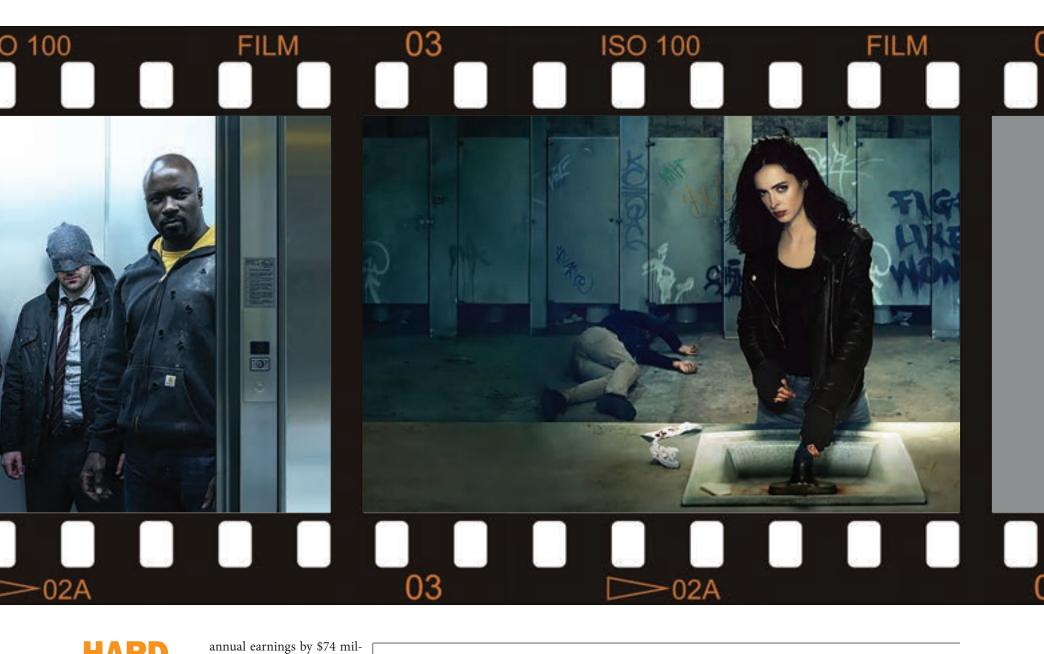
Make no mistake: Netflix is growing faster than ever. Revenue increased by 32% last year, to \$11.7 billion. And there is no sign of a slowdown: Sales so far this year have grown a whopping 43% as its subscription base rose to 119 million.

But the cost of running such a massive media machine—plus filming so many original shows in pricey New York City—is formidable.

The company's financial issues start with the \$16 billion in debt and other liabilities on its balance sheet, which is not unusual for such a large company. But footnotes on its financial reports reveal roughly \$10 billion in obligations for content with costs or timing that is too vague under accounting rules to be listed on the balance sheet. These future costs include licensing deals for series that could potentially run for one season or dozens, contracts to buy movies that have yet to be shot or released, and cash to fund original shows years away from filming. Netflix acknowledges these off-sheet obligations may actually rise to \$13 billion to \$15 billion.

So when will the company generate sufficient cash to service its debt and pay off its obligations? That's seldom a straightforward calculation for a fast-growing media concern, and Netflix's own financial reporting makes matters even murkier. For instance, last month the company announced it went through \$107 million less cash than a year ago—a sign that it was getting a handle on its escalating production and licensing costs. But zoom in on accounts payable and you'll find unpaid bills that saved most of that cash. In other words, Netflix is paying film and TV producers here and elsewhere more slowly than it did before.

The company also benefited from changes in accounting rules. For example, it fattened last year's



HARD CASH

\$18B

**TOTAL** liabilities Netflix is due to repay by 2021

lars' worth since 2015.

These accounting changes come with the blessing of its auditors at EY. But earlier this year, Netflix was forced to reissue its audited financial statements because EY forgot to sign off on the footnotes, including the \$10 billion in off-balance-sheet items. The accounting firm declined to comment.

lion, to \$560 million, by re-

cording as profit money it had set aside to pay taxes on

stock grants doled out to top

employees. This could be a lucrative well to draw from

for some time because Net-

flix, like many tech compa-

nies, is generous with stock

options and has granted its executives half a billion dol-

### Don't make a scene

For now, Netflix isn't eager to create any drama surrounding its finances. Rather than hold quarterly conference calls to discuss earnings with potentially pesky brokerage-firm analysts—an exercise that recently brought Elon Musk much grief—it instead invites one lucky Wall Streeter to conduct an on-camera interview with top executives. Last year the company gave the spotlight to an analyst who had previously compared Netflix to Jesus: "Either you believe or you don't," Todd Juenger of Sanford C. Bernstein wrote. "We believe."

A Netflix spokesman said the company has tried a variety of formats for its earnings calls and has selected interviewers who do not favor the stock. He noted that anyone is welcome to suggest questions to the interviewing analyst.

But as the University at Albany's Caplan observed, it is a practice that's "consistent with a company trying to avoid hard questions."



\*2017 Greenwich Excellence Award for Likelihood to Recommend in the West. Based on interviews conducted by Greenwich Associates in 2017 with more than 30,000 executives at businesses across the country with sales of \$1-500 million. City National Bank results are compared to leading competitors on the following question: How likely are you to recommend (bank) to a friend or colleague?

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he city's highest-end condominium towers have been blamed for casting shadows over Central Park, exacerbating the affordability crisis and helping foreigners hide dirty money.

Now, add hastening climate change to the list.

As city government has begun collecting and publicly disclosing energy consumption in buildings, it has emerged that many of the most luxurious residential projects are also conspicuous consumers of energy.

While sustainability features have become ubiquitous in the world of commercial office space, it has been largely absent from the city's high-end condo market. Even as green technology has become more sophisticated, cost-efficient and available, high-profile builders such as Extell Development, Vornado Realty Trust and Zeckendorf Development have raised projects that ignore, if not mock, the goal of environmental stewardship. Several projects that are underway and have not yet reported their energy load are likely to perform just as poorly.

The trend has gone virtually unnoticed despite Mayor Bill de Blasio's championing of a goal to cut the city's greenhouse-gas emissions by 80% in the next 30 years. Roughly 70% of the city's carbon footprint is from the energy used by buildings. A report by the Urban Green Council found that about 70% of that is attributed to office and residential properties.

"For the city to meet its climate goals, almost every building needs to drastically reduce its energy usage," said Lindsay Robbins, a senior adviser at the Natural Resources Defense Council who studies energy consumption in the city. "It's shocking that these high-end buildings are performing this poorly."

The situation presents a stark dichotomy. The developers of high-profile super-luxury residences, including 432 Park Ave., 157 W. 57th St. and 20 W. 53rd. St., lure affluent buyers with prime locations, architecture by star designers, huge windows with soaring views, fancy fixtures, exotic wood and marble—and such energy-guzzling amenities as heated pools, saunas and temperature-controlled wine cellars.

Commensurately sophisticated carbon-conscious equipment and materials

### HIGH-END CONDOS EATING UP ENERGY

As NYC moves to cut greenhouse gases, new projects show scant sensitivity to environmental concerns.

But do upscale buyers even care?

### **BY DANIEL GEIGER**

would have offset the impact. Instead, many luxury developers did not even invest in basic green systems.

A partnership between Harry Macklowe and Los Angeles real estate investment firm CIM, for instance, eschewed high-efficiency natural-gas boilers—which have become commonplace in new development—at the 1,400-foot-tall luxury spire they built at 432 Park Ave. Rather, they used a system driven by steam from Con Edison—among the least efficient sources for heat and hot water. Steam piped under the city's streets dissipates at a much faster rate than electricity moving over the grid, experts say. As most New Yorkers can attest, steam often leaks—wafting up from manhole covers—or is deliberately vented to alleviate pressure.

According to data from 2016, the most recent released by the city, 432 Park Ave. used 214,900 British thermal units per square foot, 73% more than the median figure for residential buildings in the city. The building's Energy Star score, a measure devised by the Environmental Protection Agency to reflect energy use, was a dismal 4 out of 100.

Most multifamily buildings in the city—even if decades old—score above 50.

Reports indicate 432 Park Ave. achieved Leadership in Energy and Environmental Design certification status, perhaps the best-known sustainability scoring system. LEED certification, however, weights criteria far removed from energy consumption, such as whether construction materials are locally sourced and whether a building avoids paints and varnishes that contain harmful solvents.

Developers say people shopping for upscale apartments do not focus on a property's energy performance, unlike many corporate tenants, which require that their space meet environmental benchmarks. Luxury residential builders have been wary to spend money on energy-saving systems that they cannot recoup from buyers.

"It's not proven anyone will pay you a higher price per square foot for an apartment because the building is more energy-efficient," said Joe McMillan, the principal and founder of residential development firm DDG, a rarity among condo builders in that it has received or is seeking LEED Silver or better certification for its eight projects in the city. "To go through the process of LEED is not

an insignificant sum of money. It costs hundreds of thousands of dollars, at least. I believe the market will come to a point of recognizing it, but when, I don't know."

The race for new echelons of luxury has exacerbated the carbon toll. Besides the pools, saunas and wine cellars are amenities that more subtly suck up power, such as climate-control systems that keep apartments at a constant temperature and humidity level to prevent pricey furniture and art from swelling and contracting as seasons change.

The very shape of many new towers fosters inefficiency. Buildings have taken on needlelike dimensions in recent years so developers can reap premium prices for commanding views. Powerful elevators needed to quickly whisk tenants to residences high in the sky use more electricity than conventional lifts, and pencil-shaped buildings leave more surface area to bleed heat in the winter and cool air in the summer.

Meanwhile, concrete and glass—the materials of choice for high-end development—are among the poorest insulators. Without mitigation efforts, buildings that fit these criteria perform like energy hogs.

Take 157 W. 57th St., a 1,000-foot condo and hotel building clad in blue tinted glass. Completed in 2014 by Extell, it pioneered a boom of supertall, ultra-luxury towers overlooking Central Park. It used 291,500 BTUs per square foot in 2016, 66% more than the typical residential and hotel property in the city. The building's electrical consumption alone was twice the average for mixed-use hotel and residential properties. Energy Star score: 2.

The Baccarat Hotel and Residences at 20 W. 53rd. St., which used prismatic glass as a signature element and brand attachment to the crystal maker, used 117% more BTUs and 78% more electricity per square foot than the median for residential buildings and hotels in the city.

### **Rentals are more efficient**

City officials were not paying close attention to projects' energy efficiency when 157 W. 57th St. and 20 W. 53rd St. broke ground in 2010 and 2012, respectively. Gina Bocra, the Department of Buildings' chief of sustainability, said it would be difficult to build properties today that perform as poorly.

"Before 2014, there was little to no enforcement whether a property was meeting the baseline efficiency levels set by the building code," she said. "And in 2016, we upgraded the code to be 25% more efficient than it was."

Buildings constructed now must be about 50% more efficient than what was required in the 1980s, Bocra said.

Developers of rental properties have been notably more environmentally conscious than condo builders, in large part because it benefits their bottom line to save on electricity, fuel and water. For instance, the Durst Organization, which has been incorporating green measures across its many properties and projects in the city, installed a blackwater treatment system at the Helena and Via, two adjacent residential buildings it owns on the Far West Side. The system collects wastewater, cleanses it in a 60,000-gallon vat with special microbes and recycles it to the buildings' toilets and gardens.

"The buildings are about 47% more efficient than buildings of this size in terms of their water consumption," said Sydney Mainster, Durst's director of sustainability. "It saves potable water and saves the sewer system from having to take on our wastewater, which protects the waterways."

At John F. Kennedy International Airport, MCR Development is installing natural gas—driven reciprocating engines to fully power the new TWA Hotel, which will be completely off the power grid. Waste heat from the generators will be harnessed to provide hot water, a technique that is gaining currency. Extra energy will be stored in a truck-size battery for use during peak periods.

Other builders have recently pursued even more cutting-edge standards. Justin Palmer, founder and CEO of Synapse Development Group, adopted innovative techniques to build Perch Harlem, a 34-unit, 7-story apartment building at 542 W. 153rd St. The \$24 million rental project achieved Passive House certification, one of the most stringent energy-consumption standards, which limits BTUs per square foot to 38,100, less than a third of the average.

"This building uses 80% to 90% less energy than a typical multifamily building," Palmer said. "And it didn't cost more

### THE DIRTY HALF-DOZEN:



20 W. 53RD ST. EUI: **382.4** Energy Star score: **1** 



157 W. 57TH ST. EUI: **291.5** Energy Star score: **2** 



15 CENTRAL PARK WEST EUI: **221.4** Energy Star score: **1** 



432 PARK AVE. EUI: **214.9** Energy Star score: **4** 



23 E. 22ND ST. EUI: **213.6** Energy Star score: **1** 



150 CHARLES ST. EUI: 141.9 Energy Star score: 18

**EUI** is energy use intensity. **ENERGY STAR** scale is 1-100.

to design or implement. It's a false perception that you have to make sacrifices to be energy-efficient."

Palmer gave the building an ultra-efficient foam facade and insulated every attachment between it and the building's structure. It became, in effect, a thermos, locking in heat and cold, regardless of the temperature outside. Heating and cooling accounts for roughly half of a residential building's energy consumption, the Urban Green Council said, making climate control crucial for efficiency.

"No one was building to Passive House standards in the city, but then again, no one had really built an electric car before Elon Musk, and now he's crushing it," Palmer said. "My view was, Let's take a radically different approach and build a community around environmental responsibility."

Palmer aims to achieve Passive House standards at a 14-story rental project Synapse is planning for Williamsburg.

On Roosevelt Island, The Related Cos. is building a 26-story student and faculty housing project to Passive House standards as part of the new Cornell Tech campus. In recent years the mega-developer has sought LEED certification for all its residential projects—rental and condo—in the city.

Some other condo builders appear to be taking steps toward efficiency. Hines is equipping the 1,050-foot, pyramid-shaped condo tower it is raising next to the Museum of Modern Art with 5,747 highly insulating triple-pane windows. The German-made 12-foot-by-7-foot windows cost millions more than conventional double-pane units, said David Penick, a vice president at Hines. It may be the largest installation of ultra-efficient glass in the city.

"It makes a window behave almost like a solid wall in terms of its thermal performance," Penick said. "But it definitely costs a premium."

The firm, which has developed several other green-conscious projects in the city, including the LEED Gold-certified office building at 7 Bryant Park, has its own efficiency mandates. But it did not use energy savings in its pitch to potential buyers at 53 W. 53rd St., illustrating the lack of confidence even environmentally oriented builders have that upscale buyers will care. Instead, the windows are being touted for being draft-free and buffering outside noise.

"There's improved acoustic performance, and buyers will notice that it makes the perimeter of an apartment very comfortable," Penick said.

At 40 Mercer St., a condo it recently built in SoHo, Hines considered using geothermal energy, a technique where piping, bored hundreds of feet belowground, uses the ambient temperature of the earth to provide heating in the winter and cooling in the summer. But the property lacked the necessary basement space.

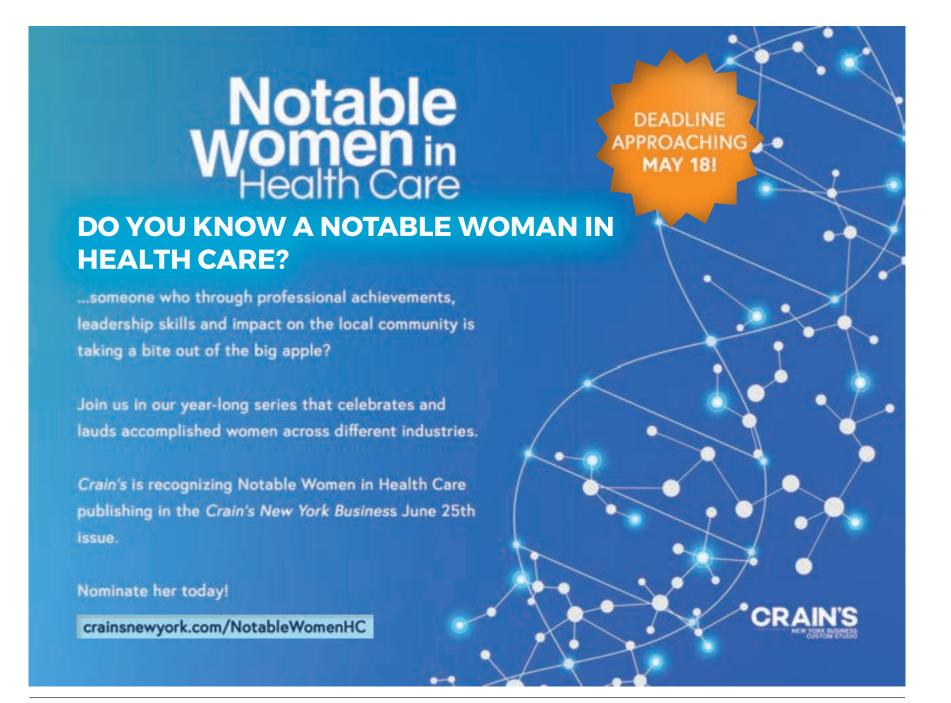
The city's building code now requires building owners to consult with energy experts on ways to cut electricity and fuel consumption. In 2020 landlords will be required to publicly post energy grades, akin to restaurants' cleanliness ratings.

A gulf, however, remains between just meeting the code and pushing the boundaries of energy efficiency. Some condo developers appear focused on simply doing what is required. Extell is building the condo spire Central Park Tower; at 1,550 feet, it will be the tallest building by roof height in the city. A spokeswoman could not identify any systems or materials that will allow it to perform better than Extell's energy dud at 157 W. 57th St.

A condo tower being raised by Zeckendorf Development at 520 Park Ave., east of Central Park, appears to be following the same development model as a ritzy project the family-owned firm raised more than a decade ago, 15 Central Park West. That property consumed 253,700 BTUs per square foot in 2016, almost double the median energy use, and had an Energy Star score of 1, the lowest possible mark on the 100-point scale.

Vornado Realty Trust, meanwhile, is finishing 220 Central Park South, an 83-unit ultra-luxury building near Columbus Circle. That building too does not appear to incorporate any efficiency measures into its design.

"Just because these buildings are newly built doesn't mean they can't become energy-efficient [in the future]," said Robbins of the Natural Resources Defense Council. "But it's going to cost extra money to upgrade them. In some senses, given the wealthy buyers in these properties, they're probably in a financial position to do everything they can to be more efficient."





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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 Qualification of NOMA PROP ERTIES 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 proc ess 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 is hereby given that a license number 1310130 for a Restaurant Beer/Wine License has been applied for by BB ORCHARD LLC under the Alcoholic Beverage Control Law for premises located at 173 Orchard Street, New York, New York 10002, County of New York, for on-premises consumption.

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 Qualification of LIBREMAX CAPI-TAL 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

Notice of Formation of Amenia 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

NOTICE OF FORMATION OF Inside Out Nutrition, LLC filed Articles of Organiza tion with the NYS DOS on February 12 2018. The Secretary of State is designated as agent of the LLC upon whom process against it may be served. The office of the LLC and address to which the Secretary of State shall mail a copy of any process shall be 157 Courtshire Lane, Penfield NY 14526, Monroe County. The purpose of the LLC is to engage in any business permitted under

Melendez Consulting, LLC. Art. of Org. filed with the SSNY on 3/14/18. Office: Richmond County. SSNY designat ed as agent of the LLC upon whom process against it may be served. SSNY shall mail copy of process to the LLC, 7014 13th Avenue, Suite 202, Brooklyn, NY 11228. Purpose: Any law ful purpose

Notice of Formation of AUBREY VEN-TURES 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 upor 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 Formation of BETANCES PART-NERS LLC Arts. of Org. filed with Secy. of State of NY (SSNY) on 04/04/18. Office location: NY County. Princ. office of LLC: c/o New York City Housing Authority, Attn: General Counsel, 250 Broadway, 9th Fl., NY, NY 10007. SSNY designated as agent of LLC upor whom process against it may be served. SSNY shall mail process to the LLC at the addr. of its princ. office. Pur pose: 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 upor 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.

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

Notice of Formation of Northern Manhat tan 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: any lawful act.

210 EAST 52ND STREET GK LLC. Arts. of Org. filed with the SSNY on 03/ 22/18.0ffice: New York County. SSNY designated as agent of the LLC upon whom processagainst it may be served. SSNY shall mail copy of process to the LLC, c/o Gene Kaufman 79 Fifth Avenue, 18th Floor, New York, NY 10003. Purpose: Any lawful purpose

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 VIRTVS LLC. Arts of Org filed with Secy. of State of NY (SSNY) on 4/18/18. Office location: NY County. SSNY designated agent upon whom process may be served and shall mail copy of process against LLC to 151 East 83rd Street, Apt 3GH, New York, 10028. Purpose: any lawful act.

Notice of Qualification of TRINITY NORTHEAST BROOKLYN DEVELOP MENT 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 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

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 Coun ty. 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 Limited Liability Company (LLC). NAME: Eric Brown Studio, LLC. - Articles of Organization filed with the Secretary of State of New York (SSNY) on April 20, 2018. Office location: New York County. SSNY shall mail a copy of process to: The LLC, 360 West 22nd Street, Apt. 12F, New York City, New York 10011. Purpose: Any lawful purpose

Notice of Qualification of DISNEY STREAMING DISTRIBUTION LLC Appl. for Auth. filed with Secy. of State of NY (SSNY) on 04/27/18. Office location: NY County. LLC formed in Delaware (DE) on 04/23/18. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to c/o Corporation Service Co. (CSC), 80 State St., Albany, NY 12207-2543. DE addr. of LLC: c/o CSC, 251 Little Falls Dr., Wilmington, DE 19808-1674. Cert. of Form. filed with DE Secy. of State, John G. Townsend Bldg., 401 Federal St. - Ste. 4, Dover, DE 19901. Purpose: Any lawful ac-

Notice of Qualification of DISNEY STREAMING SERVICES LLC Appl. for Auth. filed with Secy. of State of NY (SSNY) on 04/27/18. Office location: NY County. LLC formed in Delaware (DE) on 03/22/18. Princ. office of LLC 500 S. Buena Vista St., Burbank, CA 91521. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to c/o Corporation Service Co. (CSC), 80 State St., Albany, NY 12207-2543. DE addr. of LLC: c/o CSC, 251 Little Falls Dr., Wilmington, DE 19808-1674. Cert. of Form. filed with DE Secy. of State, John G. Townsend Bldg., 401 Federal St. - Ste. 4, Dover, DE 19901. Purpose: Holding company

Notice of Formation of 4EN CHARLES HOLDINGS LLC Arts. of Org. filed with Secy. of State of NY (SSNY) on 03/ 27/18. 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 Corporation Service Co., 80 State St., Albany, NY 12207, regd. agent upon whom and at which process may be served. Purpose: Any lawful activity.

Notice of Formation of BRIDGETON DE-VELOPMENT GROUP LLC Arts. of Org. filed with Secy. of State of NY (SSNY) on 03/27/18. Office location: NY County. Princ. office of LLC: 220 5th Ave., 19th Fl., NY, NY 10001. SSNY designated as agent of LLC upon whom proc ess against it may be served. SSNY shall mail process to Corporation Service ice Co., 80 State St., Albany, NY 12207. Purpose: Any lawful activity

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In his new role, Joseph Zarkowski is responsible for developing, managing and delivering the Advisory Group's service lines that include SOC attestations, out-sourced internal audits, internal control risk assessments, integrity monitoring, custody surprise examinations, regulatory and compliance reviews, technology audits, and specialized attestation

### FINANCE

#### Gibraltar Business Capital

Elijah Kaplan has joined Gibraltar Business Capital as Senior Vice President of the Northeast Region. Kaplan is an experienced professional in middle market lending, private equity, and restructuring. He has over 16 years of experience in financing, acquiring, and advising middle-market businesses through leveraged buyouts, acquisitions, recapitalizations, and restructurings.

### PROFESSIONAL SERVICES

#### **FTI Consulting**

Former Travelers Insurance executive Fred R. Donner has joined FTI Consulting as a Senior Managing Director in the Global Insurance Services practice in New York. He will advise insurance industry clients on issues involving accounting, transactions, risk management and finance, and serve as an expert in disputes and litigation.

### PROFESSIONAL SERVICES

The Association of

### The Association of Executive Search and Leadership Consultants (AESC)

Executive Search and Leadership Consultants (AESC) has appointed **Roxanne** Taylor, formerly chief marketing & communications officer at Accenture, to its board as an independent director. Taylor is only the second independent director appointed to the AESC Board in the association's nearly 60-year history.

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#### **Brand Networks**

engagements.

As SVP of Operations for Brand Networks, **Derrick Chan** is responsible for overseeing and expanding business intelligence amongst all divisions of the company through financial analyses, technology enablement, and backend vendor management. He joins the company from Tapad, bringing deep experience in the programmatic display and video

### FINANCE

#### JPMorgan Chase

J.P. Morgan appointed veteran banker Karyn **Miller** as industry manager to lead the Apparel business for Commercial Banking. In her expanded role, in addition to leading the Beverage team, Karyn will be leading a team of bankers to serve midsize companies within the Apparel



sector on their banking needs.

### **Grace Blue**

**HUMAN RESOURCES** 

Grace Blue, the global executive search and M&A advisory firm, announced an expansion into the sports industry to target leadership at sports agencies, teams, venues, and leagues, as well as eSports, media, and technology companies. The launch comes as industry veteran **Eric Guthoff** joins Grace Blue as Partner.



office of Latham & Watkins as a partner in the Finance Department and member of the Real Estate Practice. He represents clients on complex real estate transactions, including mergers, acquisitions, dispositions, joint ventures, financings, workouts, and restructurings.



### **ABC Company**

ABC Company, a New City based technology proudly announces that Jennifer Smith has been promoted to Chief Technology Officer. She previously held the position of Vice President, Technology.



### TECHNOLOGY

### Grassi & Co.

Karl Kispert leads Grassi & Co.'s Cyber and Information Security Practice helping clients understand risk profiles, recognize potential threats, determine risk tolerance and create a cyber and information security road map and program. We offer: security, compliance, third party vendor risk, managed security services, threat and identity and access management.

### **REAL ESTATE**

### **Arch Companies**

Arch Companies has added Michelle Miller as Associate Director. Miller has a diverse finance and real estate background including



acquisitions, asset management and corporate finance. In her new role, Miller will focus on assessing new deals and strategies to raise capital in both debt and equity.

# CRAIN'S

### ANNOUNCE CAREER MILESTONES WITH CRAIN'S EXECUTIVE MOVES

Share board appointments, promotions and new hires with the New York business community. Paid posts are guaranteed to be featured on our website, in print and in our monthly e-newsletter.

For more information, contact Debora Stein at dstein@crainsnewyork.com or submit online at crainsnewyork.com/execmoves.





### Chef executive

A registered dietitian helps at-risk youth train for jobs in food service

Give them

jobs or give

us funding"

ne afternoon in the kitchen at The Door, a youth-development center for vulnerable New Yorkers between the ages of 12 and 24, eight culinary workforce trainees stirred peanut sauce, marinated steak and measured chocolate for brownies for an event the next day. Watching over

them was Sunetra Rangraj, supervisor of the food and nutrition program, who oversees the eight-week culinary training that helps these young people find jobs in food prep and service around the city.

"Food is one of their first priorities," Rangraj said of The Door's population, some of whom are homeless. "But for them it has nothing to do with nutrition." Rangraj's mission is to help the aspiring cooks make their own connection between tasty and healthful, to boost both their well-being and their career potential.

Rangraj was on her way to a medical degree when she decided to become a registered dietitian instead. Joining The Door as an on-site clinician in 2012, she met individually with members to guide them to a healthy diet. Then she came up with the culinary program.

To give work experience to the cooks-in-training, Rangraj arranged for them to prepare the free, drop-in meals The Door serves every weeknight to about 130 members

and staff. Now she plans menus in conjunction with a chef instructor, making sure they feature healthful options that young people will actually eat—like eggplant Parmesan or turkey kebabs.

During a renovation two years ago, Rangraj had the kitchen opened up to the rest of the center. Now cook-

ing smells waft out all day, and members stop to ask what's for dinner. "They learn about healthy eating by seeing and doing," said Rangraj. "By the end of the program, their food choices are different." They also learn about customer service by doling out kale to their

peers. The skill aids the trainees when they land jobs, said Aleta Maxwell, chief human resources officer at the burrito chain Dos Toros, which has hired around 30 alumni of the program.

Rangraj has been bringing The Door's catering inhouse too; at board meetings and fundraising events, the cookie plate is often homemade. She has brought in chefs for demonstrations and lessons, and set up a partnership with West-Bourne, a new café in SoHo that donates a percentage of profits to The Door and has hired four graduates since it opened in January. Rangraj said that is the best way for companies to help out: "Give them jobs or give us funding." **– CARA EISENPRESS** 

### SUNETRA RANGRAJ

**BORN** Pelham

**RESIDES** Greenpoint, Brooklyn

**EDUCATION** Bachelor's in business administration, Carnegie Mellon; registered dietitian, Hunter College

RUN FOR THE DOOR Rangraj, a true believer in the power of nutrition, jumped at the chance to counsel members of The Door on their diet, but she thinks she overdid the directives at first. "They left their appointments and never came back." Now she recommends gradual changes such as going from four daily sodas to two. "It's meeting them where they're at."

SCALING UP Rangraj dreams of expanding the program to serve free, nutritious meals at breakfast and lunch, planting an herb garden and setting up tanks for growing both fish and plants. "Our real goal is to take over the kitchen all day."

### Going big for the kids

Big Brothers Big Sisters of New York City celebrated its 39th annual Sidewalks of New York dinner at the New York Hilton Midtown. The April 17 event raised more than \$2.4 million to continue the organization's mission of enriching the lives of 5,500 young people through various mentoring programs.





Fred Terrell, vice chairman of investment banking at Credit Suisse, who accepted the Corporate Award, with  ${\bf Richard}$ Parsons, senior adviser of Providence Equity Partners.

### Celebrating a life with music



The Dramatists Guild Foundation held a 70th birthday concert to celebrate composer Stephen Schwartz. The April 23 event raised \$175,000 for education, stipends and awards plus free working space for playwrights, composers, lyricists and authors. Director **Scott Schwartz** attended with his dad, honoree **Stephen Schwartz**, a Grammy, Tony and Academy Award winner.



### **In support** of emerging artists

The National YoungArts Foundation held its third annual New York gala, which drew 220 guests and raised more than \$700,000 to support emerging artists. Gala co-chairs included philanthropists Sandra Tamer, Diana DiMenna and Sarah Arison, who is also board chair of the foundation.





JEREMY AMAR/AMAR PRODUCTIONS, ASTRID STAWMARZ/GETTY IMAGES FOR YOUNGARTS, JENNY ANDERSON FOR THE DRAMATISTS GUILD FOUNDATION

The duo who wrote

and Dear Evan Hansen, Justin Paul and Benj Pasek, at the concert at the Hudson Theatre.



### FAMILY BUSINES AWARDS 2 0 1 8

# Does business run in your family?

DEADLINE APPROACHING MAY 18!

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)











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