



CITY OF NEW YORK

MANHATTAN COMMUNITY BOARD No. 4

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J. LEE COMPTON
Chair

June 9, 2006

Hon. Shaun Donovan
Commissioner
NYC Department of Housing Preservation and Development
100 Gold Street
New York, New York 10038

Hon. Kate D. Levin
Commissioner
NYC Department of Cultural Affairs
330 West 42nd Street, 14th Floor
New York, New York 10036

Re: Clinton Green/Mosaic Theater Space

Dear Commissioners Donovan and Levin:

We write on two matters related to the theater building in the Clinton Green project: the allocation of space and the public oversight function to be included in the theater leases. This community has a keen interest in both.

INTAR, 52nd Street Project and Ensemble Studio Theater are all long-term tenants of the CURA, and part of the cultural vitality of the neighborhood. The theater space was included in the Clinton Green project at the community's request in order to facilitate further redevelopment of the Clinton Urban Renewal Area and provide permanent relocation space for CURA site tenants that would be displaced by that redevelopment. The theater space, together with the open space and the 120 units of affordable housing, are the principal benefits and community assets that won this community's acceptance of the height and density of this 480-unit luxury housing development project.

Representatives of this Board were active participants in the negotiations of the theater leases through the spring of 2005. Those negotiations were suspended when DCA came in to deal with the allocation of space among INTAR, EST and, eventually, 52nd Street Project. We were delighted to have DCA's help in resolving the space issues, and the project will be much stronger as a result.

When the theater lease negotiations were suspended in May 2005, one of the last unresolved issues was public oversight of the theater space. The Board felt that a limited oversight mechanism was necessary to ensure continued use of the theater space and, as the need arose, to select new users from among the many active, viable not-for-profit performing arts organizations based in the Clinton, Hell's Kitchen and Chelsea communities.

Our preliminary proposal for providing that oversight was informally submitted in May 2005 during the lease negotiations, and a copy is attached for your reference.

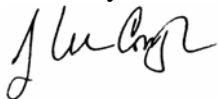
The Board was recently informed by INTAR that it has decided to withdraw from the Clinton Green project. We are now faced with one of the situations that gave rise to our insistence on an oversight function: who is to take INTAR's place? The 52nd Street Project has requested to add a portion of the INTAR space to the space already allocated to the 52nd Street Project. The Board will consider this request at the next meeting of its Clinton/Hell's Kitchen Land Use Committee, on June 14, 2006, and will provide you with our recommendation.

As one of the stakeholders in this project, the Board must be involved in the reallocation of the theater space and the selection of a replacement theater company tenant.

Once a replacement theater company is selected, the lease negotiations should resume, with all the stakeholders involved. A public oversight mechanism, as outlined in our proposal, or an equivalent mechanism, must be put in place before the final theater leases are signed. That mechanism must recognize the community as a stakeholder, along with HPD, DCA, and the project developer.

As always, we appreciate your efforts to bring the Clinton Green theater project to life. We know that this is a challenging project on many levels, but we are confident that, thanks to your leadership, the end result will be a wonderful resource for the project, the community and the performing arts.

Sincerely,



J. Lee Compton
Chair
Manhattan Community Board No. 4



Simone Sindin
Co-Chair
Clinton/Hell's Kitchen Land Use Committee

cc: Steve Benjamin, The Dermot Company, Inc., 320 W. 57th St., NYNY 10019
John Warren, First Deputy Commissioner, HPD
Curt Dempster, Ensemble Studio Theater, 549 W. 52nd St., NYNY 10019
Carol Ochs, 52nd Street Project, 500 W. 52nd St., NYNY 10019
Local elected officials

encl: Draft Proposal for Arts Oversight Board

Preliminary Proposal for Clinton Green Performing Arts Oversight Board

There remains a public interest, derived from the site's 30+ years of public ownership, in ensuring continued use of the Theater Space by active, viable not-for-profit performing arts organizations.

1. Permanent deed restriction has been agreed, but has text been distributed?
2. Establish Clinton Green Performing Arts Oversight Board as a new not-for-profit entity. Five member board to include representatives appointed by:
 - Dermot Clinton Green, LLC
 - Community Board No. 4
 - Department of Cultural Affairs
 - City Council Member for the site
 - An independent association of performing arts organizations
 - Others? Would HPD want to be involved?

3. Oversight Board functions limited to:
 - Monitoring compliance with tenants' activity and viability covenants under lease (see below)
 - Identifying/recruiting and approving replacement tenants

Note: Oversight Board will have NO involvement in programming, tenant operations, or any aspect of the landlord-tenant relationship, except as specifically identified in the lease (see below).

4. Oversight Board would be master tenant under leases, but would assign all lease obligations to INTAR and EST, except for those specifically retained by Oversight Board in the lease.

5. Add performance standards to Section 16.02 of the lease to ensure tenant remains active and viable as a not-for-profit performing arts organization. Possible standards:

- Performance space must be in active use for tenant's own programming at least 40 weeks per year
- Tenant must offer performances that are open to the public at least ___ days per year
- Tenant must timely file annual Returns of Organization Exempt from Income Tax on Form 990, and provide copies to the Landlord and the Oversight Board
- Annual rental income must not exceed ___% of contributions plus program service revenue reported on 990
- Others?

If tenant fails to meet those standards ___ years in a row, Oversight Board may, after consultation with Landlord, terminate lease.

6. Assignments, mortgaging and subletting per Article 11 of the Lease should all be subject to prior written consent by the Landlord and the Oversight Board.

7. Short term licenses per Section 11.07 should be limited to 3 months (current draft says 6) without consent.

8. If lease with INTAR or EST (or their successors) is terminated, Oversight Board is responsible for identifying/recruiting and approving a replacement tenant, subject to Landlord's approval.

9. Oversight Board should get copies of all notices under the lease.

DRAFT: 5/2/05