

**MINUTES OF THE REGULAR MEETING
OF THE EXECUTIVE COMMITTEE
OF
NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION
December 13, 2017**

A regular meeting of the Executive Committee of the Board of Directors of New York City Economic Development Corporation ("NYCEDC") was held, pursuant to notice by an Assistant Secretary, on Wednesday, December 13, 2017, at NYCEDC's offices at 110 William Street, in Conference Rooms 4A and 4B, New York, New York.

The following members of the Executive Committee were present:

William Candelaria (by conference telephone)
Wilton Ceden0 (by conference telephone)
William Floyd (by conference telephone)
James McSpirtt
Carl Rodrigues (as alternate for Alicia Glen)
Michael Schlein
Timothy Wilkins

Matthew Hiltzik, a Director of NYCEDC, members of NYCEDC staff and members of the public also were present.

The meeting was chaired by Michael Schlein, Chairperson of NYCEDC, and called to order at 9:04 a.m. Meredith Jones, General Counsel, Executive Vice President and Secretary of NYCEDC, served as secretary of the duly constituted meeting, at which a quorum was present.

1. Approval of the Minutes of the November 9, 2017 Regular Meeting of the Executive Committee

There were no questions or comments with respect to the minutes of the November 9, 2017 regular meeting of the Executive Committee, as submitted. A motion to approve such minutes, as submitted, was made, seconded and unanimously adopted.

2. Contracts and Other Matters

The following contracts, authorizations, expenditures and matters were then presented to the Executive Committee for approval. (Attached hereto as Attachment 1 is a definition sheet that contains the definitions of certain frequently used terms contained in the Exhibits attached hereto.)

Exhibit H

**USAGE AGREEMENTS WITH CARNIVAL CORPORATION, MAGICAL CRUISE
COMPANY, LIMITED and MSC CRUISES S.A.
Executive Committee Meeting
December 13, 2017**

Project: A usage agreement with each of Carnival Corporation d/b/a Carnival Cruise Lines or an affiliated entity ("CCL"), Magical Cruise Company, Limited, d/b/a Disney Cruise Line, or an affiliated entity ("DCL"), and MSC Cruises S.A. or an affiliated entity ("MSC"), each of which operates cruise lines (each a "Cruise Line," and collectively the "Cruise Lines")

Procurement Method: Sole source

Contractor: CCL, DCL and MSC

Agreement to be Approved: Three usage agreements (individually, an "Agreement," and collectively, the "Agreements"), one between NYCEDC and CCL, one between NYCEDC and DCL, and one between NYCEDC and MSC

Proposed Resolution: To authorize the President and any empowered officer to enter into the Agreements substantially as described herein

Background: NYCEDC manages both the Manhattan Cruise Terminal ("MCT"), located on the Hudson River between 47th and 53rd Streets in Manhattan, as well as the Brooklyn Cruise Terminal ("BCT"), located at Pier 12 in Red Hook, Brooklyn (collectively the "Cruise Terminals"). MCT and BCT are operated for NYCEDC through a lease and operating agreement, respectively, with Ports America, Inc.

As part of its management of the Cruise Terminals, in 2004 NYCEDC entered into usage agreements with NCL (Bahamas) Ltd. and CCL, to bring stability and growth to the City's cruise program. The usage agreements committed the cruise lines to bring a guaranteed volume of passengers to the Cruise Terminals and specified the port fees charged and discounts offered to the lines over the term of the agreements.

CCL's current 13-year usage agreement expires on December 31, 2017 and both CCL and NYCEDC are committed to executing a new Agreement to allow for the continued growth of passenger volumes realized under the current usage agreement. In addition, DCL and MSC are committed to bringing a guaranteed volume of passengers to the Cruise Terminals and for the first time are seeking to enter into usage agreements with NYCEDC.

The Agreements will provide the Cruise Lines with guaranteed berthing space at the MCT and/or BCT, as well as volume incentives and other discounts on the port facility charges, in exchange for a guaranteed minimum number of passengers at the Cruise Terminals over the term of the Agreements. Each Cruise Line will give a separate guaranty for each year.

NYCEDC has entered into a Memorandum of Understanding with each Cruise Line addressing the issues mentioned above, and will now seek to finalize the Agreements on substantially the following terms:

- **Term:** All three agreements will commence as of January 1, 2018. The CCL and MSC Agreements will have an initial term of 10 years, with one five-year renewal option. The DCL Agreement will have an initial term of 5 years, with two five-year renewal options.
- **Facility Usage Fees:** Beginning on January 1, 2018 there will be revised facility charges calculated as a bundled dockage and wharfage rate (the "Bundle Rate"). The initial Bundle Rate commencing on January 1, 2018 will be \$24.60 per passenger embarking, disembarking or in transit at the Cruise Terminals. There will be no dockage fee charged for the initial 24 hours period a vessel is berthed. After the initial 24 hours, a daily dockage fee of \$0.14 per gross registered ton will be charged for a vessel. The Bundle Rate and dockage fee may be increased annually at no more than 3% per annum.
- **Projected Annual Volume:** Agreed forecast of the annual passenger volumes for each Cruise Line for the term of its Agreement.
- **Passenger Guarantee:** Each Cruise Line has agreed to an annual minimum passenger guarantee based on a specific percentage of the projected annual passenger volume. If a Cruise Line does not reach the minimum passenger guarantee in a given year, it will still be responsible, in the form of a shortfall payment, for any shortfall resulting from actual passenger numbers totaling less than the minimum passenger guarantee.
- **Preferential Berth Allocation:** For the duration of the Agreements, NYCEDC is agreeing to provide each Cruise Line with preferential berthing status (a "Preferential Berth"), allowing for the use of berths at the Cruise Terminals, as follows:
 - CCL – One berth at MCT, seven days a week, and a second berth at BCT, seven days a week.
 - MSC – One berth at MCT on Fridays only
 - DCL – One berth at MCT or BCT seven days a weekThis will allow the Cruise Lines to plan for future deployments with the assurance that berths will be available for their ships.
- **Vessel Cancellation Fees:** The Cruise Lines have agreed to a vessel cancellation fee, in the event that certain vessel calls are cancelled after the cruise season calendar is published.
- **Incentives:** For each year that a Cruise Line meets and/or exceeds its passenger guarantee, said Cruise Line will receive a multi-tiered volume incentive reducing the facility usage fees. For each year of the term of the respective Agreements, the Cruise Lines will also be eligible to receive an incentive payment for vessels berthed at the BCT and for vessels berthed Monday, Tuesday, Wednesday or Thursday from August 1 to November 30 at the MCT and BCT.

- **Guarantee Concession:** If, during a period when construction work is being performed at the Cruise Terminals, NYCEDC cannot honor one or more berth requests for a Cruise Line's Preferential Berth during the berth request process, such Cruise Line's annual minimum passenger guarantee for the calendar year in which such unfulfilled Preferential Berth request occurs shall be reduced by an amount equal to the passenger capacity for such vessel(s) for which NYCEDC cannot honor a Preferential Berth request, thereby reducing the threshold for determining when a shortfall payment is due.

Under the Agreements, each of the Cruise Lines has guaranteed the following passenger volumes (embarking, disembarking or in-transit) at the Cruise Terminals for the initial term of its Agreement:

- CCL - A minimum of 3.95 million passengers, over 10 years, generating an estimated \$104.2 million in gross revenue
- MSC – A minimum of 2.8 million passengers, over 10 years, generating an estimated \$73.0 million in gross revenue
- DCL – A minimum of 200,000 passengers, over 5 years, generating an estimated \$5.02 million in gross revenue

NYCEDC Project Code: 1711

Staff: Matthew Kwatinetz, Executive Vice President, Asset Management
Michael DeMeo, Vice President, Asset Management
Judy Fensterman, Assistant General Counsel, Legal