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**Re: Governors Island Corporation d/b/a The Trust for Governors Island
(the "Trust") Lease of Building 301 Explanatory Statement**

Ladies and Gentlemen:

Reference is made to Sections 2897(6)(d)(i)(c) and 2897(6)(d)(ii) of the New York State Public Authorities Law (the "Public Authorities Law") and the requirements set forth therein to prepare and transmit an explanatory statement of the circumstances of disposals by lease of any real property, if the estimated annual rent over the term of the lease is in excess of fifteen thousand dollars (as the term "disposal" is defined in Section 2895(2) of the Public Authorities Law). Section 2897(6)(d)(ii) of the Public Authorities Law requires that such explanatory statement be transmitted not less than ninety (90) days prior to the disposal of such property. Since the transaction contemplated herein falls within the purview of Sections 2897(6)(d)(i)(c) and 2897(6)(d)(ii) of the Public Authorities Law, please accept this explanatory statement in satisfaction of the applicable requirements of the Public Authorities Law.

On October 21, 2020, in furtherance of the Trust's redevelopment and policy goals for Governors Island, the Trust issued a Request for Proposals (the "RFP") seeking a developer to ground lease, redevelop, and operate Building 301 as a multi-tenant office and co-working facility related to sustainability and climate change industries. The Premises consists of Building 301, which is approximately 22,500 square feet, located on the waterfront in Governors Island's historic district, as well as an outdoor area adjacent to the building (the "Premises").

THE TRUST FOR GOVERNORS ISLAND

The Trust received nine responses on February 12, 2021 and awarded the RFP to a partnership team formed by North River Company LLC (“NRC”), BJH Advisors (“BJH”), Barretto Bay Strategies (“BBS”), and Greenwood Strategies (“GS,” along with NRC, BJH and BBS, collectively, “Buttermilk Labs, LLC”).

Pursuant to Public Authorities Law, prior to execution of the proposed lease for the Premises, the Trust obtained an appraisal prepared by Goodman-Marks Associates, Inc. Goodman-Marks Associates, Inc., appraised the Premises to have a fair market leasehold value of \$227,500.00 per year or \$10.08 per square foot (“PSF”), including Common Area Maintenance (“CAM”) charges estimated at \$5.50 PSF. The Premises will be leased for a fifty-five (55) year term. During the term, Buttermilk Labs, LLC, will pay the Trust (a) \$4.50 PSF in base rent escalating annually by 2%, except in the twentieth (20th) and fortieth (40th) lease years, where it shall be adjusted to the greater of (i) the Base Rent that would otherwise be due in such year or (ii) an appraised fair market value of the lease; and (b) CAM charges equal to the lesser of (i) actual calculated CAM for the Trust’s fiscal year or (ii) a CAM cap equal to \$5.75 PSF at the commencement date, escalating annually by 2.5%.

The execution of the proposed lease agreement for the Premises by the Trust was approved and authorized by the Trust Board of Directors at the September 21, 2021, Board of Directors meeting.

We appreciate this opportunity to provide you with this explanatory statement.

Very truly yours,

Marni Friedlander

Marni Friedlander
General Counsel