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Hon. Thomas P. DiNapoli  
New York State Comptroller  
110 State Street  
Albany, New York 12236

Andrea-Stewart-Cousins  
President of the  
New York State Senate  
188 State Street, Rm 907  
Legislative Office Bldg.  
Albany, New York 12247

Hon. RoAnn M. Destito  
State of New York  
Commissioner  
Office of General Services  
Corning Tower, 41<sup>st</sup> Fl  
Empire State Plaza  
Albany, New York 12242

Mr. Robert F. Mujica, Jr.  
Director, Division of Budget  
State Capitol Bldg.  
Albany, New York 12210

Hon. Carl E. Heastie  
Speaker of the  
New York State Assembly  
Albany Office, LOB 932  
Albany, New York 12248

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Authorities Budget Office  
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Albany, New York 12220

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**Re: Governors Island Corporation d/b/a The Trust for Governors Island  
(the "Trust") Lease of Building 309 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.

In furtherance of the Trust's redevelopment and economic goals for Governors Island (the "Island"), the Trust's website features all available buildings located on the North Island with leasable square footage, including Building 309 (the "Premises"). The Trust receives inquiries on the availability of buildings based on its website. The Trust received an inquiry into leasing the Premises by Intrepid Fox, LLC, on November 20, 2019 and subsequently initiated negotiations based on Intrepid Fox, LLC's proposal.

# THE TRUST FOR GOVERNORS ISLAND

Intrepid Fox, LLC proposed, to the Trust, that the Premises be operated as a whiskey distillery and tasting room, in which food and beverage service will be offered to the general public. In addition, Intrepid Fox, LLC requested permission to utilize food trucks and concessions, as well as to provide limited live musical performances at the Premises. The Premises consists of Building 309, which is approximately 3,500 square feet and an outdoor area adjacent to the building.

Pursuant to Public Authorities Law, prior to execution of the proposed lease for the Premises, the Trust obtained a recent appraisal prepared by Weitzman and Associates, LLC. Weitzman and Associates, LLC appraised the Premises to have a fair market leasehold value of \$13.50 per square foot for the first lease year, excluding common area maintenance. The Property will be leased for a twenty (20) year initial term plus one (1) ten (10) year extension at Intrepid Fox, LLC's option. During the initial term, Intrepid Fox, LLC will pay the Trust \$87,500 in annual base rent, which will escalate by five (5%) percent every two (2) years, except in the eleventh year, where the annual base rent will escalate by ten (10%) percent. If Intrepid Fox, LLC elects to extend the term for ten (10) years, the base rent will be equal to 90% of the fair market rental value of the lease as determined by a third-party appraiser.

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 June 23, 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