

APR 12 2024

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April 1, 2024

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110 State Street
Albany, New York 12236

Director, Division of Budget
State Capitol Building
Albany, New York 12210

Commissioner
Office of General Services
Corning Tower
Empire State Plaza
Albany, New York 12242

Speaker
New York State Assembly
State Capitol
Albany, New York 12248

10 South Street, Slip 7
New York, NY 10004
212.440.2200
govisland.org

President
New York State Senate
State Capitol
Albany, New York 12247

State of New York
Authorities Budget Office
P.O. Box 2076
Albany, New York 12220

Re: Lease of Building 140, on Governors Island – Lease by Governors Island Corporation d/b/a The Trust for Governors Island (the “Trust”) – Explanatory Statement

To the Addressees:

Reference is made to Sections 2897(6)(d)(i) and (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 negotiation of certain property of any public authority (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 90 days prior to the disposal of such property. Please accept this explanatory statement in satisfaction of the applicable requirements of the Public Authorities Law.

The Trust, a New York not-for-profit corporation, intends to enter into a lease (“Lease”) with ABC & E, LLC (“Tenant”), a New York limited liability company, for approximately 9,000 rentable square feet within Building 140 and approximately 13,000 square feet of additional outdoor space adjacent to Building 140 (collectively, the “Premises”), all located in the historic district of Governors Island. The Lease will have a term of 15 years with two (2) options to renew for an additional five years, for a potential total term of 25 years. The Tenant will utilize the Premises as a restaurant and convening facility, including an indoor food concession, a catering and events venue, and a seasonal outdoor food concession (the “Permitted Uses”).

THE TRUST FOR GOVERNORS ISLAND

The Trust obtained an appraisal of Building 140 by an independent appraiser taking the Permitted Uses into consideration. The appraisal determined the fair-market value of the Premises to be \$271,350 per year, inclusive of proportional contribution to actual costs incurred by the Trust for common area maintenance of the Island campus. Under the proposed Lease terms, the Trust would receive \$360,000 annually in rent, constituting a market transaction. The rent is subject to 10% escalation every five (5) years, plus fair market value reset at the first renewal term and 10% escalations every five (5) years thereafter. In addition, Tenant will pay the Trust a participation rent equal to 6% of the amount by which annual gross revenues exceed \$2,500,000, subject to the same escalation schedule previously described.

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The Trust selected Tenant for the Lease following a competitive Request for Proposals process, and this negotiated lease transaction will further the enjoyment and benefit of the public using Governors Island thereby furthering the mission of the Trust. The Lease is anticipated to commence in the summer of 2024, but in any event after the 90-day period specified by Section 2897(6)(d)(ii) of Public Authority Law.

We appreciate this opportunity to provide you with an explanatory statement regarding the Lease.

Very truly yours,



Chris Tepper
Chief Development Officer and Executive Vice President
Governors Island Corporation d/b/a The Trust for Governors Island