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

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

Hon. Jeanette M. Moy
Commissioner
Office of General Services
Corning Tower, 41st Floor
Empire State Plaza
Albany, New York 12242

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

Andrea Stewart-Cousins
President
New York State Senate
188 State Street, Room 907
Albany, New York 12247

Jeffrey Pearlman, Esq.
State of New York
Authorities Budget Office
P.O. Box 2076
Albany, New York 12220-0076

**Re: Collective Retreats Lease - Project of the Governors
Island Corporation d/b/a The Trust for Governors Island –
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 requirement set forth therein to prepare and transmit an explanatory statement of the circumstances of each disposal by negotiation of certain property by a 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 the property. Since the transaction contemplated herein falls within the purview of Section 2897(6)(d)(i) and (ii) of the Public Authorities Law, please accept this explanatory statement in satisfaction of the applicable requirements of the Public Authorities Law.

Governors Island Corporation d/b/a The Trust for Governors Island (the "Trust"), a New York not-for-profit corporation, intends to enter into a

THE TRUST FOR GOVERNORS ISLAND

lease (the "Lease") with Collective Hotels and Retreats, Inc., a corporation organized under the laws of the State of Delaware (the "Tenant") for a 261,360-square-foot portion of Block 1, Lot 10 in Manhattan located at 825 Gresham Road on Governors Island (the "Site").

The Trust is permitted to undertake a negotiated disposition in this instance because the Lease will further the enjoyment and benefit of the public using Governors Island thereby furthering the mission of the Trust.

It is contemplated that the Site will be developed by Tenant as a venue for seasonal overnight camping accommodations, food and beverage services, and convening events, containing only temporary structures (the "Permitted Uses").

The amount payable by Tenant under the Lease will consist of a percentage of gross revenues earned on the Premises, with specific percentages for various components of the business (e.g. food and beverage, events, tours, accommodations, etc.) ranging from 3% on event site fees to 10% on room revenues. It is projected that the weighted average percentage participation in gross revenues will be equal to approximately 8%, and that the Trust will earn approximately \$250,000 in total revenues from the site in 2022. It is expected that the Lease will be executed in within the next four months.

The Lease was authorized by the Board of Directors of the Trust.

The Trust has obtained an appraisal of the Site taking into consideration the Permitted Uses by an independent appraiser. The appraisal valued the fair market annual rent for the Permitted Uses at the Site at \$237,837.60.

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

Very truly yours,



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

10 South Street, Slip 7
New York, NY 10004
T 212.440.2200
F 212.440.2200
govisland.com