

12/22/2021

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December 22, 2021

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 Bldg.
Albany, New York 12210

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

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

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

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

Re: Governors Island Corporation d/b/a The Trust for Governors Island (the “Trust”) Amendment of Lease between the Trust, as landlord, and the New York City Department of Education (“DOE”), as to add Building 515 to the existing lease for the Urban Assembly New York Harbor School (the “Harbor School”) on Governors Island Explanatory Statement

Ladies and Gentlemen:

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 certain 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 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) and (ii) of the Public Authorities Law, please accept this explanatory statement in satisfaction of the applicable requirements of the Public Authorities Law.

On May 5, 2008, the Governors Island Preservation and Education Corporation (“GIPEC”), the predecessor-in-interest to the Trust, entered into a lease (the “Lease”) with the New York City School Construction Authority (“SCA”) for the use of Building 550 on Governors Island as a New York City Public High School known as the Harbor School. In 2010, as part of the Trust’s formation, the Trust assumed certain contracts and leases from GIPEC, including the Lease. In that same year, the Harbor School opened its doors to serve students from all five boroughs.

The Trust is providing notice that it intends to enter into an amendment to the Lease (“Lease Amendment”) which will add Building 515 which is approximately 60,988 square feet and certain lands adjacent thereto which is approximately 6,610 square feet (hereafter the “Additional Premises”). The Additional Premises will add more students to the school as well as provide space to create a gymnasium and aquatic center for the student population.

The Additional Premises will have a public welfare benefit for and a positive economic impact on the City of New York (the “City”) and the State of New York (the “State”) in a number of ways. The re-use of the Additional Premises for educational purposes will further the educational goals of the Trust, the City and the State, provide additional educational resources for students in the New York City public school system and comply with certain deed requirements.

Pursuant to Public Authorities Law, prior to execution of the proposed Lease Amendment for the Premises, the Trust obtained an appraisal prepared by Goodman-Marks Associates, Inc. Goodman-Marks Associates, Inc. appraised the Additional Premises to have a fair market leasehold value of \$7.83 per square foot (“PSF”) per year, inclusive of a Common Area Maintenance (“CAM”) expense of \$5.50 PSF, as of July 31, 2020. The Premises will be leased at below fair market value for a forty-nine (49) year term with one (1) twenty (20) year extension option at \$1 per year in base rent and CAM estimated at \$5.90 PSF.

The execution of the proposed Lease Amendment for the Additional Premises by the Trust was approved and authorized by the Trust Board of Directors at the December 8, 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