

One Liberty Plaza
New York, New York 10006

Authorities Budget Office

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State Capitol
Albany, New York 12224

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State of New York
Division of the Budget
State Capitol
Albany, New York 12224

Speaker
New York State Assembly
State Capitol
Albany, New York 12224

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

Re: Subleasing of space at Brooklyn Anny Terminal ("BAT") Building B to a special purpose entity owned by Working Power BAT Manager LLC ("WP") - Project of New York City Economic Development Corporation ("NYCEDC") - 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 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.

The City of New York (the "City") is currently the owner in fee of certain property at BAT, identified as Block 5778, part of Lot 1 on the tax map of the City of New York, Borough of Brooklyn and located at 6224 2nd Avenue (the "Site"). The Site consists of approximately 55 acres of land area and currently has 6 improvements including Building A, Building B, Annex Building, Laundry Building, Bank Building and Boiler Building.

NYCEDC currently holds leasehold title of the Site. Pursuant to a lease agreement (the "Lease"), NYCEDC intends to sublease to the Tenant a portion of the Site, approximately 80,000 square feet of space on the roof of Building B ("Space").

In March 2018, NYCEDC released a request for proposals (as amended, the “Community Shared Solar Array RFP”) to sublease the Space, install and commission a solar array, and establish and operate a Community Shared Solar Program open to the general public (the “Project”), in support of New York City’s Roadmap (now known as plaNYC) to reduce carbon emissions 80% by 2050. NYCEDC selected a respondent team which proved unable to provide sufficient funding for the project. Additional team members were introduced for the purpose of obtaining sufficient funding, particularly sourcing funding from investors interested in supporting environmental justice. Over time, some of the original team members left.

It is anticipated that the Tenant will provide a marketable model for shared solar in New York City and open opportunities for additional renewable energy installations throughout New York City. The Tenant will be required to operate and maintain the Community Shared Solar Program and will also be providing a substantial discount on power to their subscribers. The initial term of the Lease will be for 25 years, with additional time allowed in the event of unavoidable delays (the “Initial Term”). Subject to all necessary approvals, the Lease will include options for Tenant to renew the Lease for two additional five year terms (the “Renewal Term(s)"). The terms and conditions of the Renewal Term(s) will be agreed upon by NYCEDC and the Tenant during the Initial Term, subject to the receipt of all necessary approvals.

NYCEDC has obtained an independent appraisal of the Site for highest and best use, which was determined to be space leasing for ranging from 50,000 to 140,000 Square Feet in Area for solar panel systems or urban farming.

The estimated fair market rent value of the Space for that use was estimated to be a minimum of \$00.80 per square foot, which equals \$64,000 per year for the Space in the initial year.

During the Initial Term NYCEDC will be receiving annual rental payments from the Tenant in the amount of \$47,000 (\$0.58 per square foot), escalating at 1% annually. In addition, NYCEDC will award a rent credit to the Tenant based on the share of energy savings directed to the Sunset Park community above a certain threshold, as a result the effective annual base rent could drop to \$0.00 per square foot throughout the Initial and Renewal Terms. NYCEDC will award the credit annually based on the previous year’s performance and monitor monthly reports from the Tenant to keep apprised of performance. This rent credit allows NYCEDC to leverage the Space in order to incentivize private investment in a public good.


The proposed disposition of the Space will promote NYCEDC’s mission and promote the public welfare by enhancing access to the economic benefits of renewable energy and encouraging the development of additional renewable energy installations in the city.

It is expected that the Sublease will be signed approximately 90 days from the date of this Explanatory Statement.

We appreciate this opportunity to provide you with an explanatory statement regarding the public welfare benefits of the Project and its anticipated positive economic impact on the City and State.

Very truly yours,

New York City Economic Development Corporation

By  _____
Melissa Roman Burch (Nov 9, 2023 15:37 EST)

Name: Melissa Roman Burch

Title: Chief Operating Officer